

WHAT IS COLLEGE WORTH?

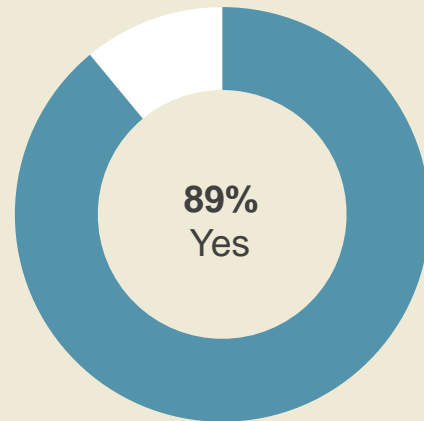
Public perceptions demonstrate need for building stronger evidence about value

Key Points

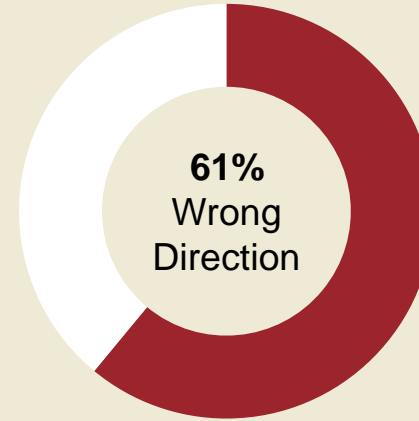
- Americans overwhelmingly see the importance of education after high school.
- BUT: Cost and affordability are leading to doubts about it.
- SO: There is a need for better information – and a conversation – about the returns of that education...for *all* students.

How Does the Public See College Value? *Public opinion research on higher education*

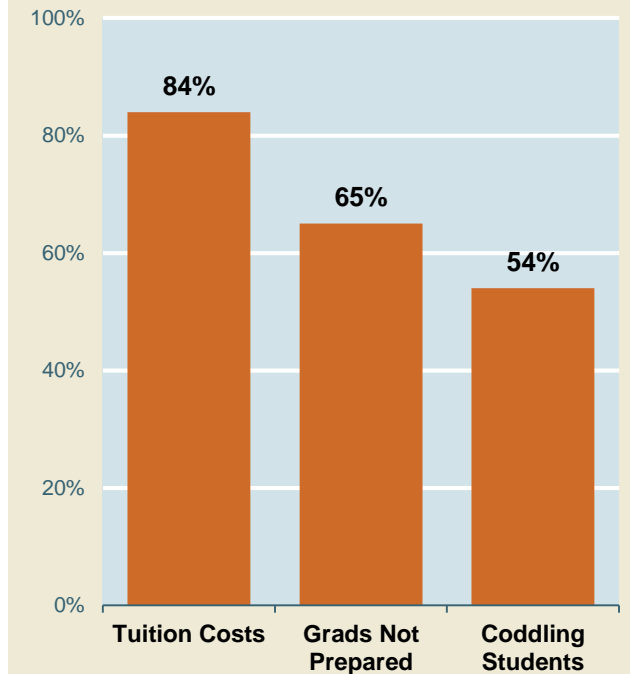
Should Students Pursue Education Beyond High School?



Higher Education: Right or Wrong Direction?



Why Wrong Direction?



