

Transcription for

THE KEY: INSIDE HIGHER ED

EP. 47: GAUGING COLLEGE VALUE PRIMARILY IN ECONOMIC TERMS: PRO AND CON

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DOUG LEDERMAN: Americans pursue a degree or other credential after high school for many reasons, but they cite one above all others--to improve their job or career prospects. That's among the reasons why a recent report from the Postsecondary Value Commission, a new initiative from the Bill & Melinda Gates Foundation, recommends judging the value of academic programs and institutions centrally by their success at assuring that graduates attain sufficient income, economic mobility, and ultimately wealth.

Welcome to The Key, Inside Higher Ed's news and analysis podcast. I'm Doug Lederman, editor and cofounder of Inside Higher Ed. And in this week's episode, two thoughtful observers of the landscape around higher education affordability and quality offer contrasting takes on the Gates report proposal for assessing value, with a particular focus on whether it overemphasizes economic success as a factor. Beth Akers, a higher education researchers and free-market economist at the American Enterprise Institute, says it's logical to focus on economic measures, given how postsecondary education is increasingly funded in the United States.

BETH AKERS: The financial onus is largely on individuals, and so if people are saying the reason I'm going to college is for career and financial advancement, you know, I think there's a responsibility that we take seriously whether or not institutions who are operating in the public domain are actually yielding that.

DOUG LEDERMAN: Claude Pressnell Jr. leads an association of private-nonprofit colleges in Tennessee, and he worries about overdependence on income and other career outcomes in judging institutions'

success, given the colleges' focus on also preparing graduates to be productive members of our society. Pressnell also notes that like many such studies, the value commission's report largely ignores independent nonprofit colleges and universities, which make up nearly 40 percent of American colleges and educated about one in five US undergraduates. We'll hear from Beth and Claude in a minute. But before we do, here's a word from the Gates Foundation, which is sponsoring this episode of The Key.

VOICE: Have you wondered what college is worth? It's a question many Americans are asking, and they deserve answers. The Bill & Melinda Gates Foundation is proud to support the work of the Postsecondary Value Commission, which is out with new answers to that question. Learn more at postsecondaryvalue.org.

DOUG LEDERMAN: Today we welcome to The Key Beth Akers, a resident scholar at the American Enterprise Institute, and author of the new book "Making College Pay: An Economist Explains How to Make a Smart Bet on Higher Education." And Claude Pressnell Jr., president of the Tennessee Independent Colleges and Universities Association, and a longtime participant in federal and state discussions about higher education affordability and financial aid.

Beth and Claude, welcome to The Key, and thanks for being here.

BETH AKERS: Thanks for having us.

CLAUDE PRESSNELL JR.: Thank you, Doug.

DOUG LEDERMAN: The Postsecondary Value Commission's report confronts a lot of knotty issues over higher education affordability, accessibility, equity, and value, and proposes a way to define and ultimately measure the relative value of programs and institutions. From your perspectives, what did it get right and in what ways was it off base? Beth, maybe start with you...

BETH AKERS: Sure. You know, I've been working in this space for about 10 years and I think persona is sort of to sit at the table and shout about economic returns. So I was kind of thrilled to see the Gates Foundation, such a huge player in the space, you know, take a keen interest in just that. So that part of the report was really satisfying to me and I think it kind of marks a new era in how we are thinking about what needs to be accomplished in higher education, and from, of course, access, enrollment to

completion, and now value. So I'm thrilled with that part. The tougher part for me with this report was that it attempts to tackle so much, which is great. But in terms of wrapping the issue of equity into value, you know, I think it's an admirable attempt and appropriate for the moment, of course, but I just question really it really succeeded in giving us a new frame for thinking about that.

DOUG LEDERMAN: Okay, Claude...

CLAUDE PRESSNELL JR.: Yeah, I was really pleased to see that the report took a slightly different approach taking a look at social justice and equity issues, which, from my perspective, we rely too much on the wage piece as being a determinate of success and being a determinate of value. I think that they finally hit in on some of those skills that are really difficult to measure, but at the same time, although they articulated those well, like student wellbeing, you know, civic engagement, pluralism, and all of those very abstract terms, they still, though, unfortunately went back to like, how much money do you make and does that pay off? And it's not that the wage piece is not important, but I think that, you know, the previous discussions have always been centered around this is the epitome of what we consider to be successful or not. One, what your wage and your earnings look like, and what do they look like over time. And fortunately, the discussion not only has moved towards some of the softer skills, but it is taking a look at wages over a lifetime versus recent graduate, which I thought was a really poor measure to put out there as a measure of success.

