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Ep.89: How Federal and State Policies Judge Colleges' 'Value'

(UPBEAT MUSIC PLAYS)

DOUG LETTERMAN:

As recently as a decade ago, the concept of value rarely found its way into discussions about federal policymaking about higher education. Now, it's unusual to hear a meaningful conversation that doesn't raise the issue. Hello and welcome to The Key, Inside Higher Ed's News and Analysis Podcast. I'm Doug Letterman, editor and co-founder of Inside Higher Ed, as well as your host. It's great to have you here. Today's episode is the second in a three-part series on the value of higher education. Last week's episode explored the public's growing questioning of colleges and universities and of the value of getting a post-secondary degree. This week, we'll dig into how politicians and policymakers are responding to that public doubt, or perhaps stoking it by defining and trying to measure whether individual institutions and academic programs are providing value to consumers. I'm joined for the conversation by Claire McCann, who until last month was a key member of the Biden administration's higher education policy team, who has just joined Arnold Ventures as a higher education fellow.

Will Doyle, a professor of higher education at Vanderbilt University's Peabody College, who studies the government's role in higher education. And Ernest Ezeugo, who recently joined Lumina Foundation Federal Policy team after stints at Young Invincibles and the State Higher Education Executive Officers association. In the discussion that follows, we will discuss how the concept of value is factoring into state and federal policy. What's driving that trend, and whether an over-dependence on economic outcomes can lead to unintended consequences? Before we hear from them, here's a quick message from the Bill and Melinda Gates Foundation, which is sponsoring this episode and the entire three-part series.

SPEAKER:

This episode of The Key is brought to you by the Bill and Melinda Gates Foundation, working to ensure that race, ethnicity, and socio-economic status are no longer predictors of educational success. Learn more about the Foundation's work to improve digital teaching and learning, advanced institutional transformation, and more at usprogram.gatesfoundation.org.

DOUG LETTERMAN:

Claire, Ernest, and Will welcome to The Key, and thanks for being here. You all come to this conversation from slightly different perspectives. And I guess I ask all of you to weigh in on this first question, which is sort of how appropriate is it for federal and state governments to judge colleges based on the value they provide? And why do you feel that way? And what if any risks might occur in doing so? Claire, maybe you wanna start given that you just left a policymaking position.

CLAIRE MCCANN:

Thank you so much for having me. One of the most important obligations that the government and really at both the federal and state level has, is to protect consumers and to ensure that taxpayer dollars are being well spent. And so for most Americans who are considering college or who enroll in college, they say they're doing it to find a job, to enter a career to make a decent living. And that promise has been made to students by higher education that if they do enroll in college, they will be able to earn a job that lets them repay their debts, and enter the middle class. But for too many of them, that doesn't turn out to be the case. Many students struggle to complete. A lot of programs and colleges vary, sometimes significantly, in the returns that their students see. And so policymakers also wind up making poor investments in some colleges and some programs that can't live up to that promise. So I think in recent years, that's why we've seen policymakers at both the state and federal level try to turn to these measurable outcomes of success.

It's a way to separate the wheat from the chaff to help students find colleges and programs that will work for them and to help better target taxpayer investments into colleges that will provide a decent return on investment.

DOUG LETTERMAN:

To continue on that line for a second, is value in statute anywhere? We obviously had a couple of administrations ago, an attempt to use the term gainful employment, the mechanism that was come up with. Then to me, was the first real attempt by the federal government to measure value. But I'm curious if there is any attempt to define value anywhere because obviously, we end up, especially when we're talking about measurable things, defining it so far, mostly through economic terms. Which again, makes sense in certain ways, given what you accurately described as the reason most go to college. But I'm just curious sort of more philosophically about like, how and why are we defining value in the way that we are right now so far?

CLAIRE MCCANN:

Is certainly theater in the history around the policy. And if not, in the Higher Education Act itself, you know, you can read back at why the Pell Grant was created, why the student loan program was created, and see that the policymakers' intent was for those dollars to help students go to college. And they thought that going to college would provide that return on investment, that it would serve as a source of economic mobility for students. And so you absolutely see that in the original intent behind these things, even if it's not kind of laid out as a firm framework in the Higher Education Act. And of course, as you point out, the gainful employment regulations are a prime example of trying to put some math behind those words and try to really hold institutions accountable, where the Higher Education Act does specifically call for it.

