

It's Time to Increase the ROI of Liberal Education

AAC&U Reclaiming Liberal Education

For a copy of the slides: pnf@unc.edu

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1:15-2:15 PM, January 20, 2023

Today's speakers & organizers



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It's Time to Increase the ROI of Liberal Education



Justifying ROI in
Higher Ed



Tools & Metrics to
Measure ROI



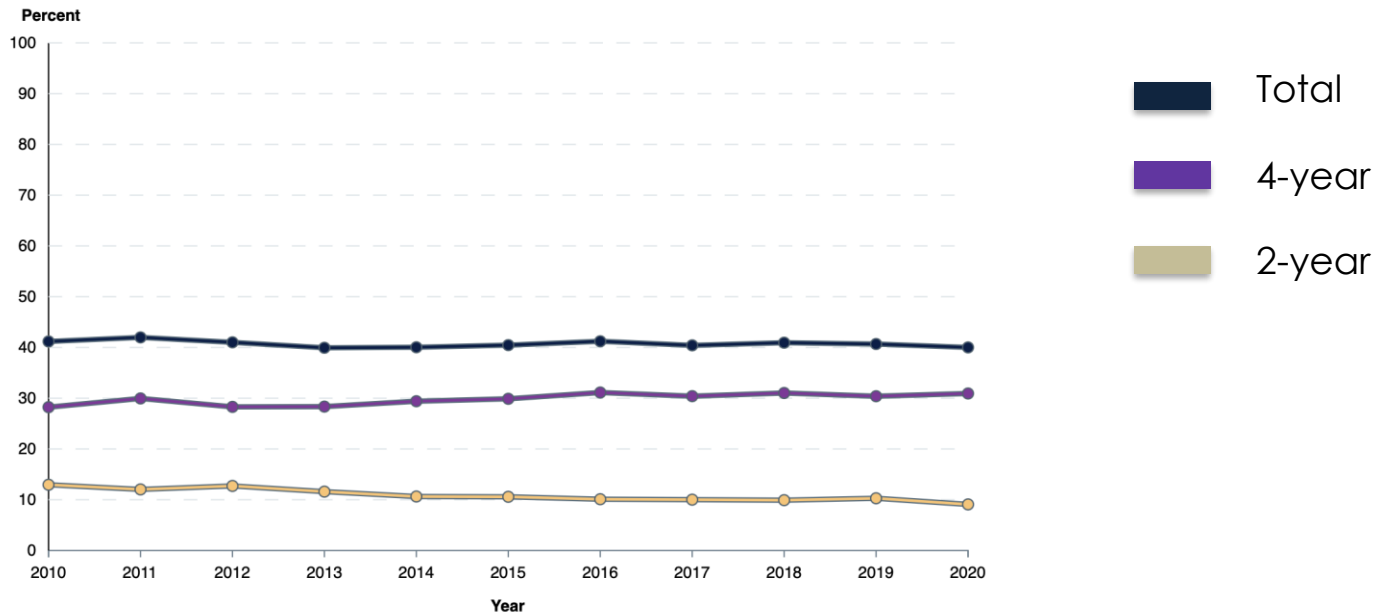
Incorporating ROI
into Strategies

Justifying ROI in Higher Ed



Student enrollments have been level for over a decade

College enrollment rates of 18- to 24-year-olds, by level of institution:
2010 through 2020