DOUG LEDERMAN: So you both framed that up pretty well, the differences in how you come at this. So, Beth, there's a logic to focusing on wages and career outcomes broadly, because we know that the vast majority of students seek postsecondary education for career advancement. There's a logic there. We also know that it has historically been that we value what we can measure. And so what's your argument for centering wages and career outcomes in a definition of value, and how exclusively should that be the measure, or how proportionally should that be the measure, and why?

BETH AKERS: Yeah, great. So, you know, the way that the United States has organized their economy kind of rests on this idea that you can quote-unquote "pull yourself up by your bootstraps." And higher education historically has been the primarily mechanism for social mobility in our economy. So to me, that's an absolutely critical role of higher education, and I by saying that don't want to minimize the other important roles of our higher education system, but that one seems like the baseline you cannot fail on this dimension, and in large part, it's because we have an individually funded model, so we have, you know, federal-state support, of course, for public institutions and for individuals to shop for subsidies for their higher education, but the financial onus is largely on individuals. And so if people are saying the reason I'm going to college is for career and financial advancement, I think there's a

responsibility that we take seriously whether or not institutions who are operating in the public domain, you know, are actually yielding that.

DOUG LEDERMAN: Many of the other things are difficult to measure. And, Claude, I'll come back to you in a minute on that. Let's say that if we had good measurements for some of those other things, would it be logical to include them in a menu of measures that we use, or do you think that the economic issue is so important that it should be 100 percent of the quote "measurement" no matter what?

BETH AKERS: I mean, a lot of times we try to think about how can we boil down quality or value into some single index or something, and by doing that you're necessarily making a values statement. I mean, I don't mean value in the same way that it's used in the report, but, a preferences statement, you know. So as an economist, I'm saying, I think wages are really important. So if I were creating an index, I would put a lot of weight on wages. And somebody else might say, well, I think, you know, civic engagement is really important. They put a lot of weight on that. So any index is necessarily going to suffer from being a reflection of the preferences of its author. And so given that I'm more of a choice type person, a market type person, you know, what I like is when we give people information across all dimensions rather than boiling them down to a single index. Rather than me telling you what quality means, I give you different measures, and we can decide what those measures are, and I think that's part of what this report is trying to do is saying, does an institution succeed on this dimension or that dimension. And I think it's fine to define value on several different dimensions that allow consumers or even policy makers to decide how to respond to those values. But I don't love anything that tries to boil it down for us.

DOUG LEDERMAN: Claude, jump back into the conversation about sort of how you view this multiplicity of potential measures and factors.

CLAUDE PRESSNELL JR.: Yeah, well, first of all I think that Beth's final point is a critical one in that we've got to be really careful when we employ the kind of reductionism to boil it all down into one particular measure, when we know the higher education experience is as complex as the human experience, right? And if you take a look at our nation over time, the earnings from a college education was secondary to shaping society, to having a society that was civil, that was principally pluralistic, that understood differences, that could engage in serious thought about American policy, local policy for the betterment of the human experience, right? So, and now we've shifted to, and it's kind of like over time, it happened almost with the industrial age is, now, all right, how much money can you make? And post World War II, it was really focusing on wages and so forth. And so that's where I got a little bit encouraged with this report that they started to give a nod to some of these other factors.

But if you take a look at our nation today, we have wage issues, but most of our issues are relational, and the ability to work with one another and respect one another. Although those may be found somewhat in the wage data, it's really, you're not going to dig in there and you're not going to find it that way.

Now where I think... First of all, I think wages are an important indicator, because it is a part of the higher education experience, but there is a difference between training for a job and educating for life. And we need both. So I want to be careful to say this is not a zero sum game. We need to do both.

And one thing about the report dealing with wages and equity I thought was incredibly important, and that is where we need to look within categories of career to make sure that there is equitable pay among race and gender. There's got to be. And I think that is very evident in the data. But where they fall short again, is they try to reduce it down to where we're looking at wages nationally, and it doesn't give an account for anything on regional differences.

And so a good example is you could be a teaching, be a K-12 teacher in Davidson County in Nashville, and you're going to make \$20,000 a year more than the county south in Williamson County, even though the Williamson County schools are higher than Davidson County. So wait a minute... What is successful and what's not successful there? It's so difficult to unpack all of it, that just to reduce it to a number is, I think, some place we've got to be exceptionally careful with.

