

LETTER Published June 13, 2024 • 6 minute read

Comments to the Department of Education on Developing a Postsecondary Student Success Award System



Chazz Robinson, Education Policy Advisor, Michelle Dimino, Director of Education, Lanae Erickson, Senior Vice President for Social Policy, Education & Politics

May 23, 2024

Ms. Jennifer Engle

US Department of Education

400 Maryland Ave. SW, Room 5C136

Washington, DC 20202

Docket ID: ED-2024-OUS-0014

Dear Ms. Engle:

Thank you for the opportunity to provide comment on the Department of Education's request for information on the creation of a postsecondary student success award system to recognize institutions of higher education for their effectiveness in promoting access to quality education programs and supporting students through to graduation and economic mobility.

Third Way shares the Department's vested interest in strengthening student outcomes across the postsecondary education system and ensuring that all students who decide to pursue a college education are better off for having made that choice and experience the myriad financial and personal benefits a degree offers. We applaud your efforts to develop a framework by which the Department, along with the broader higher education community, may recognize and uplift the achievements of colleges and universities across the country that live out their missions to enroll student bodies representative of their communities and our nation, keep costs affordable, provide meaningful supports to retain and lower barriers for students, and pave the way for strong career and earnings outcomes after graduation. These institutions provide critical, tangible value worthy of acknowledgment and celebration, yet do not always receive the recognition they deserve.

As you consider the application parameters and performance criteria the Department may use to design such an award system, we submit the below comments to share metrics our team at Third Way has developed to identify institutions of higher education that are promoting access and success, particularly for their low-income and Pell-eligible students.

Comments on Metrics and Performance Measures

The Department has solicited comments on what metrics it should use and how it should measure performance on those metrics to determine award eligibility and selection, including information on the data variables and sources relevant to these metrics. The Department's considerations in constructing this award system should reflect both an institution's commitment to access and proven positive impacts on students' lives and financial futures after completion of a credential.

Students' number one reason for attending an institution of higher education is to get a good job and gain financial security. This goal is of particular importance for low-income students and students of color, who stand to obtain the greatest benefit from attending college yet also face systemic discrimination in the labor market. With this in mind, we recommend that the Department consider metrics and measures that can help it assess institutions' contributions to their students' future economic success as well as their focus on serving students from lower-income backgrounds and populations historically underrepresented in higher education.

Third Way has developed a Price-to-Earnings Premium (PEP) metric to explore the economic returns offered by different institutions. We also use the PEP data to construct an Economic Mobility Index (EMI) to assess how well institutions serve their low-income students and fulfill their commitment to access.

The cost of obtaining a college degree has risen significantly without an institutional guarantee that students will obtain the economic boost they desire. The Price-to-Earnings Premium metric is built on the logic that a student who obtains a bachelor's degree should be getting an earnings premium beyond what they could have earned with their high school diploma.¹ Using College Scorecard data from the Department and American Community Survey data from the US Census, the PEP calculation divides the total average net price of a bachelor's degree (assuming four years of tuition to obtain the degree) by the difference between the median earnings of a former student at that institution ten years after enrollment and the median earnings of someone with a high school diploma in the institution's state. This reveals how many years it will take the typical student to recoup the cost of obtaining a credential at a particular college. This metric can be used to evaluate which institutions are keeping costs low for the average student and quickly providing them with an earnings premium beyond a high school diploma.

Considering the power of disaggregation within data and equity considerations, Third Way deploys an additional version of the PEP metric that centers low-income students.² This metric differs from the PEP for the typical student by factoring in the total average net price and post-enrollment earnings of students from families that earn \$30,000 per year or less. The PEP for low-income students highlights which institutions are providing low costs and strong returns on investment to the most vulnerable student population. This measure can be used to identify where low-income students receive the most affordable education and fastest economic boost.

The Price-to-Earnings Premium calculation provides insight into how effectively institutions deliver economic value to their students, but it does not factor in how many low-income students an institution enrolls—and the schools that deliver large and fast ROI on a degree to their low-income students don't always enroll large proportions of low-income students. To better identify which institutions serve their low-income students well *and* are dedicated to college access for those students, we use the PEP for low-income students to construct an Economic Mobility Index (EMI), which additionally considers the proportion of Pell Grant recipients an institution enrolls.³ The EMI contextualizes which institutions are not only serving students from low-income backgrounds well and setting them up for economic success, but also enrolling significant proportions of students with high financial need in the first place. We have found that institutions that rank highly on the EMI include broad access, public regional, and minority-serving institutions, as well as many campuses from systems like the City University of New York and California State University, which have been nationally recognized for their innovative student success programs. Seven Historically Black Colleges and Universities and 99 Hispanic-Serving

Institutions are among the top 20% of colleges on the Economic Mobility Index based on the most recent College Scorecard and ACS data.

These metrics can provide meaningful data points to identify which institutions are keeping costs low, providing an earnings premium beyond a high school graduate, and enrolling and serving large proportions of low-income students. Together, these measures can provide the Department with a fuller picture of which institutions should be recognized for their efforts in ensuring economic mobility for their students.

Thank you again for your efforts to recognize and celebrate institutions that are delivering access, positive outcomes, and strong economic mobility prospects to their students. We are appreciative of the Administration's ongoing commitment to lifting up student-centered institutions and welcome this opportunity for public comment. Should you have further questions about the metrics mentioned here, please do not hesitate to contact us.

Sincerely,

Chazz Robinson
Education Policy Advisor
Third Way
crobinson@thirdway.org

Michelle Dimino
Director of Education
Third Way
mdimino@thirdway.org

Lanae Erickson
Senior Vice President for Social Policy, Education & Politics
Third Way
lerickson@thirdway.org

ENDNOTES

1. Rounds, Emily. "2023 Price-to-Earnings Premium for Four-Year Colleges." Third Way, 28 Sept. 2023, <https://www.thirdway.org/report/2023-price-to-earnings-premium-for-four-year-colleges>. Accessed 21 May 2024.
2. Rounds, Emily. "2023 Price-to-Earnings Premium for Low-Income Students." Third Way, 20 Dec. 2023, <https://www.thirdway.org/report/2023-price-to-earnings-premium-for-low-income-students>. Accessed 21 May 2024.
3. Robinson, Chazz, and Ben Cecil. "2023 Economic Mobility Index." Third Way, August 2023, <https://www.thirdway.org/report/2023-economic-mobility-index>. Accessed 21 May 2024.