



**MIDWESTERN
HIGHER EDUCATION
COMPACT**

Defining and Enhancing Value and ROI in Higher Education:

State Approaches to Economic Mobility and Economic Prosperity

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Any resources
available will be
posted on the
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Engage with
colleagues in the
chat. Questions in
the Q&A, please!



Please
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our survey.



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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*

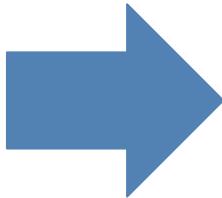
Today's Agenda

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

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



**Coalesce Stakeholders
Around a Clear Goal for
Postsecondary Value**

**Commit to More
Meaningful Measures
of Postsecondary Value**

**Align Actions to Drive
Postsecondary Value**

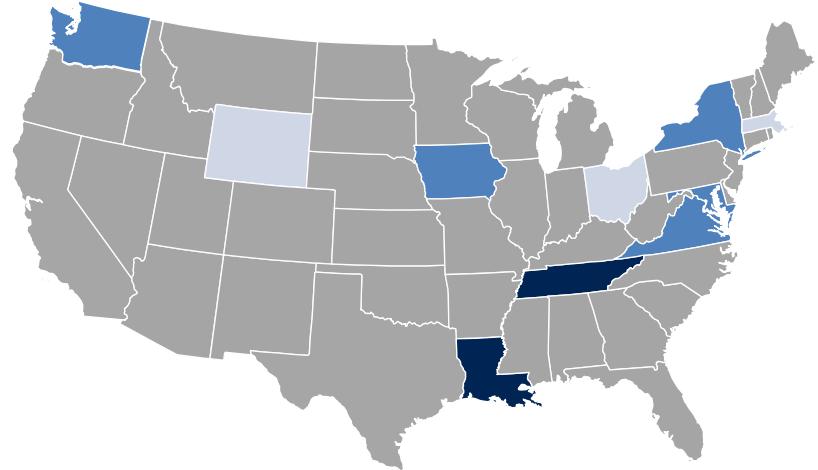
Supporting State Leadership

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



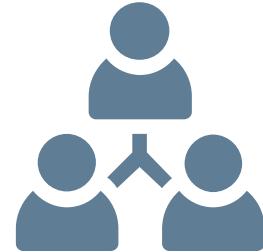
Action Planning



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

CoV & ROI in Texas: Overview

Key Question:

Are students financially better off than they would have been had they *not* attended college?



ROI in Colorado: Methodology

Minimum Value Threshold:

Incremental Earnings (15 Years) **MUST BE** \geq Costs specific to attending higher education

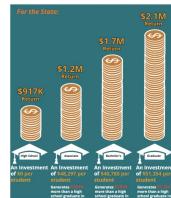
Incremental Earnings:

(from
College
(matched
with
costs
of
attendance))

Costs specific to higher ed:

Cost of attendance

ROI & Value in Kentucky: ROI for the State



Investment includes General Fund and financial aid investments.

Returns include local spending, state spending, and state/local taxes.

Investment	High School Class of 2019 (2019-2020)	Total Cost
General Fund	83,004	\$1.2M
Financial Aid	10,711	\$1.2M
Other	10,640	\$1.2M
Total	104,355	\$3.6M

Investment	High School Class of 2019 (2019-2020)	Total Cost
General Fund	11,560	\$1.2M
Financial Aid	3,289	\$1.2M
Other	1,140	\$1.2M
Total	16,000	\$3.6M

ESG

The EdValue Collaborative

Aligned Actions

The Road to House Bill 8

Through Effective Advocacy

1. Building the Ecosystem



2. Speaking With One Voice



3. Partner



Florida College System: Money-Back Guarantee

In connection with the 2021 REACH Act, FCS – a system of 28 community and state colleges – implemented a Money Back Guarantee policy, which:

- Enables graduates to receive a **tuition refund** if they **do not receive a job offer** within 6 months
 - Does not cover other expenses, e.g. books, housing, tools, laptops, exam fees, etc.
- Requires each institution to
 - Identify 6 programs** for which to offer MRGs (as of 2025)
 - Establish a process for



UNC System:

Program Improvement Plans

Following a [legislatively mandated ROI report](#), the UNC System required institutions to submit proposals to improve value for low-ROI programs in 2024.

Proposals fell broadly within these buckets:

Student Outcomes Tracking

Time-to-Degree Improvements

Improved Industry Alignment/Career Services

Program Discontinuation, Consolidation, or Reboot

Institutional Aid Increases

Other Reforms

The EdValue Collaborative

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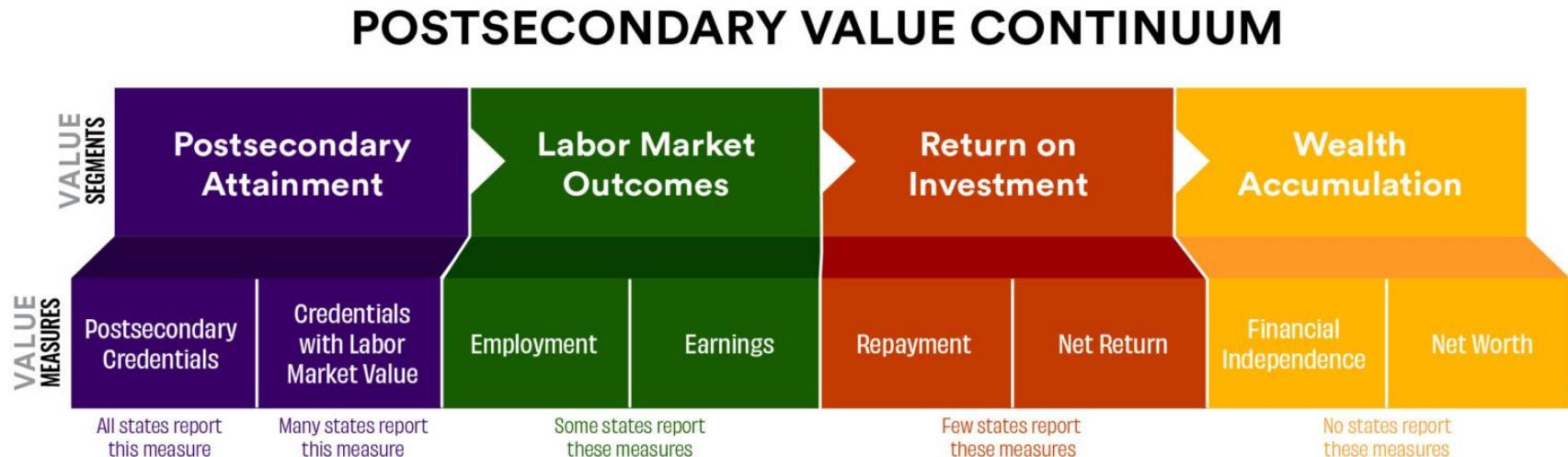
Different Types of Value

**Credentials of
Value**

**Credentials of
Economic
Necessity**

**Credentials of
Mobility**

Different Measures of Value



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 college 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

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Thank You