

POSTSECONDARY

VALUE COMMISSION

EQUITABLE VALUE: PROMOTING ECONOMIC MOBILITY AND SOCIAL JUSTICE THROUGH POSTSECONDARY EDUCATION

EXECUTIVE SUMMARY

Postsecondary Value Commission

May 2021

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This report is the product of hard work from many individuals and organizations. We would like to thank the BMGF and the IHEP staff who helped in this effort, including Travis Reindl, senior communications officer at BMGF; Jihad D. Dixon, communications associate at IHEP; and Piper Hendricks, director of communications and external affairs at IHEP, for their tireless work in moving hundreds of pages through the production pipeline, as well as Janiel Santos, intern at IHEP, for her Herculean efforts in formatting our citations. We would also like to thank Gina Johnson from the National Center for Higher Education Management Systems for serving as the research project manager. And we offer special thanks to Julie Johnson, Rae Ringel, and Brian Tarallo for their efforts designing, structuring, facilitating, and graphically recording the Postsecondary Value Commission meetings. Their efforts allowed commissioners and the BMGF and IHEP teams to wrestle with challenging concepts and to draw illuminating insights that informed the commission's findings. We also thank Deborah Seymour for editing the written products, Jeff Culver for creating visually engaging slide decks and graphics, and Anne Fogarty and the team at GMMB for their creative design and layout.

Finally, we are deeply grateful to the members of the Postsecondary Value Commission and Research Task Force whose insights and expertise were invaluable in both broadening and sharpening our thinking about postsecondary value. Without their contributions, this project would not have been possible. We offer special thanks to Sue Desmond-Hellmann, chief strategy advisor and former CEO of BMGF, and Mildred García, president and CEO of the American Association of State Colleges and Universities, for serving as thought leaders and as the commission's co-chairs, along with Michelle Asha Cooper, who served as the project's managing partner during her tenure at IHEP.

While many experts contributed to this report, the views and opinions expressed here are those of the authors and do not necessarily reflect the positions of individual members of the Postsecondary Value Commission, other individuals acknowledged here, or the organizations they represent. The authors also accept responsibility for any errors or omissions.

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While structural racism has been part of the United States since before its founding, continued racial and gender violence alongside the coronavirus pandemic have exacerbated racial inequities across the country. The disproportionate impact of these events on people of color has catalyzed nationwide activism leading to renewed conversations about who has true access to opportunity in this country.¹ Against this backdrop, the Postsecondary Value Commission (Sidebox 1) leveraged diverse voices and experiences to interrogate the role that postsecondary education can—and should—play in promoting opportunity, paving an equitable path to economic mobility, and dismantling centuries of racist, classist, and sexist attitudes and policies. To be clear: overall, postsecondary education offers individuals the opportunity to earn a better living and build a better life for themselves and their families, while also fostering a healthier, more democratic society. Yet, troubling disparities in access to these opportunities exist by race, ethnicity, socioeconomic status, and gender.

Sidebox 1. Who Comprised the Postsecondary Value Commission?

The Bill & Melinda Gates Foundation (BMGF) launched the Postsecondary Value Commission in April 2019, with the Institute for Higher Education Policy (IHEP) managing the project.^a The commission, co-chaired by Sue Desmond-Hellmann and Mildred García,^b is comprised of 30 members, representing educators, executives, policymakers, researchers, advocates, and students. Their broad and diverse experiences helped the project explore ways to define and measure equitable postsecondary value and build momentum toward actionable change. To inform this work, BMGF and IHEP convened the Postsecondary Value Commission Research Task Force (RTF), comprised of expert senior researchers who helped the commission understand the philosophical, measurement, and policy considerations and assumptions underlying components of postsecondary value.

Postsecondary education can do more to promote economic and social mobility.

Postsecondary institutions have the power to create opportunities for economic and social mobility for all students—but especially Black, Latinx, Indigenous, underrepresented Asian American and Pacific Islander (AAPI) students, students from low-income backgrounds, and women. Students who complete credentials typically are more likely to be employed, earn higher wages, have greater access to retirement and healthcare plans, have better physical health, and engage in more civic-minded behaviors when compared with those who did not complete a credential.²

However, these life-altering credentials and their associated returns are not distributed equitably.³ Low completion rates,⁴ high prices,⁵ racial/ethnic and socioeconomic stratification across and within institutions^c and by field of study,⁶ and inequitable debt loads⁷ contribute to an increasing number of students of color and students of all genders and races/ethnicities from low-income backgrounds being left behind. In the most troubling cases, students leave college with debt but no degree, which renders individuals worse off than if they had not gone to college at all⁸ and contributes to persistent

a Michelle Asha Cooper, IHEP's former president, served as the managing partner from April 2019 to January 2021. IHEP's interim president and CEO Mamie Voight is currently serving as the managing partner.

b Sue Desmond-Hellmann is the chief strategy advisor and former CEO of the Bill & Melinda Gates Foundation, and Mildred García is the president and CEO of the American Association of State Colleges and Universities (AASCU).

c See Tables 1.1 and A1 in: Postsecondary Value Commission. (2021a). Equitable value: Promoting economic mobility and social justice through postsecondary education. Retrieved from:

<https://www.postsecondaryvalue.org/wp-content/uploads/2021/05/PVC-Final-Report-FINAL.pdf>

societal wage and wealth gaps.⁹ Such inequities also lead to substantial lost economic potential in the form of tax revenues, Gross Domestic Product (GDP), and spending on public health, public assistance, and criminal justice.¹⁰

But it doesn't have to be this way. The Postsecondary Value Commission's work offers three equity-centered tools to identify, measure, and address inequities in access, completion, and post-college outcomes:

1. A **definition** of postsecondary value—guided by five core principles—is the foundation upon which the framework and action agenda are built, and a field-led movement to increase equitable value can flourish.
2. Expanding upon the definition and core principles, the **Postsecondary Value Framework** outlines the clear value-add that postsecondary education can provide to students and society, in both economic and non-economic terms. The centerpiece of this framework is a series of economic value thresholds that measure post-college earnings and wealth inequities.
3. Finally, the **action agenda** outlines policies and practices that institutional leaders and federal and state policymakers should implement to address systemic barriers that prevent Black, Latinx, Indigenous, and AAPI students, students from low-income backgrounds, and women from reaping equitable returns from postsecondary education and achieving economic and social mobility. The agenda also includes critical questions for which students and families should expect institutions to answer as they determine which institutions and programs can provide them with the most value.

Together, the value definition, framework, and action agenda are designed to catalyze an equitable value movement, which will help reshape the higher education system in the United States by combating access and completion barriers, sparking economic mobility, dismantling racist practices and structural inequalities, and building a more vibrant and just society.