DOUG LETTERMAN:

Will, you certainly pay a lot of attention to the government role in higher education, what's your sense

of sort of how governments are trying to define value and build? For some way of measuring value or judging it into their policymaking?

WILL DOYLE:

Yeah, so I look at this a lot from the state level, and, you know, state policymakers, I think, have perfectly reasonable questions to ask about what's happening for the spending that they're putting into higher education. Just like we were talking about, you know, the reason that students and families are paying for higher education is to ensure that, you know, that they can have higher earnings as a start, their first if not their only goal for higher education. And similarly, for state policymakers, you know, they're overwhelmingly as you talk to them, the reason that they wanna support higher education is to increase individual opportunity in the state and also ensure economic competitiveness for the state as a whole. So yeah, it's a reasonable question, you know, for all the money that they're putting in, are they seeing higher earnings from grads? And the overall answer that we can give is like, yes, that, you know, we have, like tons of evidence, you know, good causal evidence that, you know, over an additional year of post-secondary education, earnings are gonna increase by like, between eight and 10%.

But the problem is all in the variation, right? And so the next place that a lot of state policymakers tend to go is, are there certain areas of study that we should focus on, and certain areas of studies that we should discourage or even eliminate? And that's a much tougher question. Now, on the margins, there are certainly, you know, both institutions and programs, where it's just hard to see that, you know, the institution of the program is gonna be able to provide a credential or degree that's gonna ensure good earnings for the individuals. But you have a lot more of, you know, these areas where you might have, you know, decent average earnings in one area a little bit less than others. But it's a really complicated picture. Because a proud philosophy major, I always, you know, take offense when state policymakers say, oh, you know, we gotta get rid of philosophy degrees. But there's just, you know, the risk that you were talking about in the beginning is that, as soon as you start if you want to centralize that process of like, which programs should be offered?

Which are the truly, you know, the degrees of value? That turns out to be an exceedingly complex question.

DOUG LETTERMAN:

Ernest, tell us a little bit about sort of how you come at this question about the role of policy in judging institutions' value? And, you know, what you see emerging and has you feeling excited about this and think is promising and any areas where you think have the potential to create problems also?

ERNEST EZEUGO:

You know, I think first and foremost it's important for me to kind of disclose that this question about value and the broader questions that we're having about the value of higher education and policies' role, I approach a lot of that work from a personal level first. And I won't, you know, go too deep into the weeds in the details. But, you know, my mom when she was alive, attended a small school in Dallas that was for-profit and made a lot of promises about the connections that they've had to different hospitals in that area that she studied to be a nurse. She went back to school at the same time that I went back to school. Because her program was shorter, graduated a little bit faster. But instead of seeing the return on what would be your her investment there and again critically, you know, she attended this career program specifically because she wanted to better her own economic life, protect

herself from, you know, economic downturn and volatility. But her own return was not at all what was promised from the institution.

The partnerships that the institution promised that they had hospitals and other employers, high-quality employers didn't pan out. And she ended up working at very low-quality institutions that, you know, I don't think it's any coincidence that while she was working there, she contracted breast cancer. And I don't unfortunately, think it's any coincidence that, you know, the same employers, she got sick and eventually passed. And so, above all else, in my own thinking about this work and thinking about the prominence of us discussing values around Ed is that is the reality that, you know, of course, the data, you know, is important. And, of course, we have to think critically about what it means to kind of put all of higher Ed under this blanket. But that, you know, first and foremost for folks who are, especially for folks who are looking to attend certain programs, that they hope might provide some immediate return on their investment. Then beyond like numbers diving deeper, these are lives affected by the way of the hierarchy, you know, that they interact with higher education.

