WHAT ARE INSTITUTIONAL STRATEGIES FOR DELIVERING EQUITABLE POSTSECONDARY VALUE?

The Equitable Value Explorer makes the numbers clear: the extent to which postsecondary institutions deliver equitable value varies considerably, especially for students of color and students from low-income backgrounds. The contextual data in the Equitable Value Explorer alongside performance on the value thresholds and indices offer insight into how institutions can maximize their delivery of equitable economic returns to help students get ahead after college. While ensuring that students complete their degrees may be the most important determinant of providing value, time-to-credential, selectivity and diversity, instructional expenditures, and price also are factors within institutions’ control that can meaningfully impact students’ post-college outcomes. Some factors like expenditures and price are also influenced by state and federal policy, which reinforces the role that leaders at all levels play in delivering equitable value.

Completion and Time-to-Degree

The numbers show that completion matters. If institutions are to deliver equitable postsecondary value, they must support their students through to graduation. Students who leave college without a credential have often incurred debt but are less likely to experience strong economic outcomes. The Postsecondary Value Framework demonstrates this close relationship between completion and value: public four-year institutions that meet Threshold 0 (minimum economic return) have an average completion rate of 57 percent, compared with 29 percent for those that do not meet Threshold 0.¹ Completion especially matters for students of color. For example, Black and Latinx University of Texas (UT) System completers realize substantial premiums for their degree. Five years after graduation, the median Latinx UT System completer earns $50,421 or 81 percent more than their Latinx UT System peers without a degree; median earnings are $51,068 (a 59 percent premium) for Black UT System completers.²
Getting students across the finish line is important, and how long it takes an institution to get them there also impacts postsecondary value. Each additional semester a student spends in college is a semester that adds costs. Therefore, it is unsurprising that those institutions that deliver the greatest value, as measured by the likelihood of passing Threshold 0 and passing it by the largest margins, are those with a time-to-degree closest to 100 percent of regular time (i.e., four years for a bachelor’s degree; two years for an associate’s degree).  

To measure how different institutions and programs return economic value to their students over time, the Postsecondary Value Commission developed a series of six thresholds known as the Postsecondary Value Framework. Threshold 0 refers to “Minimum Economic Return,” which a student meets if they earn at least as much as a high school graduate plus enough to recoup their total net price plus interest within ten years.

<table>
<thead>
<tr>
<th>Threshold</th>
<th>Description</th>
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<tbody>
<tr>
<td>0</td>
<td>Minimum Economic Return: A student meets this threshold if they earn at least as much as a high school graduate plus enough to recoup their total net price plus interest within ten years.</td>
</tr>
<tr>
<td>1</td>
<td>Earnings Premium: A student meets this threshold if they reach at least median earnings in their field of study (or, if field of study data is unavailable, the median earnings for the institution’s predominant degree type).</td>
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<tr>
<td>2</td>
<td>Earnings Parity: This threshold measures whether students of color, students from low-income backgrounds, and women reach the median earnings of their systemically more advantaged peers (White students, high-income students, or men).</td>
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<tr>
<td>3</td>
<td>Economic Mobility: This threshold measures whether students reach the level of earnings needed to enter the fourth (60th to 80th percentile) income quintile, regardless of field of study.</td>
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<tr>
<td>4</td>
<td>Economic Security: While sufficient earnings can create a stable life, wealth is key to building the type of security needed to withstand life’s financial shocks. This threshold therefore measures whether students reach median levels of wealth.</td>
</tr>
<tr>
<td>5</td>
<td>Wealth Parity: Mirroring the earnings parity threshold, this threshold measures whether students of color, students from low-income backgrounds, and women reach the level of wealth attained by their more privileged White, high-income, or male peers.</td>
</tr>
</tbody>
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Notes: Thresholds 0-3 can be estimated at the national level using College Scorecard data with some caveats. Institutions and systems with advanced data collections can measure these thresholds with greater specificity. Due to a lack of quality data to measure wealth, Thresholds 4 and 5 are currently understood as conceptual goals rather than operable analyses.

1 If field of study data is not available, then the framework turns to the predominant degree level (e.g., median earnings among bachelor’s degree holders). To calculate this, researchers can use pooled 5-year American Community Survey data.