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d The Postsecondary Value Commission's definition of justice—in which one's background does not predict life outcomes—is based on input from commissioners and Research Task Force members. Commissioners expressed a deep interest in leveraging the project's work to promote equity, freedom, and justice for students in the postsecondary context. To further the Postsecondary Value Commission's understanding of the role institutions can play in advancing justice, four members of the RTF authored papers on what a just society would look like: Baker (Forthcoming); Flores (Forthcoming); Perry (Forthcoming); and Jones (Forthcoming). Common themes in their papers shaped the commission's definition of justice.

THE POSTSECONDARY VALUE DEFINITION

The commission’s value definition offers a goal grounded in equity for guiding the collective work of institutions and policymakers to improve student outcomes. An accompanying set of five core principles provides guidance on how the field should interpret and use the definition (Figure 1).

Figure 1. Conceptual Definition and Core Principles

Students experience postsecondary value when provided equitable access and support to complete quality, affordable credentials that offer economic mobility and prepare them to advance racial and economic justice in our society.

<p>Equity matters.</p>	<p>In a country where college is crucial to economic and social mobility, it is not acceptable that some students—especially Black, Latinx, Indigenous, and Asian American and Pacific Islander (AAPI) students, students from low-income backgrounds, and women—face systemic barriers as costs continue to grow, completion rates remain low, and wage inequities persist that prevent them from realizing the full value of postsecondary education.</p>
<p>Institutions and programs matter.</p>	<p>While there is overwhelming evidence that a college education is indeed “worth it,” institutional leaders, faculty, and staff must deliver a quality education by intentionally constructing valuable learning experiences and career pathways with employers to ensure all students develop the knowledge, skills, and networks needed to be successful in work and life, including the ability to navigate and influence society to promote equity and justice.</p>
<p>Policy matters.</p>	<p>To remove systemic barriers to equitable postsecondary value, federal and state policymakers should work with institutional leaders to develop funding, financial aid, and accountability mechanisms that incentivize creating coherent K-12, postsecondary, and workforce pathways and improving educational experiences and outcomes for Black, Latinx, Indigenous, and Asian American and Pacific Islanders (AAPI) students, students from low-income backgrounds, and women.</p>
<p>Public returns—and investment—matter.</p>	<p>While equitable postsecondary value yields clear returns for students and families, public investment in closing racial and socioeconomic attainment gaps also benefits the broader society through increases in tax revenues and GDP, decreases in public health and other expenditures, and increases in voting, volunteerism, and civic participation, which builds a more just society.</p>
<p>Measuring value matters.</p>	<p>Collecting and using the necessary data to understand whether and how institutions and programs deliver value to Black, Latinx, Indigenous, and Asian American and Pacific Islander (AAPI) students, students from low-income backgrounds, and women, in comparison to their peers, is critical because the nation can no longer afford to ignore inequities in the system if we are to fulfill the promise of postsecondary education to students and society.</p>

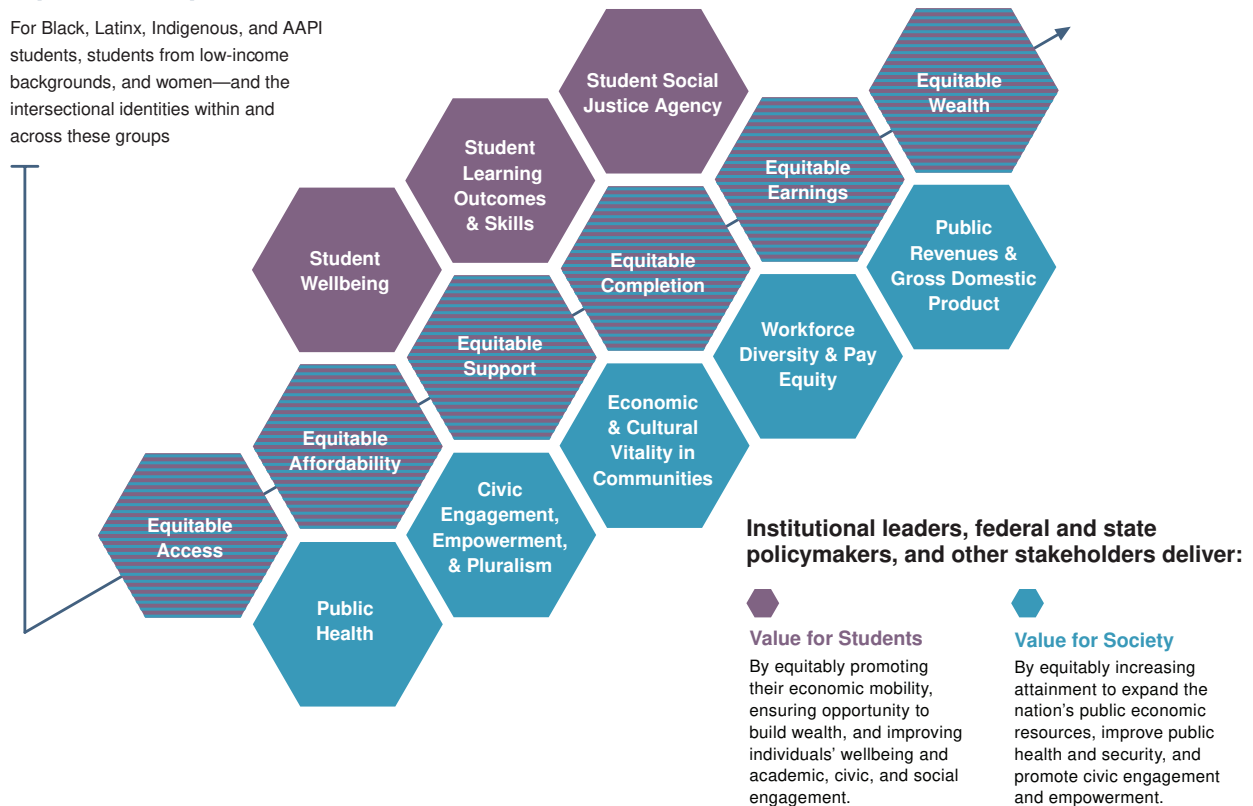
THE POSTSECONDARY VALUE FRAMEWORK

Equitable postsecondary value is comprised of many interconnected elements. Institution leaders, federal and state policymakers, and other stakeholders all have a role to play in delivering equitable value, the economic and non-economic benefits of which accrue to students, their families, their communities, and society. The commission relied on a wide body of research—some conducted prior to the project, and much of it led by Research Task Force (RTF) members—to construct a framework for understanding these many components on their own and as they relate to one another to conceptualize postsecondary value (Figure 2).