And quite frankly, the way that they see or do not see the return on the promise that higher education makes. So I think if there's anything that is most exciting to me about the work that's going into the field right now on value is the acknowledgement that this conversation about return on investments is just part of the process. But that the way that we talk about what higher education must do to kind of make good on the promise, that it makes the folks who would pursue it directly correlates to how, you know, not just individuals who attend in different colleges, experience higher Ed and experience outcomes after, but also connects to how their families do and how their communities do. All of this stems from the fact that students and their families, as higher cost of higher education is increasing, themselves are calling the question of what's the value of this degree?

DOUG LETTERMAN:

What is omitted or underemphasized when we define value pretty exclusively as we are now in economic outcomes? Claire, you explained early on why you think that's so and it's the logical starting place, and it should absolutely be a core focus. But I'm curious if you think that's where we should stay, or if we should ultimately be building out a broader definition of value? And do you think that's where we're headed?

CLAIRE MCCANN:

I would absolutely agree. The value of higher education goes far beyond that easily quantifiable. I think from a federal policy perspective, much of what we're trying to do is raise the floor to require programs to demonstrate a minimum level of value. And so earnings isn't the only measure worth considering. It's not the only measure that policymakers consider, but it's definitely one of the most important. And again, getting back to what I said earlier, post-college earnings, like a solid living wage is what students are looking for when they enroll. And so that becomes one of the most important questions for policymakers too. And it's, I think, also, importantly, it's a measurable, comparable outcome. It's harder to gain than some of the other measures that are out there. And so while there are a variety of outcomes worth considering for accountability purposes, I think earnings are a critical piece of that puzzle.

DOUG LETTERMAN:

And is there... the government has now published program-level data, and that was obviously a big moment, it has changed the picture a lot in ways that I think have been pretty impactful. What are some

of the ways beyond what is happening now that those data could be used in judging institutions? Do you have a sense of sort of where this might lead?

CLAIRE MCCANN:

To your point, the gainful employment regulations, which apply to for-profit and nondegree programs did have an effect on the field. There is evidence that when those data were published, even though, you know, the rule ended up being withdrawn before it was ever fully implemented, the institutions responded to even the threat of sanctions. So I think that's an important thing to keep in mind is that these regulations did have an important effect, and probably will, again, when the Biden administration publishes the new ones. I think similarly, we've seen a lot of states and systems trying to tackle these issues on their own. They want to know how their institutions are doing, where the challenges are, how to better serve their students. And so they're looking at state wage records in new ways, setting up exchanges with neighboring states. Some are working with the Census Bureau to try and get this information. Some are working with other entities that are out there like the Coleridge Initiative, which helps provide state with that kind of data infrastructure.

I think there will be additional progress in this accountability space. And, you know, I think that won't be limited to gainful employment programs forever. I think policymakers are interested in seeing these kinds of tests applied to additional schools and additional types of programs.

DOUG LETTERMAN:

The post-college earnings measure looks at it primarily at value through an individual prison, the value for the individual. When I talk to people in higher education, there is a lot of bristling at the sort of perceived reductionism of that measure. What's a more holistic view of the value of higher education? And is that something that policymakers should be striving for? Or as Claire said, is it appropriate for the federal role to be setting a minimum bar that everybody needs to get over and leaving it up to accreditors or states to look at value in other ways? Is a more holistic definition of value, a realistic policy responsibility? Or does that go outside the role of state and federal policy?

WILL DOYLE:

So I think it's a reasonable question for policymakers to ask. And, you know, this is what Claire has done this excellent work and thinking about, you know, the three groups that are involved here: the accreditors, the federal government and state governments in terms of thinking about, you know, the different actors that are involved in holding institutions accountable. And but at the state level, I think it's a perfectly reasonable question to ask, you know, what are we getting for the spending that we're doing? But I do think that we could ask that question more broadly. And certainly incorporating the other things that we hope that we're getting from higher education. So for example, the civic benefits, such as voting and volunteering, charitable giving, many institutional leaders and also state policymakers think that that's something important that institutions should help to encourage. There hasn't been a lot in this. You know, we know a little bit about it. The benefits in terms of voting are pretty substantial.