2 Publicly available data do not presently support the production of this threshold for low-income students.
Selectivity and Diversity

Selective institutions often draw their student body from pools of privileged White and wealthy students who have resources that facilitate postsecondary access and completion, as well as strong post-college outcomes. It is therefore unsurprising that institutional selectivity and average SAT scores are correlated with median earnings and socioeconomic and racial inequity. While institutions that serve predominantly White and high-income students may perform well against the economic value thresholds, they are not necessarily generating mobility and promoting equitable value for underserved populations, which is why they tend to perform poorly on measures like the Economic Value Index that take both access and economic success into account.

But demography is not destiny. For example, University of Nevada-Reno (UN-R) has an admissions rate of over 80 percent, more than a quarter of UN-R students are Pell recipients, and one-in-four are Black or Latinx. Yet, ten years after entering, UN-R students’ median earnings exceed Threshold 0 by more than $11,000. This means UN-R performs better on Threshold 0 than more than half of public four-year institutions while serving a diverse student population.

Instructional Expenditures

An institution’s instructional expenditures, as well as increased public investment in historically under-resourced institutions, especially through state policy mechanisms, have a role in promoting equitable value for students. There is a modest positive correlation between per-student instructional expenditures and an institution’s likelihood of offering median earnings above Threshold 0, especially at four-year institutions. Instructional expenditures are higher among institutions that pass Threshold 0 and Threshold 1, compared with those that do not. However, there are considerable inequities in the resources available to institutions that serve large populations of students of color and students from low-income backgrounds, especially community colleges and Minority Serving Institutions. These institutions are often under-resourced, leading them to have fewer funds to spend on their students. However, increased public investment in Historically Black Colleges and Universities (HBCUs), for example, may help promote greater economic outcomes for Black students.a Public four-year HBCUs that pass Threshold 0 spend about 18 percent more on instruction than those that

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a Title III of the Higher Education Act of 1965 was enacted to provide additional federal resources directly to institutions that serve large numbers of underrepresented and low-income students. These resources are to be used to strengthen academic, financial, and administrative capacity through facilities improvement, faculty and course development, and expansion of student services. All institutions receiving Title III funds are designated as “Minority Serving Institutions” or MSIs.
do not pass Threshold 0, and private HBCUs that pass have instructional expenditures that are about
twice as high as those that do not pass.\textsuperscript{6}

Price

For an institution to produce equitable economic value for students, it must ensure that the financial
investment required of students is reasonable relative to their likely earnings. While more expensive
institutions may seemingly produce greater earnings for students, this leads to a simplistic assumption
that price is a proxy for quality. An analysis of data presented in the Equitable Value Explorer makes
clear that institutions that keep prices low for students can still deliver exceptional economic value. For
instance, Galveston College, a diverse public institution in Texas that predominantly grants certificates,
keeps its cumulative net price below the national average (approximately $13,700 for public less-than-
two-year institutions), helping it surpass Threshold 0 (which incorporates price) by nearly $7,000 ten
years after students' entry. Copiah-Lincoln Community College, a two-year institution that predominantly
grants associate's degrees, offers median earnings passing Threshold 0 by nearly $4,000 per year,
while costing less than half of the average of a typical two-year college (approximately $36,000).\textsuperscript{7}

At the four-year level, a high-access public institution like the University of Central Florida costs,
on average, approximately $65,000 total for a bachelor's degree (compared to an average among
public four-year institutions of nearly $83,000), and student earnings surpass Threshold 0 by more
than $16,000 per year 10 years after enrollment.\textsuperscript{8} State policy plays a role in delivering equitable
value through policies that impact price; and institutions that keep prices low, for example, by offering
need-based financial aid can also deliver equitable economic value. Further, federal policies such
as the Pell Grant program and investments in Minority Serving Institutions are crucial for delivering
equitable value.

By implementing equity-first policies and practices, institutions can generate economic mobility
and deliver equitable postsecondary value. In partnership with states and the federal government,
institutions have the power to disrupt broader societal inequities and create a more equitable and
just world for their students.
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The final content of the Equitable Value Explorer does not reflect the positions of individual members of the Postsecondary Value Commission or the organizations they represent.
ENDNOTES