Figure 2. The Postsecondary Value Framework

Pipeline to Equitable Value

For Black, Latinx, Indigenous, and AAPI students, students from low-income backgrounds, and women—and the intersectional identities within and across these groups



Equity is at the core of the commission's work—and this framework. The commission focused on equitable value for Black, Latinx, Indigenous, underrepresented Asian American and Pacific Islander (AAPI) students,^e students from low-income backgrounds, and women—as well as the intersectional identities within and across these groups (e.g., low-income White students and men of color). Evidence shows that the postsecondary education system currently fails to ensure that

^e Data collections at the U.S. Department of Education and our institutions of higher education aggregate AAPI communities, masking stark attainment disparities that exist across the 25 distinct, self-identified AAPI groups reported on by the U.S. Census Bureau. Because of these disparities, the Postsecondary Value Commission used the term "underrepresented AAPI students" in the context of postsecondary access, completion, and outcomes. The commission used "AAPI students" in justice-related contexts because this community broadly experiences racial discrimination. Please see Sideboxes 1.1 and 1.2 in the report for additional information.

these students receive equitable returns on their investments. Students of color and students from low-income backgrounds face barriers to college access, lower completion rates, and affordability challenges. They—and women—also experience lower economic returns in the workforce, which impacts the value they reap from their studies. The Postsecondary Value Framework therefore requires data to be disaggregated by these key student characteristics to unearth inequities and provide a starting point for policy and programmatic solutions to combat and dismantle them.

The remainder of this section outlines the key concepts that comprise the Postsecondary Value Framework: economic returns for students; economic returns for society; and the non-economic returns to students and society.

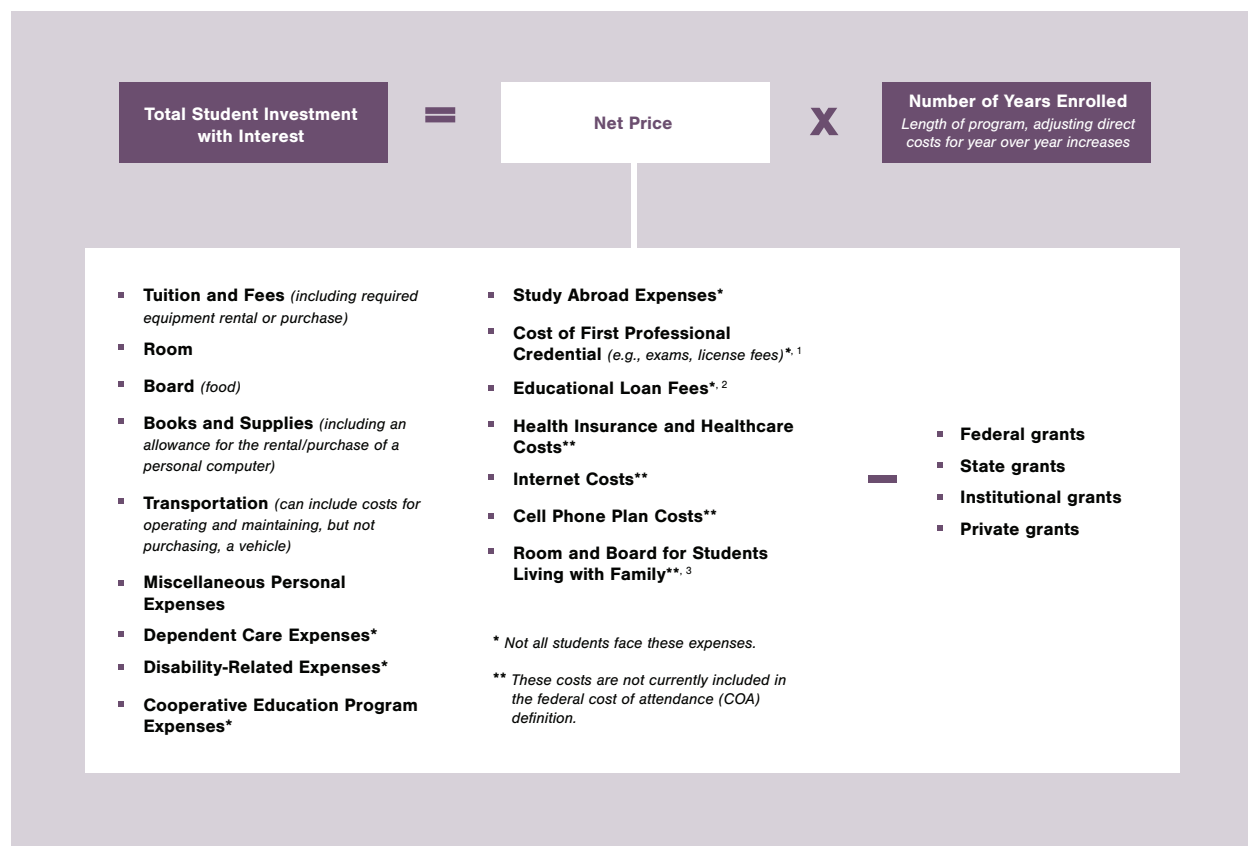
Economic Returns for Students

Economic opportunity and mobility in the United States are extremely difficult to attain today without a postsecondary education.¹¹ Yet, stark gaps in access, completion, and post-college outcomes—which vary widely within and across institutions, including similar institutions serving similar students—mean institutions are falling short of helping the most financially vulnerable and minoritized students build a secure future.¹² As depicted in Figure 2, the core of the Postsecondary Value Framework is the equitable value pipeline, which starts with equitable access and builds to equitable earnings and wealth, and is measured using a series of economic value thresholds. These thresholds were tested by members of the RTF using both system- and national-level data, are discussed in detail in the report, and demonstrate how the Postsecondary Value Framework can uncover inequities in post-college outcomes and point to solutions for addressing them.

Defining Student Investment in the Postsecondary Value Framework

The economic value a student accrues from postsecondary education must account for their investment. **The framework defines total student investment as net price over the entire length of enrollment in a given credential or program, including student loan interest** (Figure 3).

Figure 3. Defining Student Investment in the Postsecondary Value Framework



Source: Table in Cheng (2021), this volume.

Notes: ¹The cost of first professional credentials are currently optional in the federal definition of COA but the Consolidated Appropriations Act of 2021 specifies that they will be required starting in 2023.

²Educational loan fees are required for federal loans. Private loan fees are currently optional but are not allowed after 2023 per the Consolidated Appropriations Act of 2021.

³While room and board are already included in the COA definition, colleges are currently not able to report those costs for students living with family to the U.S. Department of Education’s Integrated Postsecondary Education Data System (IPEDS). As a result, public COA data do not include those expenses. Note that the Consolidated Appropriations Act of 2021 specifies that, starting in 2023, this room and board allowance for dependent students living with parents cannot be zero.

To realistically capture students’ expenses, net price should account for the full cost of attendance (COA)—including tuition and non-tuition expenses—as well as grants and scholarships received and the length of time enrolled. The commission recommended adding several expenses to the current federal COA guidelines to better capture costs students regularly incur that are critical to their success in college, such as health insurance and internet (Figure 3). Since postsecondary education saddles too many students of color and students from low-income backgrounds with debt, the framework also incorporates the cost of borrowing (e.g., loan interest) and calls for disaggregating cost data by student characteristics to identify inequities.

