

MIDWESTERN  
HIGHER EDUCATION  
— COMPACT —

# Defining and Enhancing Value and ROI in Higher Education:

State Approaches to Economic Mobility and Economic Prosperity

December 2, 2025



MHEC Host:  
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available will be  
posted on the  
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chat. Questions in  
the Q&A, please!



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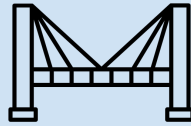
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# ESG: Who We Are

**Education Strategy Group** works with America's education leaders and employers to **design, scale, and implement strategies that improve attainment and advance equity.**

We are driven by the conviction that **a high-quality education system aligned with workforce demand leads to a stronger society.**



*Postsecondary  
Transitions*



*Postsecondary  
Attainment*



*Career Readiness*



*Talent  
Strategies*

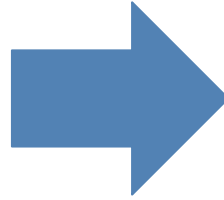
# Today's Agenda

3:00 - 3:05 PM	<b>Welcome</b>
3:05 - 3:10 PM	<b>The Great Value Shift</b>
3:10 - 3:20 PM	<b>Supporting State Leadership</b>
3:20 - 3:40 PM	<b>State Spotlights</b>
3:40 - 3:55 PM	<b>Q&amp;A and Discussion</b>
3:55 - 4:00 PM	<b>Close</b>

# The Great Value Shift

# The “Great Value Shift” is in Motion

A change in how  
American society views  
the value of higher  
education



Value must be proved,  
not assumed

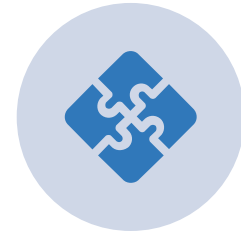
# Key Challenges in Higher Education



Declining  
**student  
enrollment**



Waning  
**public trust**  
and rising  
**student debt**



Misalignment  
between  
education and  
**workforce**

# Value Can Benefit All Stakeholders



## **For Policymakers: Responsible Investment and Economic Growth**

When state leaders and taxpayers invest in higher education that delivers measurable returns, public funds are used more efficiently. This approach cultivates a well-prepared workforce, strengthens the employer talent pipeline and fosters economic growth through a more skilled, civically engaged citizenry.



## **For Institutions: Enrollment, Funding, and Community Impact**

A value-focused system enables institutions to attract more students and secure increased funding while enhancing their community impact. By clearly demonstrating program effectiveness, colleges and universities reinforce their role as leaders in delivering accessible, high-value education.



## **For Learners and Employers: Clarity, Confidence, and Return on Investment**

Transparent, reliable data empowers students to select programs that offer the best career fit and economic return. In turn, employers benefit from a workforce whose skills align with market demands, resulting in higher satisfaction, improved economic outcomes, and a stronger return on investment for all.



# States Can Drive Progress on Value



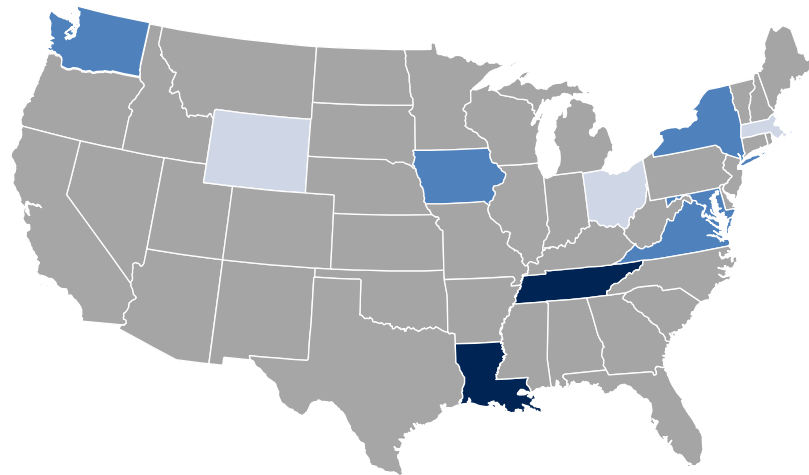
# Supporting State Leadership

# Supporting State Leadership

With support from Arnold Ventures, ESG is currently working with **7 states** advance postsecondary value:

**EdValue Collaborative:** Iowa,  
Maryland, New York, Virginia,  
Washington

**Deep-Dive Support:**  
Louisiana, Tennessee



# Catalyzing State Progress



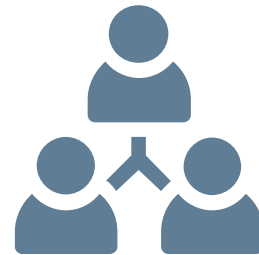
**Action  
Planning**



**Facilitation  
& Coaching**



**Expert  
Speakers**

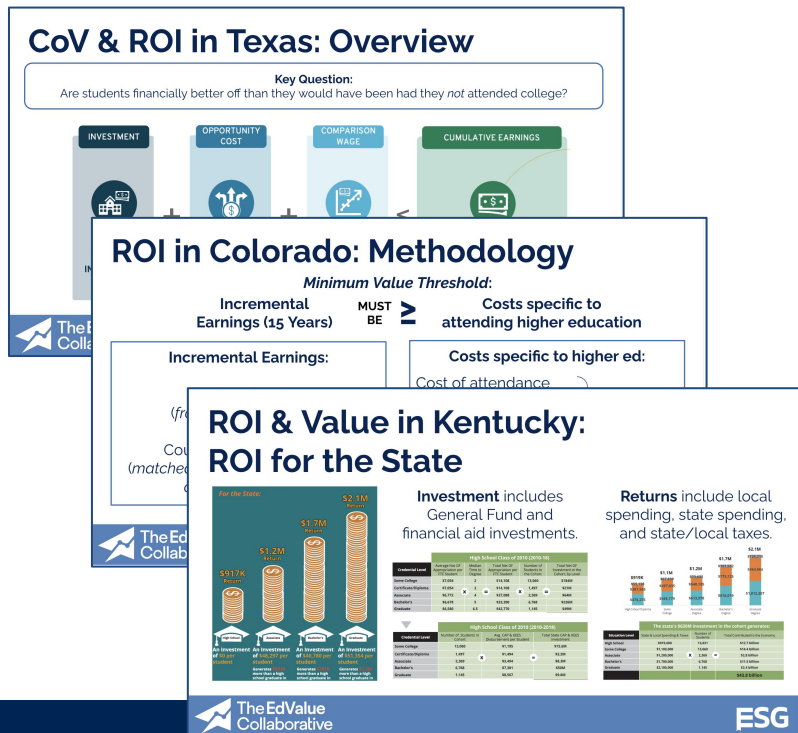


**Peer  
Learning**

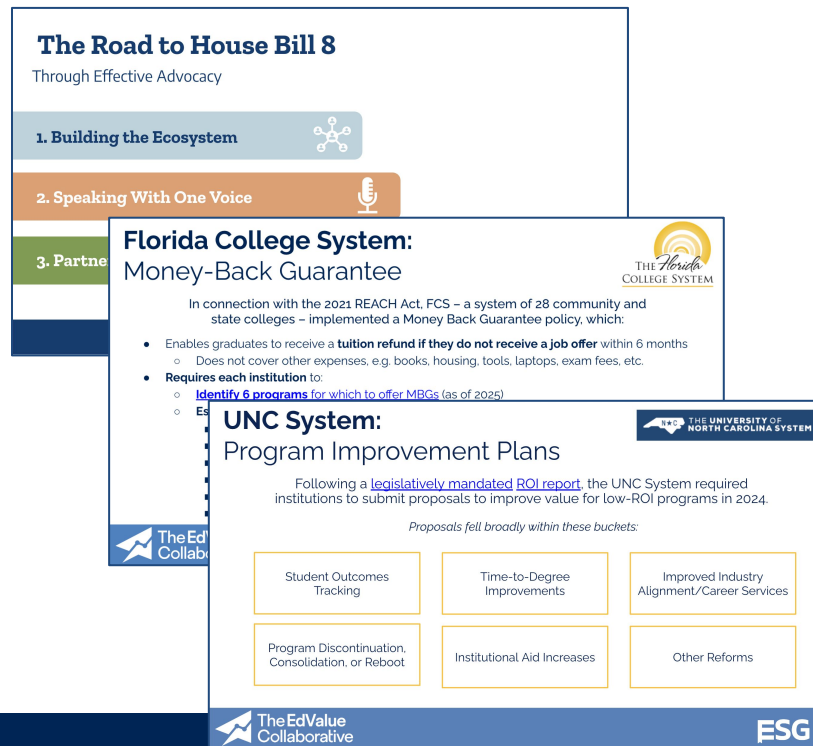
*"Our big 'aha' moment came when we had the whole group together brainstorming... The best part about [EdValue] is that it's been helpful to give us **a reason to come together** and do the work, commit time, and really drill down. And when we bring up issues and ideas and questions, getting real-time feedback: **'I've done this, and it's real, and everyone is having the same concern.'**"*

# National Examples & Best Practices

## Meaningful Measures



## Aligned Actions



# Different Types of Value

**Credentials of  
Value**

**Credentials of  
Economic  
Necessity**

**Credentials of  
Mobility**

# Different Measures of Value

## POSTSECONDARY VALUE CONTINUUM



# Different Actions to Drive Value

**To increase postsecondary value, states and institutions are taking action to:**

- Improve the value/ROI of existing programs
  - Incentivize high-value programs
  - Disincentivize low-value programs

## **System/Structural Levers**

- Transparency and public reporting
- Program approval and review
- Formula funding
- Special purpose funding