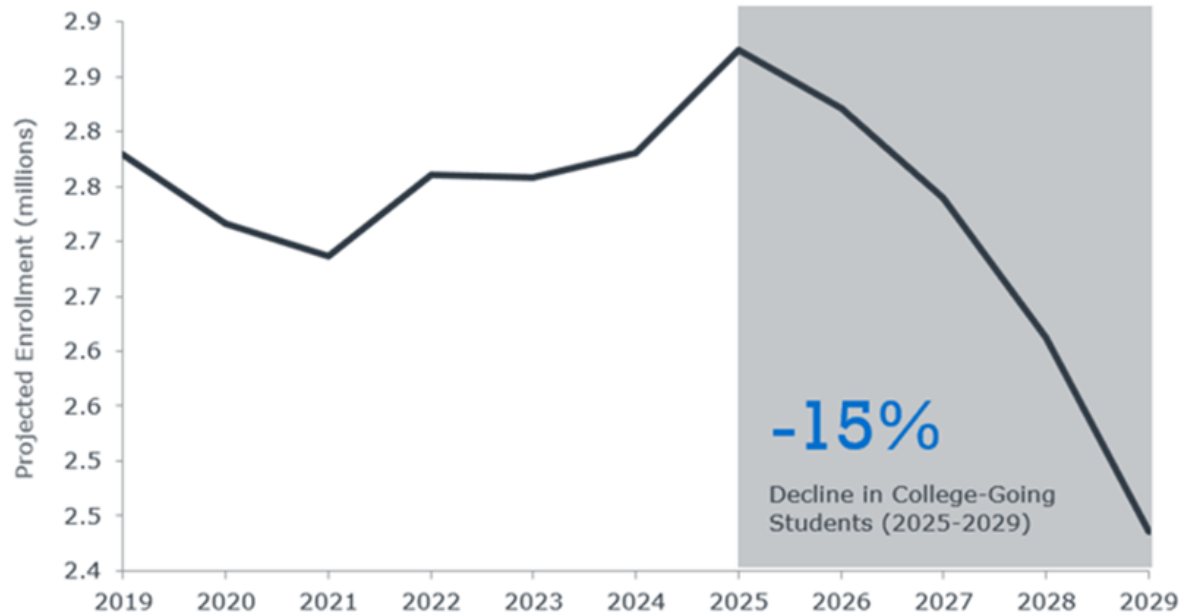


Source: National Center for Education Statistics

Projections indicate decreasing enrollments

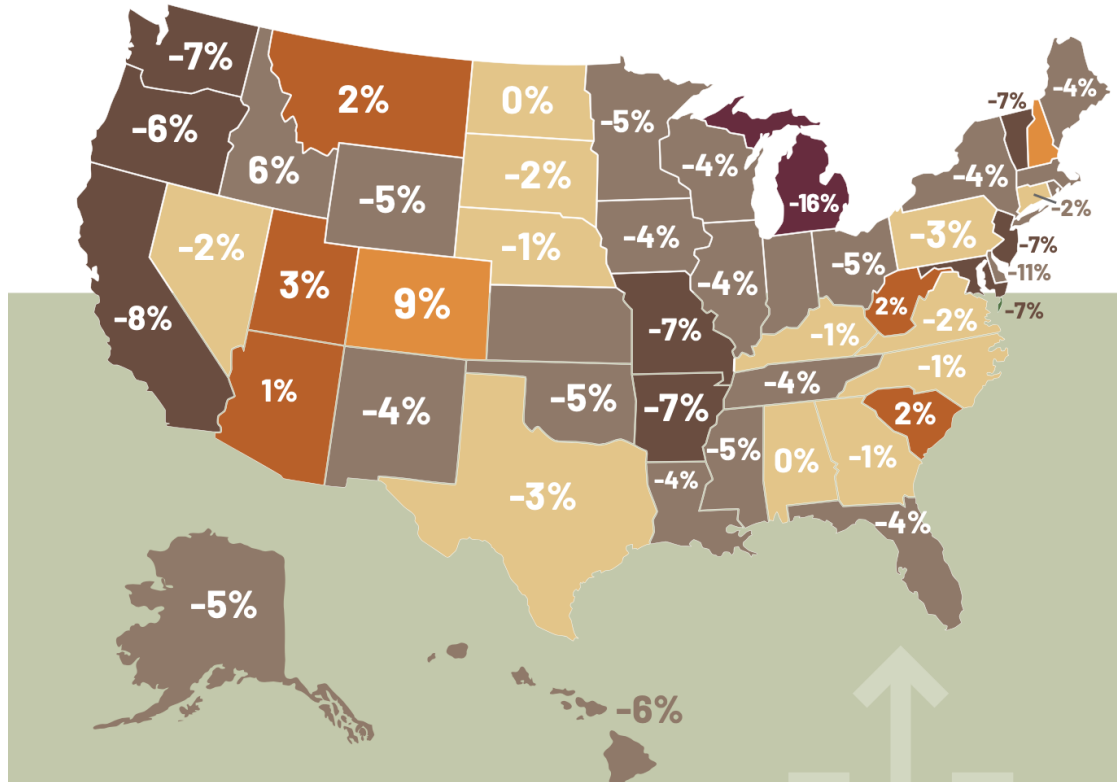
Enrollment Projected to Drop Sharply After 2025

Forecasted Number of College-Going Students in the U.S. (millions), by Year of High School Graduation



Source: "FitchRatings, 2022

The impact of declining enrollments varies across the country (changes from 2021 to 2022)



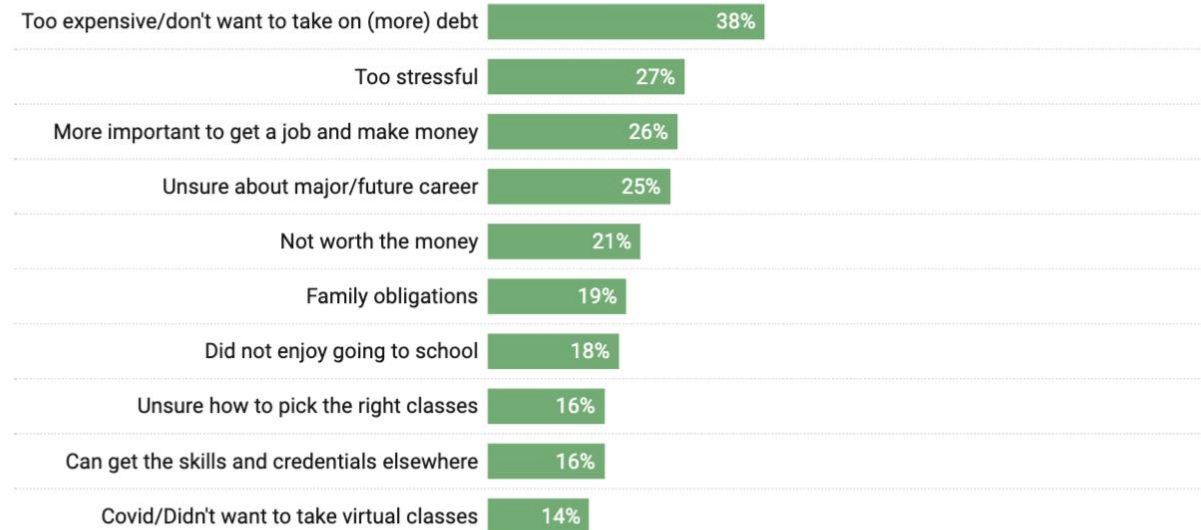
- Montana, Arizona, Utah, Colorado, South Carolina, West Virginia, Washington D.C., and New Hampshire all saw an **increase in their enrollments**
- Michigan saw the greatest decline in enrollments overall with a **16% decline**

Source: "Survey of the higher education landscape", National Student Clearinghouse Research Center, Estimated Enrollment Change by State Spring 2022

The cost and return-on-investment are key elements of rationale not to attend college

Key Barriers to College

Cost is the main reason high-school graduates say they didn't attend or complete college. Stress and the desire to join the work force are other commonly cited reasons.

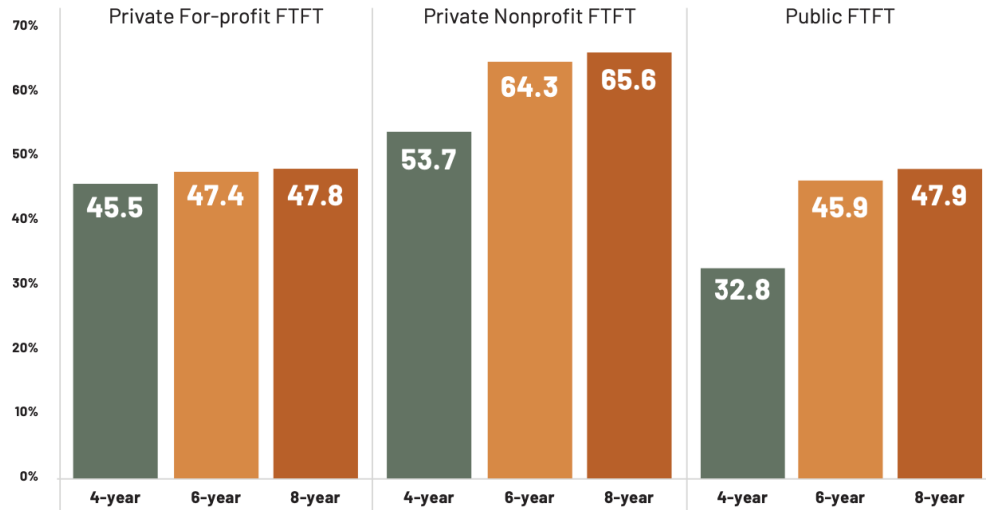


Note: Data reflect a spring 2022 survey of 1,675 high-school graduates, ages 18 to 30, who didn't go to a two- or four-year college or dropped out.