DOUG LEDERMAN: Beth...

BETH AKERS: Yeah, one place I think this does move the discussion forward in a really productive way is, you know, in previous discussion of incorporating equity into issues of equality and accountability, I've most often seen, for example, in discussions of risk-sharing, that people suggesting, okay, this institution serves a lot of disadvantaged people so let's just cut them a break, right, let's let them have bad outcomes and not chastise them as much for producing those bad outcomes consistently. What I like about the bit of nuance added here was, equitable value, is that it's not saying that, right? It's saying we need to measure value more holistically across different groups. And, you know, as challenging as that is because it just kind of opens up Pandora's box more than it distills the issue down to something very tangible, I think it's right. So I think that is a productive development from the way they're discussing equity here.

VOICE: This episode is sponsored by the Bill & Melinda Gates Foundation, which works to ensure that every American can learn, grow, and get ahead, regardless of race, gender, ethnicity, or family income. Learn more at usprogram.gatesfoundation.org.

DOUG LEDERMAN: I'm speaking today with Beth Akers of the American Enterprise Institute and Claude Pressnell of the Tennessee Independent Colleges and Universities Association.

Any attempt to measure or judge any of the things we've talked about, value, quality, etc., there's a question about whether it's to help students make decisions or potentially for use by policy makers to judge institutions. And, Beth, you sort of focused, again, given your priorities and predilections toward better consumer information. And you're right, that the more we're focused on that, a lot of information potentially is better as long as it's clearly understandable. Whereas if we're talking about how we might judge how institutions are worthy of getting federal dollars, it's you may need something in clearer and sharper. So how do you think, both think, about that distinction and where this report sort of points? Claude, do you have thoughts first?

CLAUDE PRESSNELL JR.: When we talk about institutional accountability, which there should be institutional accountability for sure, I think that once again when you take a look at strictly wage data, you're a half a step away from what the institutions can control, right? So you can't control the decision of a student. Good example, you know, I was an undergraduate major in religious studies, my master's degree is in Greek, and I'm doing educational policy. So you take these different pathways. So the institutions can't control what I do, so you slip away just a little bit.

Now there is still a connection between that wage outcome, but I think the accountability piece, if you take a look at the report, their postsecondary value framework, where they captured what was both the individual student benefit and the value for society, they came across a series of things that institutions should be held accountable for--equitable access, equitable affordability, support, student supports, completion.

Then they hit the equitable earnings and equitable wealth. Equitable earnings, you're starting to get away, equitable wealth, you're talking about over a lifetime. Well, it's hard to say, I got this degree 25 years ago, here I am now and I'm not a millionaire, whatever, you know, wealth amassment looks like. And I think it's critical just to understand that. Wealth is defined in monetary terms, but it's also defined in life enrichment. And so that goes back to my kind of difficult abstract measurement piece.

DOUG LEDERMAN: Beth...

BETH AKERS: Yeah, well, little shameless plug here... I did just release a book called "Making College Pay," that guides consumers about how to make smart economical decisions about college. So that's on my mind a lot. As I was reading the report, it did occur to me that it seems like there was a bit of convolution of the individual, that sense of value, and the social sense of value. And I think those are actually like completely separate issues. You know, the notion of equitable value, for example... You know, if I'm a young white man deciding on where to go to college, the fact that the college I'm considering doesn't produce great outcomes for brown women, for example, that is probably not going to be the top concern. Or maybe it is. But it's a completely different issue then whether or not it's of public concern or concerning, given that public resources are being devoted to this institution, that that is the characteristic of the outcome that they produce.

So I think they could have gone a bit further into delineating the difference between those two notions of the value in the report. I think what ultimately was produced, you know, in that it takes into account both those social factors, the issue of valuing equity as a society, and the wage piece, to me, that is more a reflection of the public or the social value, which is probably what they were aiming for, but a nod to how individual value differs from that could be helpful.

CLAUDE PRESSNELL JR.: I think another area that I've got some concern about and have had concern over the years as this conversation has matured is that we need to be careful not to place a higher level of value based on what your earnings are versus someone who may... As a good example... So does that mean that investment bankers who make untold millions of dollars are more successful than the teacher who decides to teach in a rural community, and is, you know, above poverty, but she has this passion for that? So, because we don't want to get to the point where we say we only value money makers, we will not value those who choose pathways and career choices that are more on the human connection piece, and that they want to do societal benefit, that's what they want to devote to. I'm going nonprofit or I'm going low-wage earner versus I'm an investment banker. So all of a sudden we've got this institution is more successful because they have higher earners.

