

# Assessing ROI and Economic Mobility in Higher Ed



JULY 2023



# Value in Higher Education



5,989 College Programs

353,326 Graduates

## All Programs: Years to Recoup Net Cost for Graduates

Years	0-5	5-10	10-20	20+	NO ROI	Total
# of Programs	17,655 (46%)	7,041 (18%)	4,106 (11%)	3,306 (9%)	5,989 (16%)	38,097 (100%)
# of Students	1,085,935 (49%)	406,027 (18%)	217,205 (10%)	155,858 (7%)	353,326 (16%)	2,218,351 (100%)

# Price-to-Earnings Premium



- Released in April 2020
- Number #1 why students attend college: Good job and financially secure future
- \$110 billion in federal student aid
- Cost of college continues to increase
- Pandemic – paying same for classes taken online

# Price-to-Earnings Premium



- PEP: Measures the time it takes students to recoup their educational costs based off the earnings premium they obtain at a specific institution
- Cost: Net Price paid in order to earn credential
  - 4 years of cost for bachelor's, 2 years for associate's, etc.
- Earnings Premium: Earnings beyond a high school graduate within the state the institution is located

# Price-to-Earnings Premium: How to Measure Years to Recoup Costs



**Total Average Net Price / (Post-Enrollment Earnings – Typical Salary of a High School Graduate) = Number of Years to Recoup Net Cost**

Institution	Total Net Cost (4 Years)	Earnings Beyond a HS Grad	PEP: Net Cost / Additional Earnings
California State, Dominguez (CA)	\$12,884	\$19,880	.06 Years to recoup costs
Liberty (VA)	\$101,484	\$11,700	8.7 Years to recoup costs
Martin University (IN)	\$70,520	-\$300	No ROI

# Price-to-Earnings Premium:

Low-income students (\$0-30,000 income)



**Total Average Net Price / (Post-Enrollment Earnings – Typical Salary of a High School Graduate) = Number of Years to Recoup Net Cost**

Institution	Total Net Cost (4 Years)	Earnings Beyond a HS Grad	PEP: Net Cost / Additional Earnings
California State, Dominguez (CA)	\$1,888	\$14,734	.05 years to recoup costs
Liberty (VA)	\$106,280	\$7,879	13.5 years to recoup costs
Martin University (IN)	\$54,752	-\$3,968	No ROI

# Price-to-Earnings Premium: University of Denver: College Programs



**Total Average Net Price / (Post-Enrollment Earnings – Typical Salary of a High School Graduate) = Number of Years to Recoup Net Cost**

College Programs: University of Denver	Total Net Cost (4 Years)	Earnings Beyond a HS Grad (\$26,889)	PEP: Net Cost / Additional Earnings
Finance	\$115,964	\$35,123	3.3 year to recoup costs
Journalism	\$115,964	\$9,963	11.6 years to recoup costs
Film/Video Photographic Arts	\$115,964	-\$6,749	No Economic ROI

# Earnings Data

## College Programs in Colorado



Institution	State	Sector	Field of Study	Median Earnings Four Years After Graduation	Number of Students in Earnings Cohort
University of Colorado Boulder	CO	Public	Political Science and Government.	\$60,121	101
University of Colorado Denver/Anschutz Campus	CO	Public	Political Science and Government.	\$58,929	35
University of Denver	CO	Private	Political Science and Government.	\$57,491	29
Colorado State University-Fort Collins	CO	Public	Political Science and Government.	\$52,001	87
University of Colorado Colorado Springs	CO	Public	Political Science and Government.	\$51,184	29
Colorado State University Pueblo	CO	Public	Political Science and Government.	\$45,892	18
University of Northern Colorado	CO	Public	Political Science and Government.	\$45,185	17
Metropolitan State University of Denver	CO	Public	Political Science and Government.	\$44,120	35



# Price-to-Earnings Premium: Outcomes by Major



## Programs with High- and Low-Likelihood of Economic ROI

### Associate's Degree Programs

#### Highest Proportion of Programs That Allow Graduates to Recoup Their Educational Investment in Five Years Or Less

Field of Study	Total		Five Years Or Less to Recoup Educational Investment		
	# of Grads	Total Programs	# of Grads	# of Programs	% of Programs
Registered Nursing, Nursing Administration, Nursing Research and Clinical Nursing	56,701	875	56,640	872	99.7%
Electromechanical Instrumentation and Maintenance Technologies/Technicians	1,861	65	1,849	64	98.5%
Allied Health Diagnostic, Intervention, and Treatment Professions	23,686	534	22,503	520	97.4%
Electrical Engineering Technologies/Technicians	1,702	72	1,675	70	97.2%
Industrial Production Technologies/Technicians	1,856	51	1,831	49	96.1%

#### Highest Proportion of Programs With No Economic ROI

Field of Study	Total		NO ROI		
	# of Grads	Total Programs	# of Grads	# of Programs	% of Programs
Human Development, Family Studies, and Related Services.	2,071	97	1,679	80	82.5%
Teacher Education and Professional Development, Specific Levels and Methods.	3,901	139	3,273	109	78.4%
Audiovisual Communications Technologies/Technicians.	1,304	31	1,109	19	61.3%
Liberal Arts and Sciences, General Studies and Humanities.	67,477	779	31,152	454	58.3%
Design and Applied Arts.	4,059	110	1,665	54	49.1%