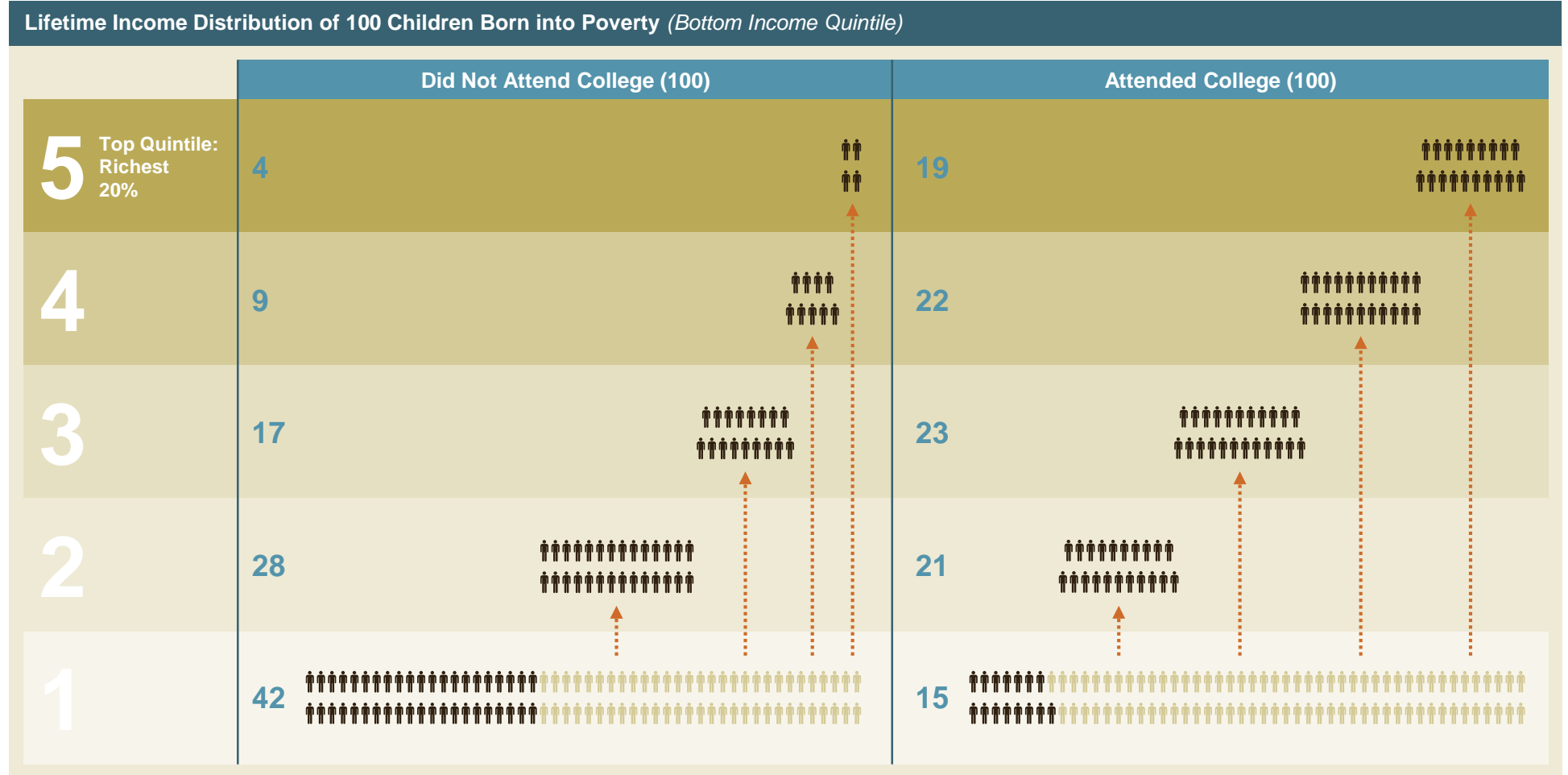
Sources: Education Next, "If you had a child of college-going age, would you want your child to go to a community college to earn a two-year degree, a university to earn a four-year degree, or neither?" 2017; Pew Research Center, "Most Americans say higher education is heading in the wrong direction, but partisans disagree on why." 2018

THE VALUE OF COLLEGE

Opportunity in America still depends on education after high school

Key Points

- The chances of a child born into the bottom 20% income level climbing the ladder of opportunity to the top 40% is just 13 in 100 for those without a college education, while those with a college education increase their chances 3x.
- Upward mobility is not evenly distributed by race/ethnicity. For example, black children born in the bottom income quintile have a 2.5% chance of rising to the top quintile compared with 10.6% for whites.



Source: Chetty, Raj, et al. "The Fading American Dream: Trends in Absolute Income Mobility Since 1940." Opportunity Insights, Dec. 2016; "Race and Economic Opportunity in the United States: An Intergenerational Perspective." Opportunity Insights, March 2018; "Mobility Report Cards: The Role of Colleges in Intergenerational Mobility." Opportunity Insights, July 2017.