Defining and Measuring Student Returns: The Economic Value Thresholds

The framework’s economic value thresholds offer a way to measure individual economic outcomes for Black, Latinx, Indigenous, and underrepresented AAPI students, students from low-income backgrounds, and women across different institutions and programs. These thresholds provide a series of benchmarks informed by prior research as well as extensive discussion among commissioners and RTF members (Figure 4). The first four thresholds (0 through 3) measure individuals’ earnings outcomes and the final two (4 and 5) measure wealth outcomes. The thresholds are each adjusted by geography at the state level to take into account wage variation across states,^f and are calculated at multiple points in time.

Figure 4. Measuring Economic Returns Via Thresholds

Threshold	
0	Minimum Economic Return: A student meets this threshold if they earn at least as much as a high school graduate plus enough to recoup their total net price plus interest within ten years.
1	Earnings Premium: A student meets this threshold if they reach at least median earnings in their field of study (or, if field of study data is unavailable, the median earnings for the institution’s predominant degree type). ¹
2	Earnings Parity: This threshold measures whether students of color, students from low-income backgrounds, and women reach the median earnings of their systemically more advantaged peers (White students, high-income students, or men). ²
3	Economic Mobility: This threshold measures whether students reach the level of earnings needed to enter the fourth (60th to 80th percentile) income quintile, regardless of field of study.
4	Economic Security: While sufficient earnings can create a stable life, wealth is key to building the type of security needed to withstand life’s financial shocks. This threshold therefore measures whether students reach median levels of wealth.
5	Wealth Parity: Mirroring the earnings parity threshold, this threshold measures whether students of color, students from low-income backgrounds, and women reach the level of wealth attained by their more privileged White, high-income, or male peers.

Notes: Thresholds 0-3 can be estimated at the national level using College Scorecard data with some caveats. Institutions and systems with advanced data collections can measure these thresholds with greater specificity. Due to a lack of quality data to measure wealth, Thresholds 4 and 5 are currently understood as conceptual goals rather than operable analyses.

¹ *If field of study data is not available, then the framework turns to the predominant degree level (e.g., median earnings among bachelor’s degree holders). To calculate this, researchers can use pooled 5-year American Community Survey data.*

² *Publicly available data do not presently support the production of this threshold for low-income students.*

Threshold 0 is purposefully named such because it is the minimum that we should expect of institutions—that students leave postsecondary education at least better off financially than if they had not attended. Thresholds 1 and 2 measure whether students reach median earnings in their field overall, and commensurate with their more advantaged counterparts. Building on the work of the Opportunity Insights team, Threshold 3 examines economic mobility by measuring whether students earn enough to enter the fourth income quintile regardless of their field of study.¹³

^f State-level medians do not always capture within-state variance. To develop even more precise benchmarks, institutions could customize this calculation further with regional variations.

The ultimate goal is for students to reach economic security (Threshold 4) and wealth parity (Threshold 5), whereby a person has sufficient earnings and wealth to withstand life’s economic shocks, and their race, income, or gender does not predict their ability to accumulate earnings or wealth.^g Data limitations currently prevent Thresholds 4 and 5 from being measured. However, the role of postsecondary education as both a potential avenue to wealth building and a source of negative wealth through student loan debt renders wealth a key aspect of equitable postsecondary value.

Testing the Economic Value Thresholds

The Postsecondary Value Commission worked closely with David Troutman, of The University of Texas (UT) System, and Jordan Matsudaira, of Columbia University’s Teachers College, to test the thresholds using UT System^h and College Scorecard data respectively (Sidebox 2).ⁱ These analyses illustrate that the economic value thresholds can help institutional leaders uncover and address inequities in post-college outcomes and a series of findings detail the extent to which sectors, institutions, and programs are providing equitable value to students.^{j, 14}

Sidebox 2. The Vital Need for Higher Quality Public Data

There are a number of limitations associated with College Scorecard data, namely that institution-level earnings data are not disaggregated by completion status, which limits the ability to fully attribute earnings outcomes to program quality; nor are earnings data disaggregated by race or ethnicity, meaning it is not possible to report on all target subgroups in the national analyses.^k While Scorecard data limitations are important context for interpreting these analyses, they do not diminish the usefulness of using currently available data to reveal—and address—inequities in postsecondary value. Furthermore, these findings spotlight the need for the U.S. Department of Education to continuously improve the College Scorecard, including by adding completion and race/ethnicity disaggregates as soon as data are available.

g Because a college degree primarily affects the earnings of the individual holding the degree, the framework primarily focuses on personal earnings.

h There are several caveats to consider when interpreting the UT System analyses presented here, including that the cost component of Threshold 0 is based only on the four UT campuses with adequate data available and earnings results capture only those individuals who work in Texas and are included in unemployment insurance (UI) records with non-zero earnings.

i We attempted to test the economic thresholds using data from a system that includes community colleges, but data limitations did not allow for this analysis within the commission’s timeline, especially due to the impact of COVID-19 on community college capacity. Future research must examine the economic thresholds in other postsecondary sectors, with a focus first and foremost on the public two-year sector.

j The analyses described in this report examine equity gaps by comparing outcomes for Black, Latinx, Indigenous, and AAPI students, and women to those of students who are White and men. Comparisons across racial/ethnic/gender groups are critical for identifying, assessing, and ultimately addressing disparities in outcomes. However, this approach implies that the outcomes of students who are White and men represent the aspirational goals for all students, which reinforces historical inequities found throughout society, including in our higher education system. While imperfect, we use this approach with recognition that disaggregation is critical to identifying disparities and as one step in the broader quest for equity. As institutions and systems set goals for achieving equitable value, they should not base “success” on any one student group’s outcomes, but rather on the outcomes they want all students to achieve. See McNair 2021.