DOUG LEDERMAN: And especially, where it especially becomes problematic at the point where you're saying this institution produces more of those high-wage people, and therefore we should judge them more favorably. You wouldn't want institutions being nudged in that direction necessarily...

CLAUDE PRESSNELL JR.: Exactly.

DOUG LEDERMAN:...if your goal is to produce, you know, people for all sorts of parts of society.

CLAUDE PRESSNELL JR.: Right.

BETH AKERS: This kind of brings me back to the discussion that the policy world was having around when the college scorecard was proposed, yet not yet released. I mean, we're talking about boiling that data down to like letter grades or an index or some sort. And I remember at the time, arguing that these sort of metrics are actually good at identifying bad or failing institutions, and not great at differentiating between good, great, and excellent institutions. And so that reminds me of in the report, they identify that level of zero for the institution that basically does no harm financially to a student, and maybe, you know, quality on the dimension of finances should be binary, in that it's have you done harm or done no harm financially to the individual. I mean, that's a theoretical construct, of course, since we can't really measure, but....

DOUG LEDERMAN: The report, using the scorecard data found about 650 institutions that didn't get over that bar, where the graduates earned less than a high school, collectively earned less than a high school graduate in their region. And so that's, and obviously, this is such a complex thing. But sort of figuring out kind of what measure of value we might use to, again, in or out of federal aid programs is very different from what might lead somebody to choose one institution over another.

So, Claude, I'm just going to make an assumption here, given what you do, the role or relative lack of mention of independent colleges, private nonprofit colleges in the report, pretty striking. And I guess I'm curious kind of what you make of that. Are you probably used to it in certain ways my now, but how do you think about that and how do you explain it, and what do you do about it, if anything?

CLAUDE PRESSNELL JR.: Yeah, well, I've been trying to figure out what to do about it for 25 years, and I don't know [LAUGH] that I've been overly successful in doing it. So, you know, I think that what happens when, again, you take a look at a nationwide perspective, what a lot of funders do, what a lot of foundations do, what policy shops do is say, well, where can we have the biggest bang for our buck, and let's go after the 75 percent population, and you find yourself in the public sector, and that's just where you end up.

What they reflect in the report, though, is that the performance data for the independent colleges far outpaces the outcome data for public partners. So even though we may have about 25 percent of the student population, we're still conferring about 33 to 34 percent of the degrees, you know. And so we overproduce and we basically are that success measure, in a general sense, that success measure that they're really looking for. And that's what's interesting.

But even in the report, when they were taking a look at students of color, we may have had a slightly smaller percentage of enrollment, but our outcomes were significantly higher than our public partners. Now, we need both, right? We need the public sector. We need the independent college sector as well. And so I'm not arguing one over the other, but I am arguing about partnership. I am arguing for the fact that our nation wouldn't be what it is without those two systems together. And so I think that as a result of that, the independent colleges ought to be at the table to talk about strategies, and those successful strategies where we've done quite well of graduating students of color in a timely basis at a higher rate.

But, yeah, it's been difficult over the years to get a place at the table, because, again, I think they're saying, we could have the greatest impact for the greatest population, so they move over there. I would also add that I think there is still this misconception of when you look at private not-for-profit institutions, your mind immediately wants to go to the elite institutions. And that is not characteristics of the independent colleges as a whole. In the State of Tennessee, I have 11 members of my 35 campuses, so 11 of 35 campuses that serve a higher percentage of Pell students than any community college in the state, and that shocked everybody that I tell that to. But we have the data to prove it. And then we graduate those students quicker with a four-year degree than our community college partners can get them out with a two-year degree. So, you know, it's breaking that perception that we're only the Vanderbilts, the Harvards, the Yales, and what about the Lanes, the Lincoln Memorials, and the Bethels of the world...

DOUG LEDERMAN: I'm speaking with Beth Akers, resident scholar at the American Enterprise Institute, and Claude Pressnell Jr., president of the Tennessee Independent Colleges and Universities Association.

Do you see this report influencing federal and/or state policy, and if so, how? I was honestly a little surprised by how little policy was discussed. And certainly how little sort of the accountability role, how this might influence sort of accountability... Maybe that was smart because that obviously always opens up lots of concern, and so maybe the focus was to try to do the defining and leave the politics and policy for later. But I'm just curious how that struck you. Beth...