NO VALUE GUARANTEE

Yet students' outcomes are affected by their pathways into and through college

Key Points

- The value of college is at least a function of:
 - Where students enroll;
 - How much they pay;
 - Whether they complete, how much they earn; and
 - Whether they earn enough for a wage premium over high school and to repay their student loan debt.

From Enrollment to Earnings

Analysis of average pathways into and through college

| Did You Enroll in College? | Where Did You Go? | Net Price | Did You Complete College? | Total Borrowed | Initial Earnings | Loan Default Rate |
|----------------------------|-----------------------------------|-----------|---------------------------|----------------|-----------------------|-------------------|
| Yes 70% | Private Four-Year 15.0% | \$16,319 | Yes 71% | \$27,255 | \$44,816 | 9.2% |
| | | | No 29% | \$17,870 | \$26,364 | 36.3% |
| | Public Four-Year 28.3% | \$10,673 | Yes 65.4% | \$21,226 | \$43,200 | 7.2% |
| | | | No 34.6% | \$15,738 | \$27,000 | 36.4% |
| | Public Community College 39.6% | \$5,054 | Yes 35.6% | \$17,808 | \$30,600 | 18.8% |
| No 64.4% | | | \$10,914 | \$25,500 | 31.0% | |
| No 30% | For-Profit 14.4% | \$12,665 | Yes 44.8% | \$14,286 | \$24,000 ¹ | 45.6% |
| | | | No 55.2% | \$11,792 | \$24,000 | 59.9% |
| | | | | | \$22,500 | |

1. Median FP earnings after completion do not vary from no completion partially due to high mix of "certificates" awarded vs. BA and AA. Note: Student loan borrowing does not include Parent PLUS. Initial earnings are measured six years after initial enrollment for all subgroups except bachelor's degree earners. For these three subgroups, earnings data are measured four years after receipt of BA degree for students not enrolled in graduate school. Student loan default rate is measured 12 years after initial enrollment for all students.

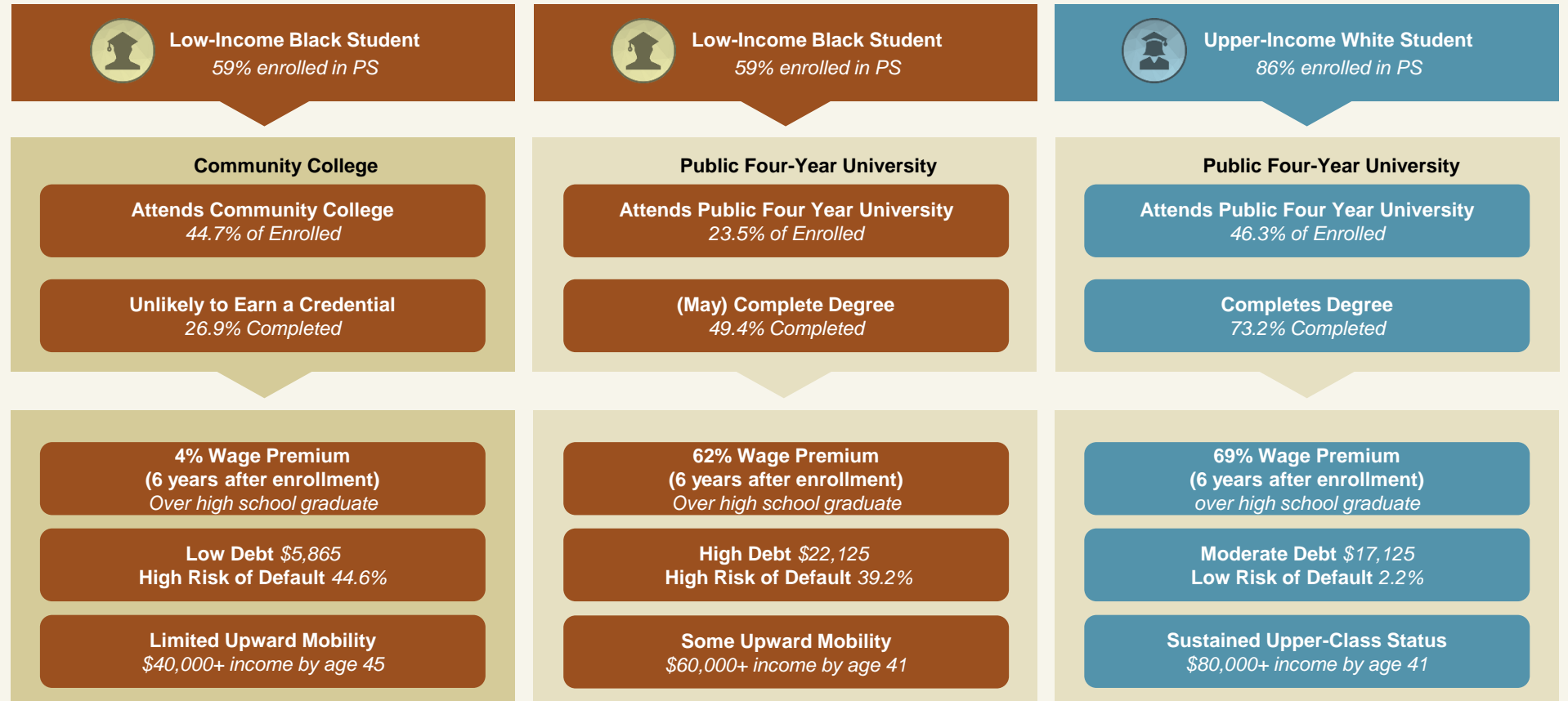
VALUE FOR WHOM?