The little that we know suggests that other civic benefits, like voting and volunteering, aren't really that big. Not nearly as big as you might expect, you get, you know, just a bit more like, you know, a couple of days more of volunteering a year or, you know, \$100 of charitable giving, it's not these huge benefits. And I think it's reasonable to ask why and what can be done to increase those. And then just circling back to the earnings, if we're... and particularly, you know, because of, you know, I've been in these discussions a lot and kind of thinking about them across different areas of study, the couple of

difficulties that I would point two are, first of all, we focus a lot on the averages. But within many of these areas of study, there's a huge amount of variability. And so business majors, like, you know, that's the most common bachelor's degree that's awarded. And nobody's really... I haven't heard a lot of questions about business majors, that seems like, you know, like a good value proposition.

And so with a clear connection to the labor market, and the average earnings are higher than other majors like psychology. But there's a big amount of variability for business majors. And so that's one. And then the second is just the short term, long term that we know, you know, that STEM major is short term do substantially better than humanities majors. But what you see over time is the convergence between the two. You end up after 20 years with a big overlap in earnings between those two broad fields. So, you know, it's difficult to ask people to wait 20 years to find out what happens. But I do think it's worth remembering that some of these questions about value won't be resolved until the person has been in the labor force for some time.

DOUG LETTERMAN:

And that's where you'd like to think that we will just enrich the measures that we use and expand. And, you know, we may be starting with income and post-college earnings, one and three and five years out. But ultimately, we may end up with a richer array of measures that extend those over a number of years in addition, possibly to try to incorporate other factors. There are people who believe that we should be judging all institutions on return on investment. And it's not just the for-profits. We think that although they certainly think that and understandably so 'cause they don't like being out on an island by themselves. And we saw a proposal actually, just this week from Conservative Policy Foundation in Texas, looking at how programs of all types would fare using some of these same program level metrics. We've certainly seen publications and others, not from a policy standpoint, but from a clear disclosure standpoint, hold some online programs accountable, etc. And I guess I'm curious now that you've left the administration and you don't speak for it anymore.

But how do you view that question about sort of which programs deserve that kind of scrutiny from a pure enforcement and accountability level versus a disclosure level? And how much windy do you see behind the sales? Are they sort of gainful employment for all approach that some people out there favor?

CLAIRE MCCANN:

I think, first of all, it's important to make sure it's clear why the gainful employment rules are limited to the sectors that they're limited to. Congress required in the Higher Education Act that for-profit and nondegree programs meet this additional test of demonstrating they lead to gainful employment. And that's where the authority for the gainful employment regulations comes from. And that's why other institutions aren't included. So this is a great question for Congress. And I would also say there is absolutely no doubt certain pockets at the higher education system have shown disproportionate problems, and the for-profit sector is absolutely one of those. We have seen higher debt levels, higher default rates, lower employment, lower earnings in the for-profit sector, broadly speaking. And so from a sense of triage of the higher education system, it certainly makes sense to focus those regulations there. But I think the truth is that accountability is needed at all levels across the higher education system.

And one place I would say that is especially true is in the graduate education space, where we've seen institutions, allowing students to take on really runaway debt levels for programs that are not going to

have commensurate value in the labor market. So it is certainly my hope that Congress will start to tackle the need for some of this broad-based accountability as it is considering the future of higher education legislation. But also recognize there are a lot of limitations right now in the Education Department's ability to tackle that problem. (UPBEAT MUSIC PLAYS)

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DOUG LETTERMAN:

I'm speaking today with Ernest Ezeugo of Lumina Foundation, Claire McCann of Arnold Ventures, and Vanderbilt University, Will Doyle. Will, what's your take on which institutions should be held to account on proving their value?