# Why Do Economic Mobility?



## Schools that provide Best ROI for Low-Income Students

Rank	Institution	Predominate degree	CONTROL	State	Total Net Price to Earn Credential	Earnings Premium Beyond a High School Graduate	Price-to-Earnings Premium: Years to Pay Down Total Net Cost	PCT Pell
1	Duke University	Bachelor's	Private, non-profit	NC	-\$13,040	\$95,931	0.0	14%
2	Stanford University	Bachelor's	Private, non-profit	CA	\$4,904	\$105,034	0.0	15%
3	William & Mary	Bachelor's	Public	VA	\$3,988	\$47,979	0.1	12%
4	Harvard University	Bachelor's	Private, non-profit	MA	\$9,528	\$102,472	0.1	16%
5	Yale University	Bachelor's	Private, non-profit	CT	\$9,260	\$93,017	0.1	16%
6	Princeton University	Bachelor's	Private, non-profit	NJ	\$10,344	\$97,135	0.1	22%
7	CUNY Bernard M Baruch College	Bachelor's	Public	NY	\$4,920	\$32,953	0.1	52%
8	University of Chicago	Bachelor's	Private, non-profit	IL	\$12,712	\$80,658	0.2	11%
9	Williams College	Bachelor's	Private, non-profit	MA	\$14,976	\$85,072	0.2	22%
10	Tufts University	Bachelor's	Private, non-profit	MA	\$18,716	\$103,072	0.2	11%

- Schools that provide the best ROI for low-income students often enroll the smallest proportion of low- and moderate-income students.
- In fact, they look like they replicate the US News rankings of top schools, which have been criticized for prioritizing exclusion and selectivity over actual performance and mobility.

# Creating An Economic Mobility Index



- “If the primary purpose of postsecondary education is supposed to be to catalyze an increase in economic mobility, which schools are succeeding in that goal?”
- To assess economic mobility, I examined which schools enroll the highest proportion of students from low- and moderate-backgrounds AND provide them with a strong return on their educational investment.
- Builds Upon Raj Chetty’s intergenerational mobility studies.
- Accounts for institutions that enroll a larger proportion of lower- an moderate-income students.
- Looks at the Price-to-Earnings Premium for low-income students (\$30,000) AND the proportion of low- and moderate-income students a school enrolls.

# Economic Mobility Index



Step 1:  
Assign Rank on Low-Income ROI

Step 2:  
Multiply Rank by % of Pell Grant Students

## Example of Percentile Ranks for Price-to-Earnings Premium: Low-Income Students

Institution	Years it Takes Low-Income Students to Recoup Total Net Cost	PEP Percentile Rank	Overall PEP Institutional Rank for Low-Income Students
School A	.01 years	100%	1
School B	2.6 years	75%	2
School C	4.26 years	50%	3
School D	7.3 years	25%	4
School E	267.2 years	0.00%	5

## Economic Mobility Index

Institution	PEP Percentile Rank	Percentage Pell Students	Economic Mobility Index Calculation (PEP Rank * Percentage Pell)	Overall PEP Rank for Low-Income Students	Economic Mobility Index Overall Ranking
School A	100%	13.8%	.138	1	4
School B	75%	46.2%	.347	2	1
School C	50%	44.6%	.223	3	2
School D	25%	69.6%	.174	4	3
School E	0%	31.6%	.000	5	5

# US News Rankings vs. Economic Mobility Index

Conversation History



College	US News Rank 2022	Economic Mobility Rank	% of Low- and Moderate-Income Students
Princeton	#1	#426	19%
MIT	#2 (tie)	#489	18%
Harvard	#3 (tie)	#847	12%
Stanford	#3 (tie)	#548	17%
Yale	#5	#495	18%

# Rate. Don't Rank.



Institution	Tier	Percentage of Pell Grant Students	Total Net Price to Earn Credential	Earnings Premium Beyond a High School Graduate	Price-to-Earnings Premium: Years to Pay Down Total Net Cost
California State University-Los Angeles	1	68.0%	\$8,220	\$19,334	0.4
California State University-Dominguez Hills	1	64.8%	\$7,552	\$14,734	0.5
Texas A & M International University	1	64.5%	\$15,056	\$16,024	0.9
Shepherd University	2	31.5%	\$28,248	\$10,815	2.6
Le Moyne College	2	31.2%	\$64,796	\$25,053	2.6
University of Hawaii at Manoa	2	28.6%	\$45,564	\$21,753	2.1
University of New Hampshire-Main Campus	3	21.8%	\$60,411	\$25,601	2.4
The College of Idaho	3	27.2%	\$78,356	\$23,112	3.4
Loyola University Chicago	3	25.0%	\$114,364	\$37,658	3.0
University of Colorado Boulder	4	16.0%	\$52,196	\$25,004	2.1
The University of Montana	4	35.8%	\$52,204	\$9,345	5.6
Cox College	4	38.2%	\$73,800	\$12,537	5.9
Montreat College	5	40.3%	\$71,328	\$7,731	9.2
University of New Haven	5	27.3%	\$116,848	\$16,517	7.1
Virginia Wesleyan University	5	41.0%	\$90,236	\$9,679	9.3

# Questions



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