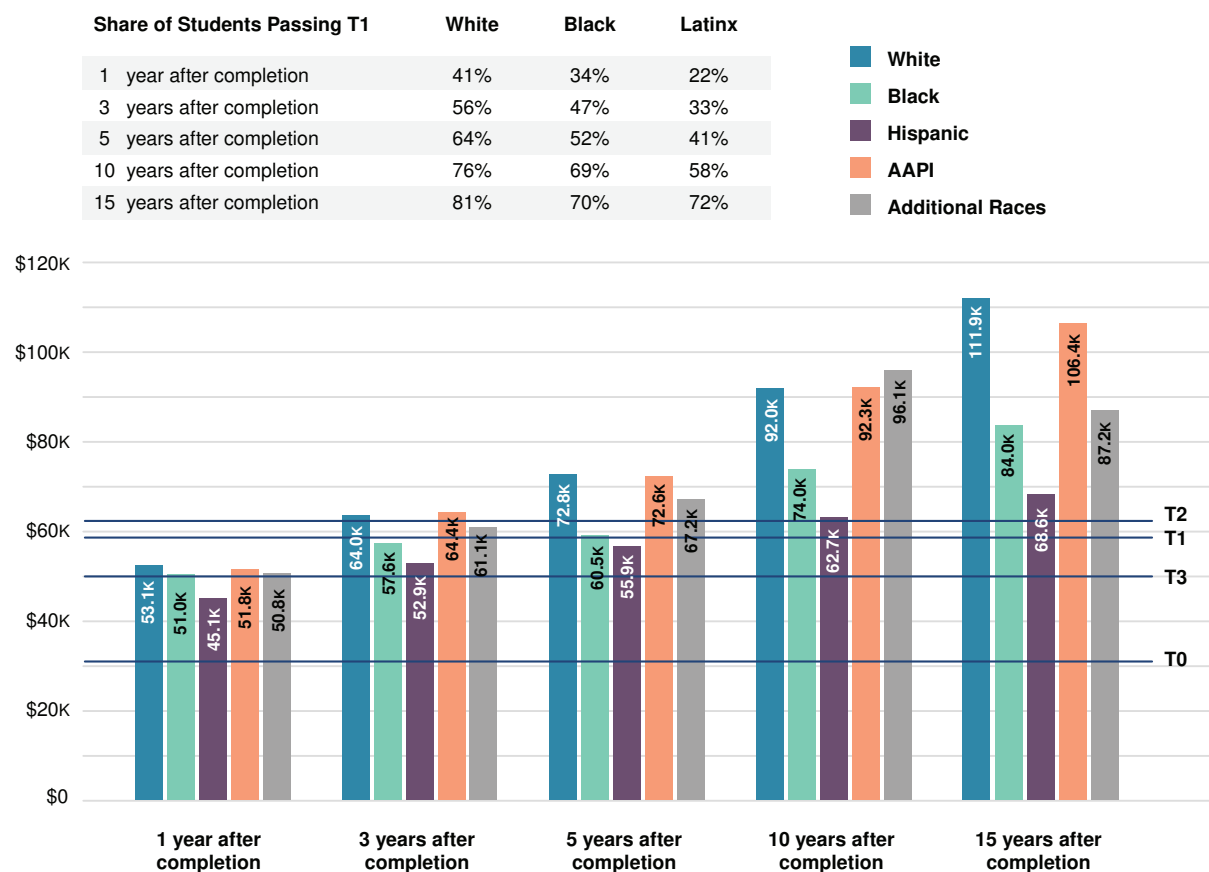
k For more detailed technical information on the analyses conducted with College Scorecard data, see Chapter 4 of Postsecondary Value Commission. (2021a). Equitable value: Promoting economic mobility and social justice through postsecondary education. Retrieved from: <https://www.postsecondaryvalue.org/wp-content/uploads/2021/05/PVC-Final-Report-FINAL.pdf>

Institutional performance varies considerably within and across sectors. National analyses with College Scorecard data reveal that most institutions, including more than three-quarters of public and private non-profit institutions, put students on a path to earn more than a high school graduate and to recoup their total investment within 10 years of entry—offering them at least a minimum economic return, as measured by Threshold 0. However, 649 institutions, including about half of for-profit institutions, do not, with nearly one-third (31 percent) of four-year and two-thirds (64 percent) of two-year for-profit institutions failing to meet this basic benchmark. Especially concerning are the 139 institutions at which Threshold 0 exceeds Threshold 1. This means that the cost to attend these institutions is so high that a student will not start to “break even” (Threshold 0) even if they reach the median earnings of similarly credentialed workers in their state. The vast majority of institutions for which Threshold 0 is higher than Threshold 1 are higher cost private non-profit or for-profit institutions.

Economic returns and gaps differ by program of study. Just as performance against the thresholds varies across institutions, the analysis of UT System data finds similar variation at the program level.¹ While racial, socioeconomic, and gender earnings gaps persist across most programs of study, they are especially wide in higher paying fields. For example, most UT System students who complete degrees in computers, statistics, and mathematics can expect to receive relatively high earnings when they enter the labor market. In fact, almost three quarters (73 percent) of these graduates already achieve a minimum economic return (Threshold 0) one year after graduation, and nearly all (92 percent) do so after 10 years. However, racial/ethnic and gender gaps exist immediately upon graduation and grow over time. Three years after completing, White graduates in computers, statistics, and mathematics earn enough to reach Thresholds 2, while it takes between 5 and 10 years for most Black graduates and up to 15 years for most Latinx graduates to reach these same earnings levels (Figure 5). These wage gaps translate into lower shares of Black and Latinx students and women reaching both earnings premiums (Threshold 1) and economic mobility (Threshold 3) than their White and male counterparts—even if they complete the same major.

¹ Due to the need for privacy suppression, the analysis of UT System data does not include Indigenous students and the distinct AAPI communities are aggregated to “AAPI students.”

Figure 5. Median Earnings of UT System Completers in Computers, Statistics, and Mathematics by Race/Ethnicity



Source: IHEP analysis of University of Texas System and American Community Survey data, provided by University of Texas System. Median earnings measured among completers working in Texas. Thresholds calculated using inflation-adjusted 2018 American Community Survey data. Costs estimated based only on four University of Texas campuses with adequate data available.

Graduates in low-wage, high social value fields can experience at least a minimum economic return and economic mobility.