WILL DOYLE:

So, you know, I'm absolutely in agreement with Claire. There's a pressing need in the one sector where we're seeing, you know, really pretty alarming results in a really moving description of this from earning in terms of the kinds of things that can happen to people, if we don't have these protections in place. If you kind of move beyond that, and we kind of look more broadly at the sector, and if we started thinking about efforts to discourage people in majoring in certain things that they might not earn as much in and encouraging enrollment in other areas, that is where the complexity comes in. It's been, there's this kind of like a persistent puzzle that most students do have a pretty good sense of which majors will provide them with the highest earnings. They know that engineering, for example, and pretty like chemical engineering is a really great thing to major in for earnings. It's just a whole lot of people don't wanna be chemical engineers. And there's really not all that much that we can do to induce them to go into those fields.

And so more broadly, you know, there were efforts at the federal level to redesign the Pell program to kind of push people into STEM and other related fields. And all that ended up doing was kind of providing more money for people who were gonna do that anyway. And that's been the result that we kind of see at the state level as well. Into graduate education, to the extent that there are deceptive practices, these absolutely should be monitored if that the extent that they're, you know, there's claims about earnings that, you know, cannot be realized that absolutely, you know, public or private, I do think that's the responsibility of state governments to address that. The other more difficult question is if there are, you know, degree programs that people would simply like to be in. Theater and Fine Arts generally just don't earn that much, and yet we see pretty consistent enrollments. I'm not sure we want to design a policy to discourage people from enrolling in those programs.

DOUG LETTERMAN:

And that's where obviously, potential misuse of these data aren't helpful. And honestly, you know, in some of those cases, it's political, not policy, where we're seeing governors discourage people from majoring in anthropology. And, you know, and think, you know, some of our most important professions are not particularly well paid. Talk about social workers and teachers and let alone the starving artist that you were just referring to. How do you think about the sort of historically low-paying fields and do

they pose a conundrum? Program: education, social work, pick your other fields, do they pose a conundrum? And how do we think about that?

CLAIRE MCCANN:

I think this is an incredibly important question. And it is a challenge. Of course, our country needs childcare workers and social workers, and home health aides. And I think the challenge is, we can't perpetuate a low-paid workforce that is disproportionately made up of women and people of color by asking them to finance their own training with unaffordable levels of student debt. So I think at a fundamental level, what it comes back to is that we need to ensure jobs that are requiring higher education, especially where the student is gonna be paying for that education themselves often by using student loan debt, those jobs need to pay enough to sustain those workers. And until then, we need to ensure those workers are able to afford the education, whether it's through scholarships, but especially I think, through employer partnerships.

DOUG LETTERMAN:

Ernest, I'd love to hear your thoughts on this. But we have seen in the last decade, maybe more, a shift in who pays for college. And we have seen students and families in, I forget how many states now, we've seen the balance tip where families consumers are paying for more of their education than the state let's say. The podcast episode we just published this week, there were some data referred to about sort of growing demand for the government to take on a bigger share of financing higher education, you know, talking about a political battle that we might have in this country right now. But I'm curious sort of whose responsibility is it to ensure going beyond value but to affordability? Whose responsibility is it to ensure that college is affordable?

ERNEST EZEUGO:

I'm actually really glad that you brought something like that in that direction, because, you know, a critical part of... well, a critical part of this conversation about value is definitely about affordability. You know, just as Claire said, it's problematic for us to presume or to sit with a status quo, where people think especially as we are thinking about and talking about jobs, often done in the public service, pursue those credentials at increasingly high costs that are increasingly and certainly have been over the past decade, or may argue several decades, but those costs have been shifted on to the individual. And in the case, many of these public service jobs, you know, the folks who are not necessarily wealthy or come from a deep amount of family wealth, rather than the collective and then kind of understanding that higher education's societal value proposition like a lot of, or I should say, adjacent to a lot of those work as well. And so, you know, in the sense of what is being done to think about that, what it's being done to think about an investment of higher education as an individual risk versus maybe one that should be spoken about as something that's a benefit to society.

Obviously, steps that the Biden-Harris administration has taken to tackle the student loan and affordability crisis. Everything that's going on, the issue of canceling student debt, even down to maybe the less discussed but equally as important consideration of a new income-driven repayment plan that takes a little bit less out of the pockets of Americans per month over a shorter period of time, are really important as we think about value connected to affordability as well. So the broad question that you asked.