Chart: Audrey Williams June • Source: [Edge Research](#), [HCM Strategists](#), [Bill & Melinda Gates Foundation](#) • [Get the data](#) • Created with [Datawrapper](#)

The lowest return on investment is for students who do not complete college

Graduation Rates by Institution Type

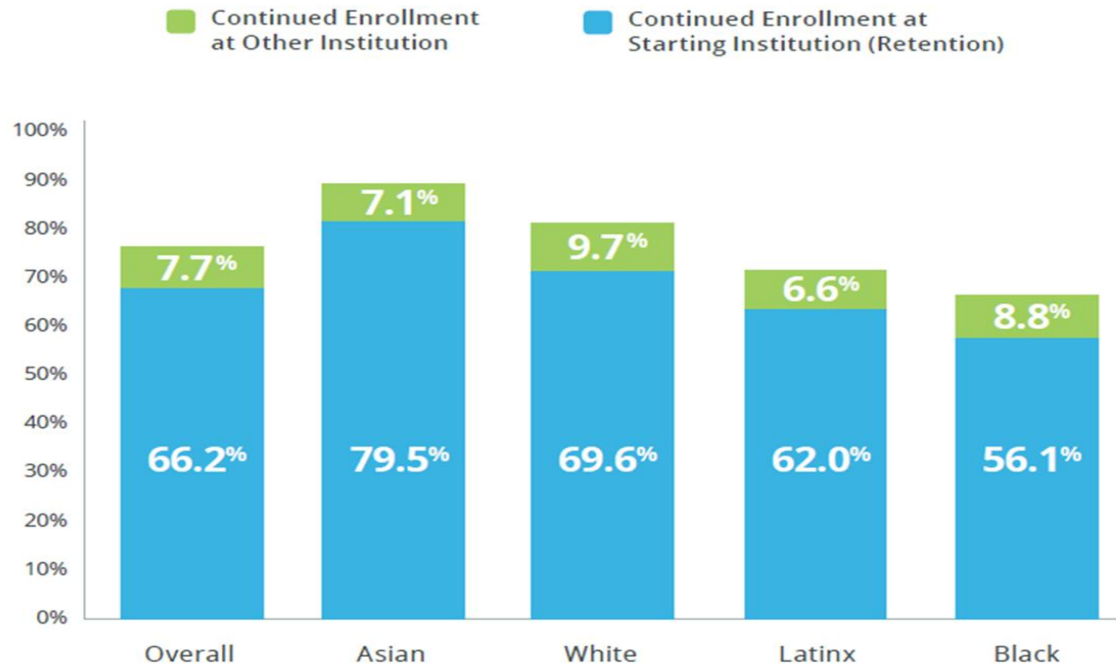


In the US, the average in-state tuition is **\$9,377** and out-of-state tuition averages **\$27,091**

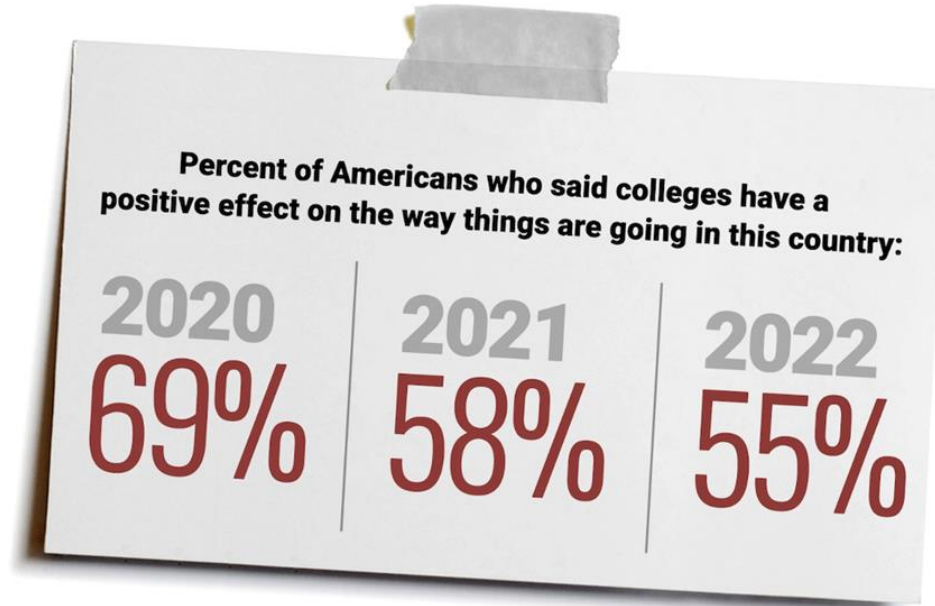
Source: "Survey of the higher education landscape", National Student Clearinghouse Research Center 2022, Education Data Initiative 2022

Disparities of who stays in college

Retention rate (% of students who remained at starting institution for second year) and persistence rate (% of students who return to any college for second year) by race/ethnicity for those entering in the fall of 2019.



Public trust in higher education has significantly eroded



Source: <https://www.newamerica.org/education-policy/reports/varying-degrees-2022/>

The perceived benefits of traditional college education are declining

Percent of high school graduates immediately enrolled in college

2018 → 70%
2020 → 60%

The survey asked adults ages 18 to 65 through one academic year their **perceived benefit of additional education**.

When asked in spring 2020, about 50 percent of respondents felt college would be worth the cost. By fall 2020, that percentage **dropped to 35 percent**.

Source: The Hill, "Why a growing number of young Americans aren't interested in college" 2022

Discussion Time

What is your reaction to these macro-trends suggesting a need for renewed justification of investment in 'traditional' higher education?



Tools & Metrics to Measure ROI



How do we measure ROI?

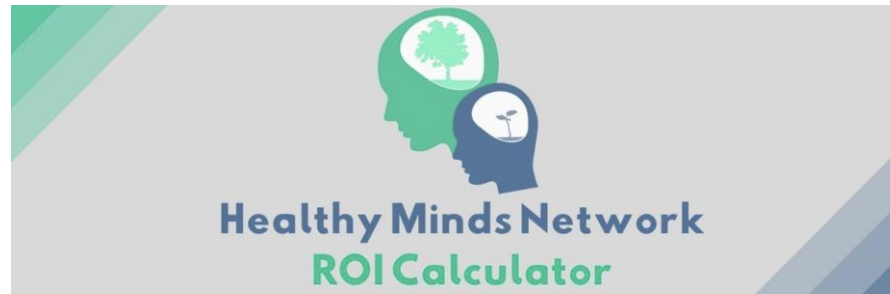
“A financial term used to measure the benefits versus costs of a major decision.” In higher education, there are multiple ways to measure return on investment:

1. Wellbeing
2. Institution costs and results
3. Post-graduate life success
4. The economic return on investment

Wellbeing



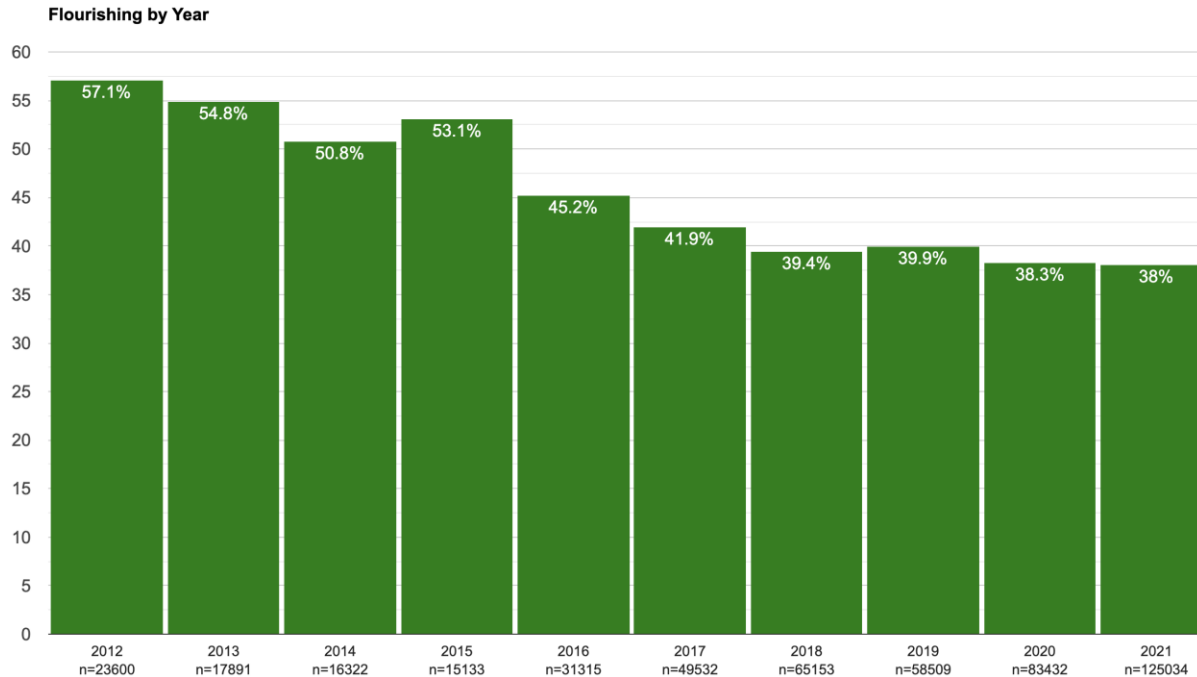
AMERICAN
COLLEGE
HEALTH
ASSOCIATION



[The Healthy Minds Study ROI Calculator](#)

Measuring students' general wellbeing through different lenses

- [Healthy Minds Survey from Michigan](#)



Source: Michigan Healthy Minds Survey

This chart depicts the **percentage of students 'flourishing'** (as defined by The Healthy Minds Network) over the years 2012-2021

Student well-being statistics

Figure 1. Incoming College Students and Well-Being



* and nearly **1 in 10** has made a plan for ending their life

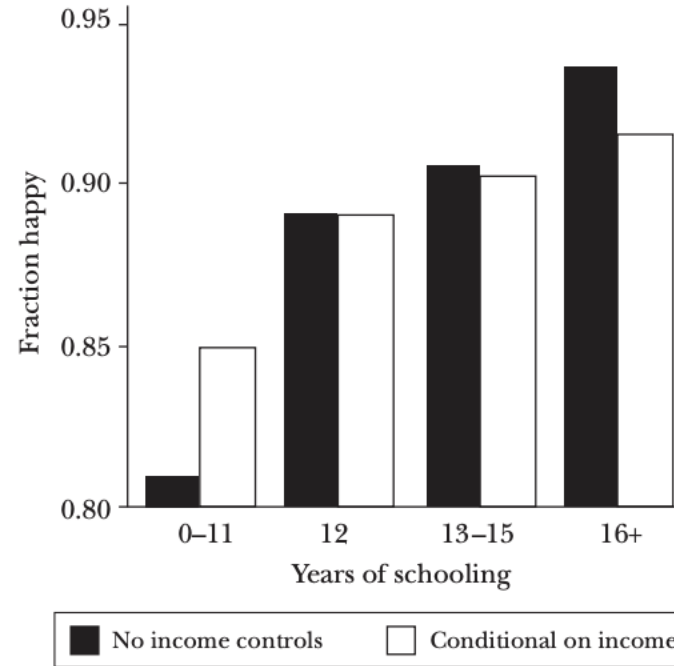
Top 5 Impediments to Academic Performance

Procrastination	47%
Stress	41%
Anxiety	35%
Depression	25%
Sleep	24%

Post-Graduate Satisfaction

In a survey that utilized data from the U.S. General Social Surveys, **94%** of people with a bachelor's degree or more reported feeling happy or very happy with their lives overall, while **89%** of high school grads said the same.

Fraction Happy about Life by Years of Completed Schooling before and after Conditioning on Income



Source: CNBC, Journal of Economic Perspectives

Post-Graduate Success Indicators



The Heds Alumni Surveys assess

- the quality and impact of alumni educational experiences
- the impact of alumni education on their postgraduate critical thinking, problem-solving, and other learning outcomes
- postgraduate employment, college satisfaction, and college debt



The Gallup Alumni Surveys measure an institution's success from whether its alumni succeed in work and life:

- whether alumni are engaged in their work
- whether alumni are thriving in key aspects of their well-being
- how alumni rate their undergraduate experiences and their attachment to their college or university following graduation

Source: Heds Alumni Surveys <https://www.hedsconsortium.org/heds-alumni-survey/>, Gallup <https://www.gallup.com/education/194264/gallup-alumni-survey.aspx#ite-225854>

Institution Costs and Results



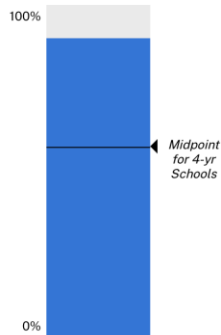
Government is pushing for accountability

- **College Scorecard** by the US Department of Education can be used to assess institutions based on different types of returns on investment offered

Graduation Rate ▾

90%

Midpoint for 4-yr Schools: 57%



Average Annual Cost ▾

\$12,469

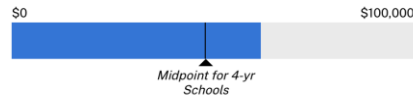
Midpoint for 4-yr Schools: \$19,526



Median Earnings ▾

\$61,915

Midpoint for 4-yr Schools: \$47,922



Costs

Graduation & Retention

Financial Aid & Debt

Typical Earnings

Student Body

Test Scores & Acceptance

Example from UNC Chapel Hill compared to other 4-year institutions

Source: US Department of Education College Scorecard

Each of these categories has in-depth metrics on ROI from each institution

The Economic ROI

*GEORGETOWN
UNIVERSITY*

Helpful Tools: Georgetown ROI database

ROI of institutions are calculated using data on the average net price and salary/earnings from the US Department of Education's College Scorecard.