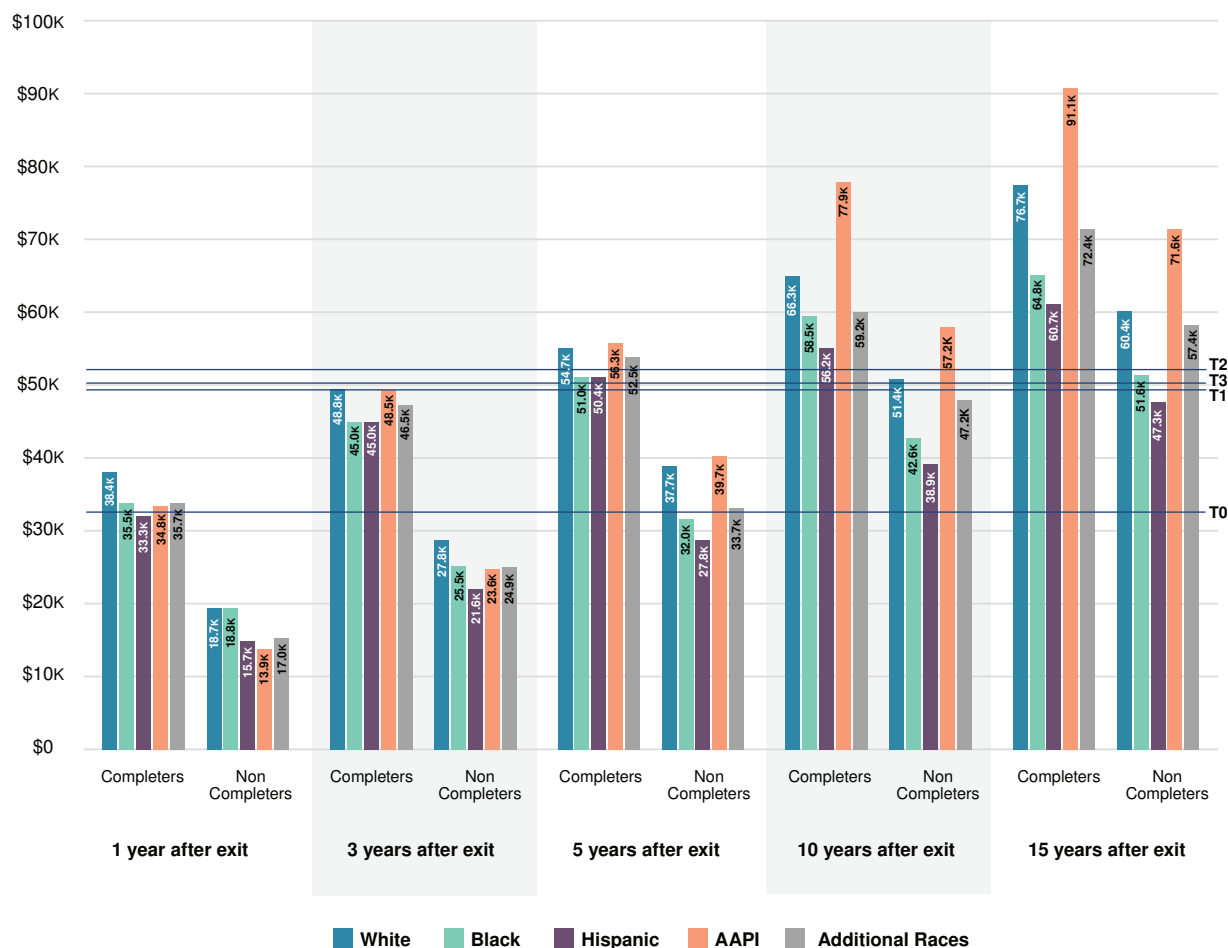
Institutions should ensure that all students, including those who pursue these careers, such as early childhood education, teaching, or social work, are at least better off than if they had not attended (Threshold 0)—if not offer them some degree of economic mobility (Threshold 3), especially since many students of color and women pursue these careers.¹⁵ The UT System analyses demonstrate that such majors can provide most graduates with economic value and mobility, while meeting vital social needs. For example, nearly two-thirds (64 percent) of all UT System education graduates earn a minimum economic return by one year after graduation. More than half of Latinx students, students from low-income backgrounds, and women who complete education degrees reach Thresholds 0 and 3 by three years after graduation, and nearly half of Black education graduates reach these thresholds within three years. In fact, more than half of all completers across every program of study in the UT System earn enough to achieve economic mobility (Threshold 3) within 15 years of graduation, counter to the common narrative that programs like liberal arts or education do not provide a path to economic mobility.

Completing a postsecondary credential is instrumental for higher earnings growth, especially for underrepresented students.

Completion matters immensely for the economic outcomes of Black and Latinx students. Compared with their non-completer peers, Black and Latinx completers realize substantial premiums for their degree. Five years after graduation, a Latinx completer earns 81 percent more and a Black completer earns 59 percent more than their respective Latinx and Black peers without a degree. In contrast, White students receive a lower (45 percent) premium for completion, likely due to higher wages for White high school graduates. Yet entrenched earnings gaps can make repaying one's college investment difficult, especially for non-completers. At the median, both Black and Latinx non-completers in the UT System do not start to earn enough to repay their investment (amortized over 10 years) until between five and ten years after leaving college. White students, however, are more insulated from non-completion since they receive higher earnings regardless of whether they complete. For instance, White students earn enough to start repaying their investment between three and five years after leaving and earn enough after ten years to experience mobility despite not completing their degree. After 15 years, White non-completers earn about the same amount as Latinx completers (\$60,498 and \$60,732, respectively; See Figure 6).

In fact, more than half of completers across every program of study in the UT System earn enough to achieve economic mobility (Threshold 3) within 15 years of graduation, counter to the common narrative that certain programs, such as liberal arts or education, do not provide a path to economic mobility.

Figure 6. Median Earnings of UT System Completers and Non-Completers by Race/Ethnicity



Source: IHEP analysis of University of Texas System and American Community Survey data, provided by University of Texas System. Median earnings measured among completers working in Texas. Thresholds calculated using inflation-adjusted 2018 American Community Survey data. Costs estimated based only on four University of Texas campuses with adequate data available.

Measuring Postsecondary Access as a Component of Equitable Economic Value

Creating equitable economic value requires institutions to both provide access to Black, Latinx, Indigenous, and underrepresented AAPI students and students from low-income backgrounds as well as prepare them for success in the workforce. However, many selective institutions that perform well on the economic value thresholds serve too few students of color and students from low-income backgrounds. And many less-selective, open-access institutions enroll a more diverse student body, but do not perform as well on the thresholds because of chronic and critical underfunding, among other reasons. It is therefore imperative that the Postsecondary Value Framework examine institutions' performance on the thresholds in the context of who they enroll.¹⁶

The commission's researchers tested a series of potential methods to account for institutional diversity, including comparing predicted and actual performance, assembling peer groups for comparisons, adjusting the thresholds based on student and institutional characteristics, creating disaggregated thresholds that provide within-group comparisons (i.e., comparing Latinx student

outcomes with Latinx earners in the state), creating indices that reward institutions for providing access and value to target students, and calculating the economic contribution that institutions provide to the economy by educating more students from target populations.

After careful consideration of this extensive research, the Postsecondary Value Framework uses a set of disaggregated thresholds and a set of indices to account for institutional diversity:

- **Disaggregated Thresholds:** In addition to the overall thresholds, the framework incorporates separate disaggregated thresholds for each race/ethnicity, gender, and income group. By comparing students' post-college outcomes to median earners within the same race/ethnicity or gender group in their state, the disaggregated thresholds attempt to control for the systematic racism and sexism that place students of color and women at a disadvantage in the labor market. This approach gives colleges credit for raising the earnings of students of color or women relative to labor market trends for students with similar demographic backgrounds. The disaggregated thresholds are particularly important for contextualizing the performance of Minority Serving Institutions, like Historically Black Colleges and Universities (HBCUs). While HBCUs serve an important role in educating Black students across the country, about 60 percent do not pass the overall Threshold 0 due, in part, to workforce discrimination. However, when compared with a disaggregated threshold that recognizes the employment and wage discrimination that Black workers face, most HBCUs do pass Threshold 0.
- **The Economic Value Index (EVI) and Economic Value Contribution (EVC \$ and EVC %):** These indices are designed to give institutions credit for the proportion of students of color, students from low-income backgrounds, and women they enroll *and* the proportion who experience economic returns. EVI calculates the share of graduates comprised of students in each focus subgroup who receive economic value (i.e., attain earnings that surpass a given threshold). For example, a somewhat lower share of Latinx graduates meet Threshold 0 by year three at the racially diverse Institution A in the UT System, compared with the less racially diverse Institution B (Table 1). However, due to the high proportion of Latinx students at Institution A, and their reasonably good performance on Threshold 0, it performs far better than Institution B on the EVI (55 percent compared with 10 percent). In other words, 55 percent of Institution A's graduates are Latinx students who earn enough three years later to pass Threshold 0, compared with just 10 percent of Institution B's graduates.

