



THIRD WAY





Measuring the Value of Postsecondary Pathways

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Why is Third Way focused on ROI and economic mobility?

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What metrics does Third Way use to explore ROI and economic mobility?

03

How can these metrics support policy?

Americans Are Losing Faith in the Value of College. Whose Fault Is That?

For most people, the new economics of higher ed make going to college a risky bet.

Why is Third Way focusing on ROI and economic mobility?

- Public trust in higher education has been waning since 2008.
 - Americans' **confidence in higher education has fallen to 36%**. – Gallup
- Students' motivations for going to school have been and still are predicated on job outcomes.
 - **58% of students** went to college for potential job outcomes.
 - We found that **97% of graduate students** attended college for job outcomes.
- What's clear is the impact that return on investment and job outcomes have on student's and the public's view of higher education.
 - We believe **all students deserve access to a quality education** and should receive a return on their educational investment.

What metrics does Third Way use to explore ROI and economic mobility?

- To explore ROI in higher education, Third Way created the **Price to Earnings Premium**.
 - Measures the time it takes students to **recoup their educational costs** based on the **earnings premium** they obtain from attending a specific institution.
 - **Cost** = Average net price paid to earn the credential
 - **Earnings Premium** = Earnings beyond the typical high school graduate in the state in which the institution is located

**Number of years to recoup
net cost of credential =**

Total average net price

**(Post-enrollment earnings) -
(Typical salary of a high school
graduate in the institution's state)**

Findings for Massachusetts Using the Price to Earnings Premium Metric (PEP)

Top Five Massachusetts Schools for PEP

Institution Name	OPEID6	Control	State	Price-to-Earnings Premium (PEP) for All Students (Years to Recoup Net Cost)	Average Annual Net Price	Total Net Price	Median State Salaries with Positive Earnings (High School Diploma or Equivalent)	Median Earnings 10 Years After Initial Enrollment
Massachusetts Institute of Technology	2178	Private Non-Profit	MA	0.24	\$5,084	\$20,336	\$40,368	\$124,213
Harvard University	2155	Private Non-Profit	MA	0.97	\$13,259	\$53,036	\$40,368	\$95,114
Franklin W Olin College of Engineering	39463	Private Non-Profit	MA	1.12	\$21,474	\$85,896	\$40,368	\$116,968
Massachusetts Maritime Academy	2181	Public	MA	1.46	\$21,604	\$86,416	\$40,368	\$99,713
Amherst College	2115	Private Non-Profit	MA	1.67	\$17,304	\$69,216	\$40,368	\$81,855

Top Five Massachusetts Schools for Low-Income Student PEP

Institution Name	OPEID6	Control	State	PEP	Percent Pell	Total Net Price for Low-Income Students	Median State Salaries with Positive Earnings	Median Earnings 10 Years After Initial Enrollment for Low-Income Students
Massachusetts Institute of Technology	2178	Private non-profit	MA	-0.33	19.88%	-6711	40,368	121007
Williams College	2229	Private non-profit	MA	0.09	21.78%	718	40,368	71927
Harvard University	2155	Private non-profit	MA	0.13	12.58%	1754	40,368	95149
Amherst College	2115	Private non-profit	MA	0.55	25.21%	4625	40,368	74272
Wellesley College	2224	Private non-profit	MA	0.75	22.19%	5206	40,368	68291

Using the Price to Earnings Premium Metric to Build an Economic Mobility Index (EMI)

- Digging deeper into equity issues, Third Way uses the price-to-earning premium model to create what's known as the **Economic Mobility Index**.
 - To do this, we calculate each institution's price-to-earnings premium (PEP) for low-income students.
 - Once we establish a PEP value for each institution's low-income students, we assign a percentile rank to identify where institutions stack up in delivering fast ROI for their low-income students.
 - To calculate the economic mobility value, we multiply each school's low-income student PEP percentile rank by the percentage of Pell recipients it enrolls.

Total Average Net Price for Low-Income Students / (Median Earnings of Low-Income Graduates – Median Earnings of a High School Graduate in the State) = Number of Years to Recoup the Net Cost

Findings for Massachusetts using the Economic Mobility Index (EMI) Report

Top Five Massachusetts Schools on the EMI

Institution Name	State	Control	Price-to-Earnings Premium (PEP) for Low-Income Students: Years to Pay Down Total Net Cost	Low-income PEP Percentile Rank	Percent Pell	Economic Mobility Index
Fitchburg State University	MA	Public	2.10	81.1%	33.7%	27.4%
Framingham State University	MA	Public	2.48	76.2%	35.3%	26.9%
University of Massachusetts-Boston	MA	Public	3.39	63.6%	42.2%	26.9%
Amherst College	MA	Private Non-Profit	0.55	96.8%	25.2%	24.4%
Bridgewater State University	MA	Public	2.92	70.6%	32.7%	23.1%

How can these metrics support policy?

1. Using an earnings threshold to hold institutions accountable
 - Highly popular but must contend with questions of access, societal value, and labor market discrimination.
2. Using mobility broadly
 - Must think about questions around mission and long-term outcomes
3. Overall, the priority should be the intersection of what students/taxpayers care about and institutional capability.

The End.