Example: Williams College

40-year NPV rank ▼▲	40-year NPV ▼▲	Institution ▼▲	State ▼▲	Level ▼▲	Predominant degree ▼▲	Institution type ▼▲	Earnings-price return rank ▼▲	Earnings-price return ▼▲	Earnings-debt return rank ▼▲	Earnings-debt return ▼▲	Debt rank ▼▲	Median debt ▼▲	10-year earnings rank ▼▲	Median 10-yr earnings ▼▲	Net price rank ▼▲	Net price ▼▲	Graduation rate rank ▼▲	Graduation rate ▼▲	7-year repayment rate ▼▲
187	\$1,215,000	Williams College	MA	4-year	Bachelor's	Private nonprofit	1672	160%	1010	329%	1399	\$13,750	141	\$59,000	1076	\$22,667	46	94%	92%

Institution ▼▲	State ▼▲	Level ▼▲	Predominant degree ▼▲	Institution type ▼▲	Average age at entry ▼▲	10-year NPV rank ▼▲	10-year NPV ▼▲	15-year NPV rank ▼▲	15-year NPV ▼▲	20-year NPV rank ▼▲	20-year NPV ▼▲	30-year NPV rank ▼▲	30-year NPV ▼▲	40-year NPV rank ▼▲	40-year NPV ▼▲
Williams College	MA	4-year	Bachelor's	Private nonprofit	19	2172	\$109,000	369	\$342,000	259	\$553,000	201	\$916,000	187	\$1,215,000

Source: Georgetown University ROI Database

- 40 years after college enrollment, the ROI of liberal arts colleges rises to \$918,000, which is nearly **\$200,000 higher** than the median ROI of all colleges (\$723,000).
- Studying science and technology and engineering (STEM), or investing in workplace degrees or credentials, pays off in the short run but not as much over time.

Exercise: Find your Universities ROI

Use the tool from Georgetown University to find your institution's ROI



*From a mobile phone it is easier to rotate your phone horizontally to view the full chart

Incorporating ROI in Strategic Planning



Non-degree “Micro-Credentials” are on the rise

Last year, some **68%** of adults considering enrolling in education preferred nondegree pathways, up from **50%** the year before a study by Strada Education.

Employers that are no longer requiring a college degree for employment



Source: The Hetchinger Report, “OPINION: Meet certificates and “microcredentials” — they could be the future of higher education”, 2021

Higher education needs to adjust



An initiative launched in 2021 for building an incremental credentialing system on individual learning.

In 2023, 28 additional organizations joined Credential As You Go, doubling the numbers of organizations working to design and implement incremental credentials, including **state systems of higher education, community colleges, public and private four-year colleges and universities**, etc.

Incremental credentials can complement rather than threaten higher ed.

Example: SUNY

The program began in 2018 with 21 credentials on two SUNY campuses. Today **35 campuses** offer 519 incremental credentials at every degree level. They include certificates in sorting, grading, and classifying the wool of alpacas

Source: Credentialasyougo.org, https://www.chronicle.com/newsletter/the-edge/2023-01-11?utm_source=lterable&utm_medium=email&utm_campaign=campaign_5911751_nl_Afternoon-Update_date_20230111&cid=pm&source=ams&sourceid=&cid2=gen_login_refresh

Liberal arts colleges provide:

- intimate learning environment
- meaningful engagement with their professors and a social environment
- peer-to-peer learning opportunities

"Students who chose more small classes of **15 or fewer** students were noticeably more engaged in the college experience"

Source: <https://www.insidehighered.com/views/2022/08/17/why-i-gave-25m-small-liberal-arts-college-opinion>

A performance dashboard can help the board track the progress of a strategic plan



Example: University XYZ (Hypothetical Small Public Institution) - Strategy

Proposed Strategy Statements

Mission

**Creating leaders to
impact society**

Vision

**Become the university
that students call home**

Values

**Student Focused
Equity & Diversity
Accountability**

Proposed Priorities

Priority 1

**Create a compelling
vision around student
success, personalized
education, and
athletics**

Priority 2

**Grow research in
high-impact
disciplines**

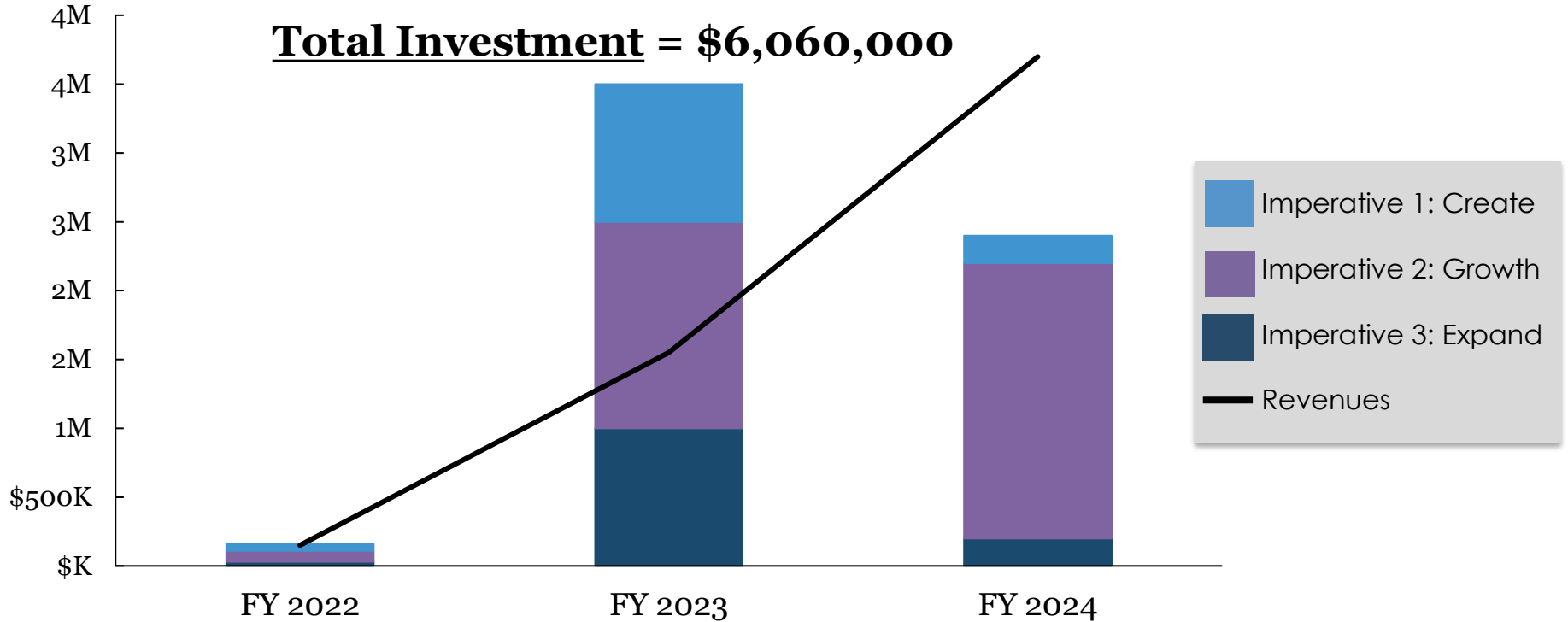
Priority 3

**Expand external
partnerships**

Example: University XYZ (Hypothetical Small Public Institution) – Multi-Year Implementation Plan