The second metric, EVC (\$), calculates the total economic contribution, in dollars, an institution makes to society by providing equitable value to students of color, students from low-income backgrounds, and women. An institution's EVC (\$) increases as the number of graduates from a focus population who receive positive economic returns increases. For instance, Institution A has a higher EVC (\$) than Institution B (\$19.8M compared with \$4.9M) since Institution A serves substantially more Latinx students—even though the median earnings of its Latinx graduates are about \$8,000 lower (Table 1). To account for institutional size and compare performance across institutions, EVC (%) takes the EVC (\$) of a given student group and divides it by the EVC (\$) from the total student body, resulting in the share of the institution's total economic contribution derived from graduating students from a given focus population. If an institution serves these students well, the EVC (%) will reflect this performance.

Table 1. Comparison of Key Value Metrics Among Select UT System Institutions

	Institution A	Institution B
% Latinx Among Graduates	86%	13%
Median Earnings for Latinx Graduates <i>3 years after graduation</i>	\$42,017	\$50,052
Latinx Graduates Passing Threshold 0 <i>Threshold 0 = Median state-level high school earnings + cost (over 10 years)</i>	64%	76%
Equitable Value Index for Latinx Graduates <i>% of Latinx graduates meeting Threshold 0 x % of Latinx students among graduates</i>	55%	10%
Equitable Value Contribution (\$) for Latinx Graduates <i>Median Latinx graduate earnings minus Threshold 0 x number of Latinx graduates</i>	\$19.8M	\$4.9M
Equitable Value Contribution (%) for Latinx Graduates <i>Equitable Value Contribution (\$) for Latinx Graduates / Total Economic Contribution of All Graduates</i>	81%	13%

Source: IHEP analysis of University of Texas System and American Community Survey data, provided by University of Texas System. Median earnings measured among completers working in Texas. Threshold 0 calculated using inflation-adjusted 2018 American Community Survey data. Costs estimated based only on four University of Texas campuses with adequate data available.

How Institutions Can Influence Performance on the Economic Value Thresholds

Institutions have broad control over many components of the equitable value pipeline. The impact of selectivity and diversity, time-to-degree and price, and completion on students' post-college outcomes are discussed below, and the impacts of instructional expenditures and program mix are detailed in the report.

- **Selectivity and diversity:** While it is perhaps unsurprising that selective institutions that serve predominantly White and high-income students have a greater likelihood of passing Threshold 0, many fail to deliver equitable postsecondary value because of their low enrollments of Black, Latinx, Indigenous, and underrepresented AAPI students and students from low-income backgrounds. More commendable are the many institutions that simultaneously provide access to a diverse range of students and deliver positive post-college outcomes.^m
- **Price:** Institutions that keep prices low for students can deliver exceptional economic value. The relationship between cumulative net price and median earnings above Threshold 0 reveals that while some high-priced private four-year institutions provide some of the highest median earnings relative to Threshold 0, many lower-cost public institutions provide comparable value at a fraction of the cost. Meanwhile, many high-priced for-profit institutions do not provide value in relation to their cost.

^m For a discussion of specific examples, see Chapter 4 of Postsecondary Value Commission. (2021a). Equitable value: Promoting economic mobility and social justice through postsecondary education. Retrieved from: <https://www.postsecondaryvalue.org/wp-content/uploads/2021/05/PVC-Final-Report-FINAL.pdf>

- **Completion and Time to Degree:** For students to reap the full value of their postsecondary investment, institutions must support them through to completion, as students who leave college without a credential are less likely to experience strong economic outcomes.¹⁷ The importance of completion in delivering postsecondary value is especially pronounced among four-year institutions.ⁿ The completion rate (at 150 percent regular time) among four-year institutions that pass Threshold 0 is 57 percent, driven primarily by public institutions (with an average completion rate of 54 percent) and private non-profit institutions (62 percent), rather than proprietary institutions (29 percent). At proprietary institutions, the effect of completion on passing Threshold 0 is practically eliminated—perhaps due to high prices, but also potentially due to some of these institutions’ unfavorable reputation among employers, which limits the labor market value of the credential for students who do complete.¹⁸ Additionally, the institutions that are most likely to pass Threshold 0, and pass it by the largest margin, are those that help their students complete in as close to 100 percent of regular time as possible (i.e., four years for a bachelor’s degree, two years for an associate’s degree, or one year for a certificate). While many institutions with longer average times to completion are still able to meet or surpass Threshold 0, they may do so by a lesser amount.

Economic Returns for Society

The value of a postsecondary education is important for not just students who receives a credential but also their families, communities, and broader society. If postsecondary education can increase the number of students of color and students from low-income backgrounds who reap the economic benefits of a postsecondary credential, it will have a tangible payoff for society in terms of a stronger economy, a more diverse and prepared workforce, and a healthier, happier, and more civically engaged populace.¹⁹

The Georgetown University Center on Education and the Workforce (CEW) analyzed the economic returns to society that emerge from closing a series of racial, socioeconomic, and gender gaps in postsecondary attainment, earnings, and wealth. This research reveals that if equity gaps in attainment were closed today, approximately 30 million more people would hold associate’s degrees or higher, which would lead to substantial increases in the tax base and drive growth in the GDP. Combined with decreased public expenditures on health care, corrections, and public assistance programs for a more educated population, the nation could see nearly \$1 trillion added to the economy annually.^o Furthermore, if students from low-income backgrounds did not have to borrow to attend college, these individuals would collectively increase their personal savings or wealth by about \$600 billion and add another \$200 billion to the economy each year. Thus, addressing inequities in the postsecondary education system and broader society generates substantial benefits to the entire economy.

n Note that this trend will be especially notable in Scorecard data, which aggregates earnings outcomes for completers and non-completers and cannot allow for differentiation.

o The investment described in this report would not pay off immediately. Carnevale et al. (2021), this volume, model a scenario in which all costs and benefits are realized immediately, but recognize that current constraints related to capacity, readiness, and efficiency suggest that it would take at least 34 years just to equalize educational attainment. In this scenario, it would take more than nine years for annual benefits to exceed annual costs. For more details see Carnevale et al. (2021), this volume.