BETH AKERS: You know, the Gates Foundation sets the table for conversation and policy, and it's absolutely true for higher education. You know, I was like a little disappointed or unsatisfied with the lack of specific recommendations, like you said, on accountability and other areas. But, on the other hand, that fact that the Gates Foundation is now shouting value, value, value, and equitable-based value in the higher ed space means that us think-tankers and DC people are going to sit around tables for the next five years and talk about value. And so, I mean, it's definitely marked a change in the core of conversation around policy. I think it was coming anyway, but I think this really puts a kind of an exclamation point on that movement.

DOUG LEDERMAN: Yeah, and just before turning to you, Claude, the movement to value sort of arguably, in my mind, started around gainful employment, but that was pretty narrowly focused on a set of programs and institutions, and this would apply a prism of value more broadly. And, again, I think the question is... One of the questions is, where does it ultimately lead on policy? Claude, what is your thoughts on...

CLAUDE PRESSNELL JR.: First, I would say that their primary analysis of value is not a new argument. And so I think a lot of policy makers are going to see it as, yeah, we've heard this before when we're talking about wages and so forth. So in that space, I don't think there was anything new. I think the newness of this report is viewing these things through the lens of social justice and equity. And I think that is incredibly helpful for those of us in the academy. I'm afraid that within this divisive political environment that they're going to have lost the ear of a lot of people for framing it in that way. And I hate to say that, you know, I will tell you it disappoints me. But I believe this report is likely to have minimal value in the policy world because it hit the third rail of political sensitivities in this current environment, which then takes me back my other value proposition around this whole idea of principled pluralism and the need for us to be able to enter into discussions in the public square as a value of higher education and educated individuals. We've moved away from that. So my fear is, is that it's going to have minimal impact and it may be dismissed because of the approach they took, and I hate to say that.

What's going to be critically important, because I so appreciated that lens of the report, I thought it was good, is that they've got to stay with it. If they abandon this in a year or two years, when everything kind of settles down, then they will have failed to accomplish what they were hoping to accomplish. I think it was really good to press in on it. As a result, I think again it brought into focus some of those abstract values, which I thought was incredibly helpful. I thought that it was unfortunate that it took this point in our history for them to give nod to those abstract values, but I'm glad they have. And I think that the points they're making on equity and on social justice and so forth, are critically important points that need some stick-to-itiveness, they need to stay with that over time, because as a society, we ebb and

flow really quick, and we need someone to stay on point with that.

DOUG LEDERMAN: Last thing, given who our audience typically is, if you're an institutional leader, college or university, what's your takeaway here? What do you do in response to, especially if that's right, that this is going to influence the direction of the conversation for the next few years, what are the questions that you're asking internally? How is it changing your thinking? Beth, first...

BETH AKERS: With the caveat that I've never been a practitioner in higher ed, I think I would be asking my data people to make sure that I know what kind of value we are producing, figure out if we don't know the answer to that question, how do we find the answer to that question, and not just know it at an average level, but pay close attention to the subgroupings that are specifically called out in this report. And kind of be ready for that to be part of the discussion moving forward and get out ahead of it.

CLAUDE PRESSNELL JR.: I think that a good leader is going to definitely clearly identify those things for which you have control over and those things that you don't. And really lean on those things that you have control over. So, again, going back to the framework of the report, you know, the equitable access... What are we doing there? Let's take a look at our population. Are we doing what we need to do so that we have a campus that's reflective of the society that we live in? And so there you have the access, the affordability. And how are our support structures for underrepresented populations? I'd really lean on those things, because what we do know is that we can control that thread toward equitable completion, and then ultimately placement.

But I would really also ramp up the conversations with our external stakeholders, and have deep conversations with those that are policy leaders, societal leaders, as well as employers, and really say, what are we not doing that we need to be doing? And then engage our academic community to pivot to make sure that we're doing what we need to. But then also taking that opportunity to express the value that you are bringing to the community and to the workplace, based on your approach to the educational enterprise. So that's probably where I would really focus on, because if you can differentiate between what you can control and what you can't control, you're likely to be more successful, and be more successful quickly.

DOUG LEDERMAN: That was Claude Pressnell of the Tennessee Independent Colleges and Universities Association and Beth Akers of the American Enterprise Institute. Thanks to both of them for joining us. That's it for this episode of The Key.

Join us in future weeks for conversations about being a Black leader in higher education, whether colleges may shrink their physical footprints in the coming years, and the role of technology in enabling high quality learning. Until next time, I'm Doug Lederman and this is The Key. Stay well and stay safe.