	Priority 1: Create a compelling vision around student success, personalized education, and athletics			Priority 2: Grow research in high-impact disciplines			Priority 3: Expand external partnerships		
	Objective 1.1: Launch New Strategic Vision	Objective 1.2: Conduct Program Review to Reallocate Resources	Objective 1.3: Expand Athletic Programs	Objective 2.1: Develop Academic Plan	Objective 2.2: Research & Innovation	Objective 2.3: Create Nursing School	Objective 3.1: Develop Modern Pedagogies and Offerings	Objective 3.2: Strengthen Relationships with Employers, Alumni, and Partners	Objective 3.3: Launch New Online Program with Community Colleges Nationwide
Initiatives 1 (Y1)	Assist all divisions and colleges in university-wide strategic refresh effort	Examine student enrollments, demand, and fit with faculty	Benchmark athletic programs and student success against peers	Prioritize research areas and redesign faculty incentives accordingly	Launch research institutes and grant writing office	Solicit input from stakeholders and finalize acquisition target strategic scoring matrix	Conduct market analysis of target student populations, demand, and competitive offerings	Expand partnerships with employers interested in diverse student graduates	Build business plan for expansion of degree completion programs and target markets
Initiatives 2 (Y2)	Develop multi-year strategic performance dashboard	Eliminate lowest performing programs and invest in high market demand areas	Invest in athletics department, coaches, and new sports	Hire additional research faculty	Create equity fund and incubation facilities	Identify acquisition targets and conduct due diligence on top-scoring candidates	Invest in current and new digital offerings; promote inclusive pedagogical techniques	Grow key alumni engagement; invest in analytics and staff to prepare for comprehensive campaign	Create seamless transfer routes with community colleges in our state and beyond
Initiatives 3 (Y3)	Share division and college level results on an annual basis	Communicate reputation for retention, graduation, and post-employment success	Leverage athletic programs to target prospective students nationwide	Create endowment to support research and launch academic journal	Expand commercialization and tech transfer capabilities	Develop robust integration plan, complete acquisition, and hire key leaders	Launch new micro-credential, certificates, and non-degree executive education offerings	Invest in incubator and SBD offices	Launch national advertising campaign to expand program
Underlying Values	Student Focused			Equity & Diversity			Accountability		

Example: University XYZ (Hypothetical Small Public Institution) – Strategic Investments



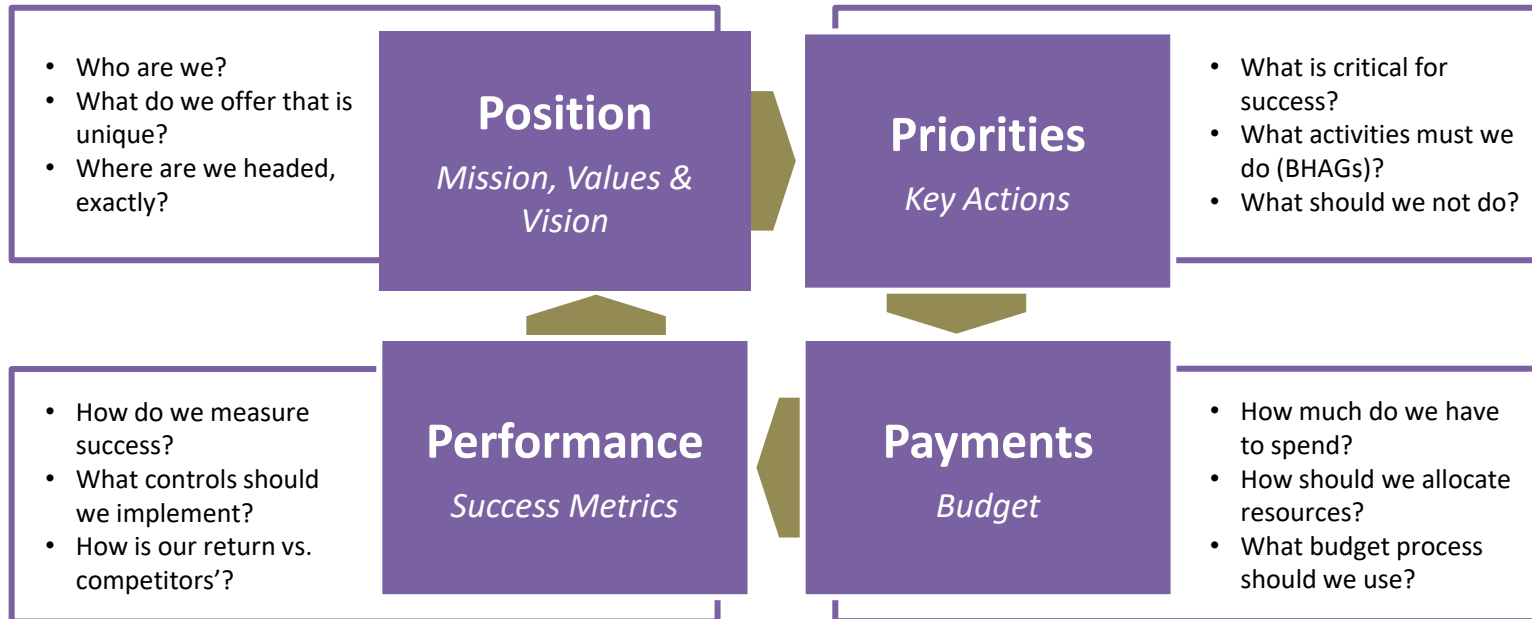
Discussion Time

What are the ways in which you see ROI being important for the strategic planning and future of your institution?