Non-Economic Returns to Students and Society

The economic returns from postsecondary education are critical for building a financially secure future. Yet the framework also acknowledges the non-economic benefits of postsecondary education, both because they are closely intertwined with economic returns and because they are intrinsically valuable. While many of these non-economic returns are likely made possible by the higher earnings that result from a postsecondary credential, they also make clear that the value of postsecondary education extends beyond pure dollars and cents. The commission relied on subject matter experts to explore key personal non-economic benefits, including learning outcomes, skills, and wellbeing, as well as the benefits that accrue to society, most importantly socioeconomic and racial justice.

- **Learning Outcomes:** For many students, personal growth and development,²⁰ alongside the desire to get a good job,²¹ are key factors influencing their postsecondary decisions. The commission leveraged the expertise of Richard Arum and his team at the University of California, Irvine to provide a detailed look at The Next Generation Undergraduate Success Measurement Project. This project uses diverse forms of data to assess undergraduate student experiences, behaviors, and attitudes over time, and focuses on assessing six learning outcomes, such as cognitive ability, social capital, and civic engagement.
- **Skills:** Given that the perceived value of postsecondary education is increasingly tied to workforce outcomes, the commission relied on the expertise of Michael Collins of JFF to better understand the skills gaps, why partnerships between industry and colleges and universities are critical to addressing them, and why skills gaps matter when assessing the value of postsecondary credentials. Collins argues that the field should embrace several best practices, including recognizing that there are many skills gaps and centering equity, to ensure that students are acquiring the skills and abilities in college that will enable them to lead productive and engaged lives.
- **Wellbeing:** The commission engaged the expertise of Stephanie Marken of Gallup to assess wellbeing and how it combines with job quality and other economic measures, including income, to capture the value that graduates receive from a bachelor's degree or higher. Gallup assesses wellbeing using two metrics: current and future life evaluation via the Cantril Scale; and the five elements of wellbeing (purpose, social, financial, community, and physical wellbeing). Research by Gallup shows that wellbeing measures influence graduates' assessment of college value beyond what income alone can explain.

These personal non-economic benefits translate to enormous societal benefits. As part of their examination of the benefits to society of equitable postsecondary value, Georgetown University CEW identified nine key non-economic benefits, including health, crime and incarceration, family structure, critical thinking, civic engagement, resistance to authoritarianism, pluralistic orientation, agency and empowerment, and happiness. Like the individual non-economic benefits, these have both intrinsic value and are closely related to economic benefits. For example, postsecondary education attainment is associated with a number of positive health outcomes—including longer life expectancy, better self-reported health status, healthier behaviors, and greater investment in preventative care—which decreases public health expenditures and leads to a healthier populace overall.

Furthermore, individuals and society also benefit when institutions fulfill their role as key actors in advancing racial and socioeconomic justice. By providing students with the skills to recognize and address racism and discrimination in their personal lives, careers, and communities, institutions can

help chip away at longstanding and deep-seated wage and wealth inequities in society. Institutions—as employers—can also disrupt their own inequitable hiring and promotion practices, and as community members, they can support the vitality of their neighborhoods.

First and foremost, institutions are educators—educators of future judges, teachers, police officers, managers, doctors, and countless other professionals who have the power to disrupt systems of discrimination. Institutions can and should prepare students to carry principles of fairness, justice, and equity into these careers and their communities as they take on these leadership roles. However, it is difficult to assess the extent to which institutions are achieving these goals. Thus, the Postsecondary Value Commission leveraged the expertise of Tiffany Jones (formerly of The Education Trust)^p and Kayla C. Elliott (The Education Trust) to identify existing surveys and metrics that can help assess whether and how colleges are preparing students for racial and social justice both on campus and throughout their careers. Because existing survey instruments were not intended to serve this purpose, Jones and Elliott also offer recommendations for designing a comprehensive assessment that would more accurately capture this aspect of postsecondary value.

Institutions are also employers, and through their hiring, pay, and promotion practices, have the power to either drive an inclusive economy or mirror workforce discrimination and pay inequities seen in other sectors. Research conducted by Gina Johnson at the National Center for Higher Education Management Systems (NCHEMS) using publicly-available IPEDS data highlights that institutions have room to improve as equitable employers. By using their own data to understand these inequities, institutions can serve as models for equitable employment practices. Finally, as community anchors, institutions have a responsibility to serve as equitable economic engines and partners in strengthening their communities. By doing so, colleges and universities showcase the value that higher education can provide through enhanced economic and cultural vitality beyond campus boundaries.

p Tiffany Jones is now with the Bill & Melinda Gates Foundation.

THE ACTION AGENDA FOR THE POSTSECONDARY VALUE COMMISSION

While driven by robust research and evidence, the work of the Postsecondary Value Commission was more than a research project; it is meant to be the catalyst for a movement that will shape the next decade of progress toward creating a more equitable higher education system and just society.

The commission's action agenda outlines opportunities for institutional leaders, state policymakers, and federal policymakers to enhance postsecondary value for Black, Latinx, Indigenous, and AAPI students, students from low-income backgrounds, and women through practice and policy change by:

- **Equalizing access to increase postsecondary value**, because where students of color, students from low-income backgrounds, and women enroll and what they study greatly impacts the quality of education they receive; and thus, their post-college outcomes.
- **Removing affordability as an impediment to postsecondary value**, because investing in students of color and students from low-income backgrounds promotes equitable student success, improves students' return on investment, pays dividends for society, and can serve as a critical step in compensating for the legacies of systemic racism and classism.
- **Eliminating completion gaps and strengthening post-college outcomes to ensure postsecondary value**, because earning a credential with labor market returns is the surest route to economic mobility for students of color and students from low-income backgrounds.
- **Improving data to expose and address inequitable postsecondary value**, because current information gaps ignore critical outcome disparities for students of color, students from low-income backgrounds, and women.
- **Promoting social justice by providing equitable postsecondary value**, because postsecondary education has an important role to play in dismantling racism, classism, and sexism in our economy and society.

The action agenda outlines concrete recommendations for institution leaders and policymakers, as well as critical questions that students and families should be asking about value that every institution should be able to answer.⁹ The recommendations outlined in the action agenda are not an exhaustive list of needed reforms, and we encourage all postsecondary stakeholders to pursue these and other bold solutions to promote social and economic mobility and justice through higher education.

Together, the value definition, framework, and the action agenda are meant to inspire actors at the institutional, state, and federal levels to rethink existing policies and practices, rebuild a postsecondary system centered on ensuring equitable value for Black, Latinx, Indigenous, and AAPI students, students from low-income backgrounds, and women, and reimagine our postsecondary system as an instrument to create a stronger and more just society together.

q For additional information on the action agenda, please see: Postsecondary Value Commission. (2021b). Ensuring equitable postsecondary value: An action agenda. Retrieved from: <https://www.postsecondaryvalue.org/wp-content/uploads/2021/05/PVC-Action-Agenda-FINAL.pdf>

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