And some students face greater barriers to benefiting from the current system

Key Points

- Low-income students and students of color are most likely to attend community colleges, with limited success on average.
- White, high-income students are much more likely to attend – and earn – bachelor’s degrees from four-year colleges and universities.
- A substantial share of students who earn bachelor’s degrees go on to earn graduate degrees, which further increases their earnings.
- Even when low-income black students (as in the example) follow similar paths as their high-income white peers, they do not gain the same value due to inequities in the system. In particular, black students are less likely than white students to gain access to and earn degrees in high-paying fields of study.

A Tale of Two Students



Sources: BMGF analysis of Beginning Postsecondary Students Longitudinal Study (BPS:04/09), Baccalaureate & Beyond Longitudinal Study (B&B:08/12), Educational Longitudinal Study (ELS:02/12), High School Longitudinal Study (HSL:09/16), National Center for Education Statistics, U.S. Department of Education; Pew Research Center (2016). "On Views of Race and Inequality, Blacks and Whites Are Worlds Apart."

BEYOND COMPLETION

Higher education shifting focus to consider returns on college investment for students

Key Points

- For decades, the higher education field focused its efforts primarily on improving equitable access to college and to financial aid.
- About 10-15 years ago, the field began to shift from access to success or completion.
- In the last five years, the rising cost of college and the still too low chances of completion have prompted the field to refocus on affordability for low-income students and students of color.
- Most recently, a critical mass has begun to drive the field to examine the unequal distribution of the social and economic benefits of college, including further education, earnings, and mobility.

Completion

Benefit

In today's economy, higher education is a necessity for economic opportunity – but this value proposition for students largely hinges on whether or not they have received their credential: a signal of their economic value. Successful completion often leads to better life outcomes for students on average, but results vary considerably for low-income students and students of color.

Affordable Completion

Cost / Benefit

Affordable completion builds on the completion value proposition, but takes price into account relative to the benefits of postsecondary education. Focusing solely on completion may not properly account for the true costs of success or failure in the system for students, especially underserved student populations.

Completion of Value

Return on Investment

Post-college outcomes, such as continuing education, employment, and upward economic mobility are a major consideration for many students and families who are seeking a return on their investment for postsecondary education, but here as well, the benefits of higher education do not accrue equally for low-income students and students of color.

COMMISSION TIMELINE

Schedule for work and milestones