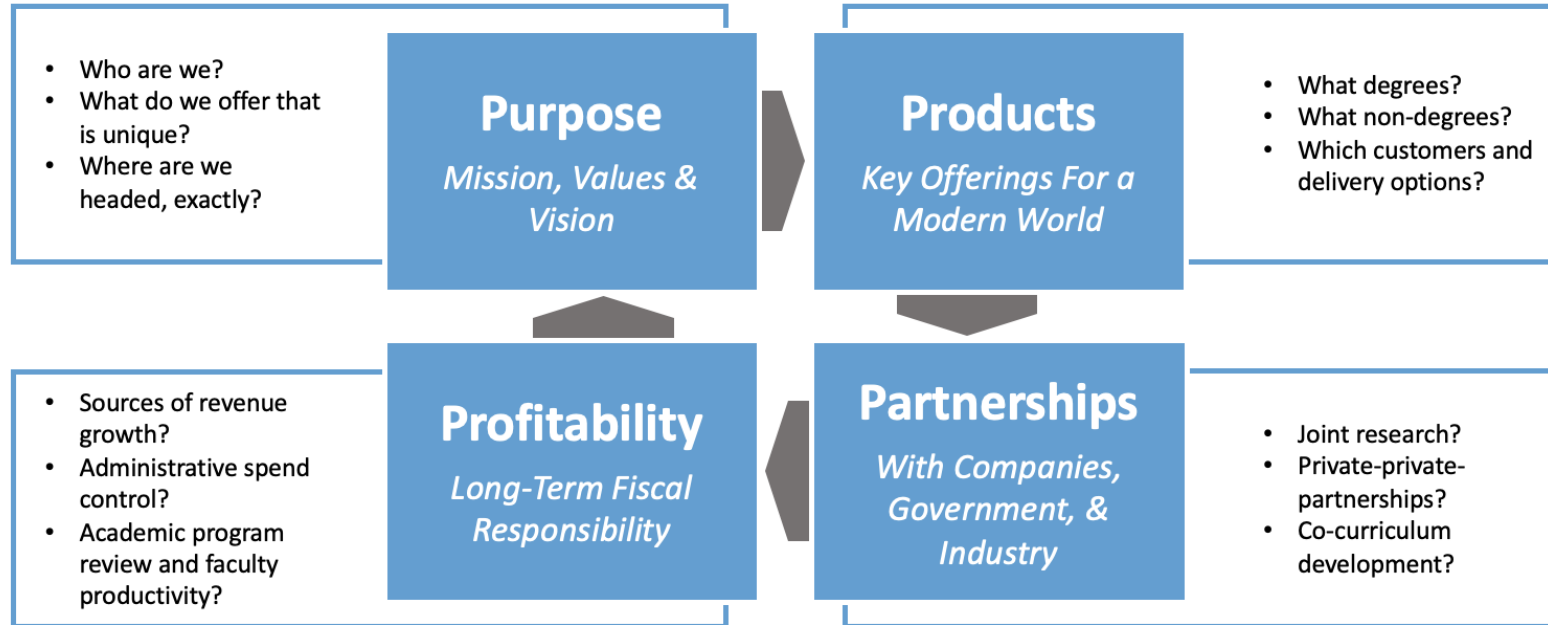


Appendix

The starting point is the content of strategy



A framework for strategic priorities over the next decade



It is helpful to create core strategy statements

Mission Statement

Statement which specifies a firm's purpose or "reason for being" and the primary objective toward which the firm's programs & plans should be aimed. Statement specifying the firm's key constituents and how the firm will serve them. It must be clear and understood.

It "makes you proud."

Vision Statement

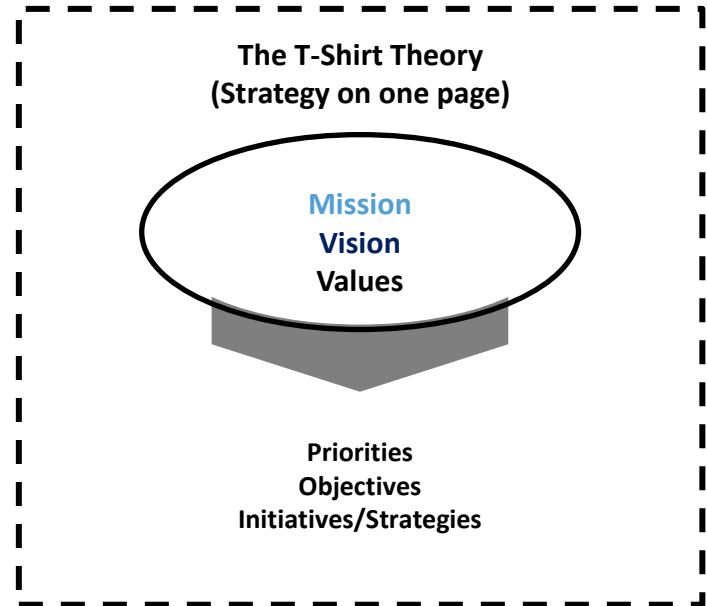
Statement describing what the firm strives to be at some future time. It should be specific and motivating.

It "makes you excited."

Values

It is what we believe in, our guiding principles, and how we interact.

It "makes you belong."



Net Present Value (NPV)

The net present value is how much a sum of money in the future is valued today. This metric includes costs, future earnings, and the length of time it would take to invest and earn a certain amount of money over a fixed horizon.

NPV at 10, 15, 20, 30, 40 Years

While this report considers the NPV at a long-term (40 years) horizon to be the most comprehensive benchmark for judging value, some might have different goals that make short-term returns more ideal. This metric gives a net present value at different time horizons.

Net Price

This is the average cost of attendance, which includes tuition, fees, books and supplies, and living expenses, minus aid received from all sources.

Type & Level of Institution

Type designates whether an institution is a public, private nonprofit, or private for-profit institution. Level designates whether an institution is less than 2-year, a 2-year, or a 4-year institution.

Earnings-Price Return

A ratio that expresses how much earnings 10 years after enrollment are above or below the net price (in percent)—sometimes used to measure return. This measure is included for comparison to show that it does not fully account for return that has a time horizon.

Earnings-Debt Return

A ratio that expresses how much earnings 10 years after enrollment is above or below the median total debt (in percent)—sometimes used to measure return. This measure is included for comparison to show that it does not fully account for return that has a time horizon.

7-Year Repayment Rate

The share of borrowers who have repaid at least one dollar of the principal on their student loans since entering into repayment. A high rate indicates that earnings are sufficient to cover debt payments.

Graduation Rate

The rate at which full-time, first-time students complete their credentials within 150 percent of the expected time (e.g., the percentage of students who earn a bachelor's degree within six years).

Additional Institutional Filters

The table filters by men or women only institutions, minority serving institutions, and Carnegie Classification, which classifies colleges by their common attributes, such as the most prevalent degree, whether they offer graduate degrees, and the level of research activity that takes place there.