## **Institutional/Programmatic Levers**

- Institutional strategy and goal-setting
- Academic program design
- Work-based learning
- Career advising



# State Spotlights

# Tennessee

# Tennessee's Progress on Value

**New 2025-2035 master plan for higher education – to be released imminently – will feature a “dual concept” of value**

- *Personal value* for students
- *Economic value* to the state
- Grounded in four “Cornerstones”: Affordability, Pathways, Quality, and Effectiveness

**Revised Outcomes-Based Funding (OBF) formula – slated for Spring 2026 – will incorporate refined approach to wage-related outcomes**

- Tennessee pioneered performance-based funding in 1979; its current OBF formula, adopted 2010, is the oldest in the US.
- OBF formula started awarding more points for credentials in “high-need” fields in 2023-24.
- Revised “workforce investment premium” will center and better reflect student wage outcomes, projected job growth, and stackability.

# Louisiana

# Louisiana's Progress on Value

## **Building on prior work to define credentials of value and “areas of strategic need”**

- 2020 LABOR policy defined CoV as a) aligned to high-demand, high-growth occupations and b) providing wages 20% above HS graduate average in Louisiana.
- In September 2024, LABOR used labor market data to identify occupational “areas of strategic need” statewide and for each region.

## **Collaboration among LABOR, Louisiana Workforce Commission, and institutions to use the academic review and approval process as a lever for increasing value**

- Joint workshops highlighted the importance of aligning academic planning with areas of strategic need and connected education and workforce leaders around regional labor market data.
- As a result, 97% of the new programs institutions presented to LABOR for approval during this year's cycle were aligned with areas of strategic need.

Iowa

# Iowa's Progress on Value

## **Aligned Postsecondary ROI Methodology**

- The Iowa Department of Education (IDE) is adopting a new ROI calculation methodology for community college Career and Technical Education (CTE) programs.
- This methodology is purposefully aligned with the ROI framework used by the Iowa Board of Regents for public universities, ensuring a consistent definition of value across the state.

## **A Unified Approach to Credentials of Value**

- Iowa is also developing a methodology and official list of postsecondary credentials of value, to be released in March 2026.
- This work is being coordinated with K-12 agency stakeholders to ensure vertical alignment with the state's existing list and methodology for industry-recognized credentials in secondary education, and will be used to enhance credential stackability across K-12.

## **Driving Transparency and Program Improvement with ROI Data**

- Iowa will launch a public dashboard in March 2026 featuring comprehensive ROI data.
- Following the launch, IDE plans to explore integrating this data into system wide policies and practices around accreditation and program review and approval.

# Aligned Postsecondary ROI Methodology

## Adapt existing models for your state, based on your state's needs and intended uses of the model

- *"Breakeven Threshold" Calculation* - Modeled after Iowa Board of Regents (BOR)
- BOR borrowed from the "Minimum Economic Return" model in the University of Texas System Postsecondary Value Framework
  - examines whether a graduate can, over time, earn more than a high school graduate, while accounting for colleges costs (including interest on debt)
- Data sources: publicly available data from reputable sources; replicable methodology (USDE, Bureau of Labor Statistics, Iowa Workforce Development and the American Community Survey)

## Calculation Methodology

- ***Breakeven threshold amount*** = Total Loan Payment/10 years + Median HS Earnings
- ***Years to exceed breakeven threshold*** = The number of years needed, after earning a bachelor's degree, to earn more than a high school graduate while paying off a college loan
  - Year after college by which earnings > (Median high school income + Annual Loan Payment)



# Board of Regents Example

	Median Earnings for HS Graduates in Iowa	Breakeven Threshold, Borrowed Full COA	Year in Which Bachelor's Degree Breaks Even
Bachelor's	\$34,203	\$43,913	1
U. Texas System methodology, assumes graduate financed full cost of college			

# A Unified Approach to Credentials of Value

## Secondary Industry-Recognized Credential List

- Phase 1: [Approved list](#) (Industry Recognition, Relevance and Currency, Rigorous Standards and Assessment, Advancement and Stackable Opportunities, Alignment w/CTE pathway)
- Phase 2: Tiering the list to align with new high-wage, high-skill, high-demand (H3) definition and to support state's pathways work

## **Postsecondary IRC/COV List**

- Expand secondary list to postsecondary
- This list will also be tiered and support our state's pathways work, align to new statewide H3 definitions

# Driving Transparency and Program Improvement with ROI

## **Replicating BOR methodology for community college (CC) programs**

- Slight adjustment to methodology to account for unique community college features like shortened program length and public good programs and to potentially include rich Iowa CC data

## **Policy Levers**

- Beginning with CTE Program Review
- Will likely move to CTE Program Approval next year
- May incorporate into state accreditation and incentive funding

# Q&A and Discussion

# Contact Information

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**Thank You**