ACHA has additional information on reasons students' performance is negatively impacted in institutions

- [ACHA Comprehensive Wellbeing Study](#)

Negatively impacted academic performance among all students in the sample

	Cis Men	Cis Women	Trans/ Gender Non- conforming	Total
<i>Percent (%)</i>				
Alcohol use	2.6	1.9	2.9	2.1
Cannabis/marijuana use	2.5	1.2	3.9	1.7

Problems or challenges in the last 12 months

Career	12.2	13.3	17.9	13.2
Finances	14.6	16.6	23.8	16.4
Procrastination	46.2	46.9	62.9	47.4
Faculty	7.1	7.1	11.9	7.4
Family	7.9	13.1	21.1	12.1
Intimate Relationships	11.2	11.9	15.7	11.8
Roommate/housemate	5.0	7.8	10.6	7.2
Peers	4.3	5.4	9.7	5.3
Personal appearance	4.5	7.0	12.6	6.7
Health of someone close to me	8.4	12.2	15.5	11.3
Death of a family member, friend, or someone close to me	8.5	12.5	14.5	11.4
Bullying	1.5	2.2	3.6	2.1
Cyberbullying	0.8	0.9	2.3	1.0
Hazing	0.7	0.4	0.7	0.5
Microaggression	1.8	3.0	9.7	3.1
Sexual Harassment	0.7	2.9	5.1	2.4
Discrimination	2.1	2.9	8.5	3.0

This chart depicts the **percentage of students being affected by various challenges** (as defined by ACHA) over the years 2019-2022

Source: ACHA Comprehensive Wellbeing Survey

AGB ROI Resources and Insights - [Link](#)

1. [Return on Investment in College Education \(from the AGB Guardians Initiative\) \(2017\)](#)

- ROI is the ultimate gauge of value
- ROI = the sum of all economic and noneconomic net benefits that accrue to the student and society at larger, measured against investment by the student, government and other contributors
 - "When measuring college ROI, quantifiable costs and benefits to the student—especially as related to employment and earnings—are most often cited. Despite the regard that should be paid such statistics, quantifiable benefits of college education are not only financial, and the student is not the only beneficiary".
- Belief in the inherent value of ROI of higher education dates back to the colonial times.
 - George Washington, among other founders, advocated a higher education system "that would utilize processes of socialization to enhance a sense of national community," and he pointed to the value of college in advancing what he called "the science of government."
 - An oft-elevated example is the 1994 "GI Bill"
 - The GI Bill supported the education of more than 2.2M WWII veterans at 2 and 4 year colleges and universities. By 1947, Vets accounted for 50% of all college admissions.
 - The GI Bill funded the education of 3 US Supreme Court justices, 12 US Senators, 14 Nobel Prize winners, and countless entrepreneurs.
- Evaluating ROI must include both economic and noneconomic factors and outcomes to both the student and the public
- Not every aspect of ROI is quantifiable or easily articulated.
- ROI can be segmented between
 - the ROI for degree earners
 - Data shows college degree holders earn more and pay more taxes
 - Are more likely to be employed, hold prestigious jobs, be upwardly mobile, and be entrepreneurs
 - Have lower health care costs
 - Be more civic minded and engaged
 - Self-report higher levels of job and personal satisfaction
 - the ROI for non-degree earners (those not completing their degree)
 - and the ROI for those earning credentials/certificates/badges etc.
- What does a college education do? What should it do?
 - Think critically and clearly
 - Adapt better to change and solve problems
 - Learn communication and teamwork skills
- Higher Education is also a major employment sector and contributes significantly to public healthcare and research, community building, arts and culture.

2. [It's Time to Increase the ROI of Your Academic Spend \(Blog by Paul Friga, May 3, 2021\)](#)

- The most significant expense item in an institution is faculty spend and academic support.
- more and more institutions are finally examining ways to increase the returns from academic spend. This may be in terms of programs of high student interest, faculty productivity, and market-demanded new programs.
- 3 steps to assess academic ROI:
 - Assemble a cross-functional, interdisciplinary task force:**
 - the board and cabinet to prioritize this topic and support the creation of a task force to develop the plan for improvement. This task force should be approximately seven to nine key faculty and staff and include academic, administrative, and financial perspectives. One suggestion for a successful task force leadership would be co-executive sponsorship from the provost and CFO.
 - Additionally, an advisory committee could be created for larger input process and key milestone check-ins. This advisory board could include cabinet and board members, as well as external key employers and alumni.
 - Conduct a data-driven assessment of all academic programs, faculty, and student involvement;**
 - a full inventory of all courses offered and enrollments, as well as a comprehensive database of all faculty, loads, release times, and financial margin analysis.
 - Identify between 10 and 20 percent of the lowest-fitting programs and between 10 and 20 percent of new programs for the future.**
 - recommendations for, and implementation of, changes to personnel and programs. While there may be resistance initially, it is important to inventory the productivity of faculty according to their unique role in the university on teaching research and service.

2. [The ROI of Athletics \(Trusteeship Article by John Gerdy, Sept/Oct 2016\)](#)

- the ROI (return on investment) of intercollegiate athletics is being questioned and challenged at institutions of all types and sizes.
- all boards, regardless of conference and divisional affiliation, need to undertake a thorough, clear-eyed analysis of their athletic programs' alignment with institutional mission and strategy.
- Boards must be persistent in determining that the information they receive from institutional personnel truly reflects concerns about fiscal conditions, the welfare of athletes, institutional impact, opportunity costs, and brand risks associated with athletics.
- In conducting a thorough ROI analysis, it is tempting to consider various costs associated with athletics. While critical, it's equally important to examine whether athletic departments are delivering the benefits long used to justify their place on campus.
- Traditionally, discussions surrounding the cost of athletics have focused almost exclusively on hard finances. But as information relating to finances becomes more transparent, it is clear that athletics has not been as fiscally sound an investment as long believed. Virtually every financial trend, throughout every NCAA division, points to athletics expenses increasing not only at a faster rate than generated revenues, but also far outstripping increases in overall institutional spending.
- Boards must consider whether this is a sustainable model and how such trends impact not only educational opportunity costs but also, in an age of rising student debt, the use of student fees to underwrite athletics. Per-student fees (assessed on all enrolled students to support the athletics program) are on many campuses in the hundreds of dollars, and in some cases are over \$1,000 annually.

3. [Trusteeship PODCAST Ep. 4 \(ft. Michelle Tellock and Horacio Valejras\)](#)

- Morrill Land-Grant Acts, the GI Bill, and Pell grants all shaped public perceptions around the value of Higher Education
- Is it worth what we are spending on HE and is there a reasonable return? This is a relatively new dialogue.
- In addition to actual cost per student, funding per student, or debt per student as outcomes we should also keep centered the total number of students enrolling in HE in America – upwards of 20M
- In ROI discussions there are both public v. private distinctions and quantitative v. qualitative distinctions

Resources – Contact Paul Friga if you don't have access to any of these and we can send you a copy

- Many articles and blogs – www.paulfriga.com
- Suggested Articles
 - [The Edge: 5 Notable Findings as Colleges Respond to Enrollment Worries](#)
 - [Analyzing the Return on Investment for Online Education](#)
 - [How Colleges Measure and Prove Their Value](#)
 - [The Return of College as a Common Good](#)
 - [Some High-School Grads Say No to College. Here's Why — and What Might Change Their Minds.](#)
- Paul's Related AGB Blogs...
 - [Why Multiyear Financial Forecasting Is So Important in Higher Education](#)
 - [Don't Forget Long-Term Strategy](#)
 - [Why Every University Should Continue to Optimize Post-Pandemic Administrative Spending](#)
 - [It's Time to Increase the ROI of Your Academic Spend](#)
 - [How to Invest Your Federal Rescue Plan Funds](#)
 - [It's Time to Transform Your University](#)
 - [It is Time to Get Strategic About Enrollments](#)