

We've Been Answering the Wrong Questions: Time to Answer the Right Accountability Questions

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Colleges are facing more and more demands to be accountable



College are facing more and more demands to be accountable. This is coming from the Spellings commission, the Western Association for Schools and Colleges (WASC), the University of California President's new Accountability Framework, or via the Accountability Reporting in Community Colleges (ARCC), and even such efforts as the College Portrait. (This is now required of all CSU campuses!)

It is very important to note that “accountability,” “assessment,” and “student learning outcomes” need to be looked at and defined separately. They are related, but they are not the same. In this presentation, I am only looking at what I consider accountability. I will be defining “accountability” in just a few minutes.

Institutional Researchers are key to answering accountability questions



Yes, institutional researchers are a key to answering all the accountability questions.

Why, we are the ones who will be or already have created the College Portraits, most past and current accountability documents, all the data for WASC, and are usually the ones called on to work on and implement most accountability reporting. Many of us even help with academic program reviews—undergraduate and graduate programs, and produce data and reports that are used to help manage our campuses. That later is wrapped around the efficient use of our college's resources and that is, by a different name, accountability.

All of these are important and do have importance in each of our colleges. But, if you are like me, the demands for accountability type data seems endless. The reason is that we are answering the wrong questions.



We're answering the wrong questions!

That's right, we are answering a lot of accountability questions, and giving a lot of good answers.

For example, we keep providing answers about graduation rates, diversity of our students, student faculty ratios, average class sizes, cost of attendance, SAT scores of entering freshmen, number of degrees awarded, student satisfaction with campus services, hours studied per week, or how high our college is ranked,. All are important chunks of data and we publish these on our web pages and in our reports. We do all this in an effort to show that our students are successful and we are doing everything that we can to help them succeed.

But with all these efforts, we still are not answering the all accountability questions. It seems that same questions continue to be asked. And those are ones that are being asked by very important people.

Ok, let's see what are the questions that we are not answering and who those important people are.

What are the right questions?



OK, let's start with "what are the right questions?"

Actually, there are just two and they are related. They are

1. Why does it cost so much?, and
2. Is it worth it?

That's it. Seems simple enough. Let's see that behind these simple questions.

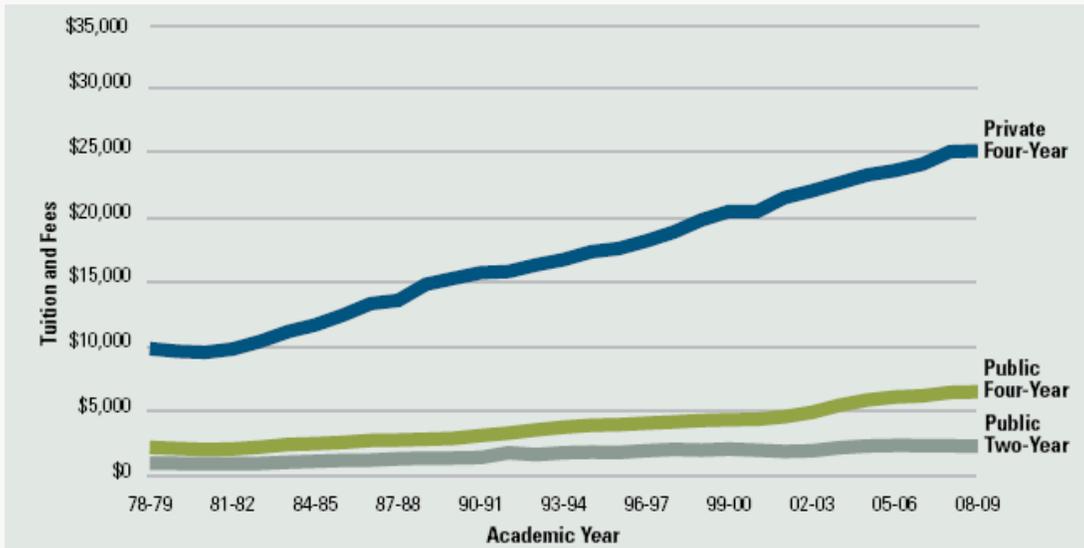
Why does it cost so much?



The first question that we are not answering is “Why does I cost so much?” This question is NOT, how much does it cost, or what is the price of attending your college. We, and our financial aid people, answer those all the time. This question we are not answering asks “WHY.” The “how much” is a simple question to answer, but it does not answer the WHY question. There is not a simple to answer for the WHY, but it needs to be answered. This can be done, and I I will try to point us in the right direction by giving it a little context.

Let’s explore several factors that need to be analyzed and those can be used to help answer the question “Why does it cost so much.”

Tuition and fees have been increasing



Let's start by looking at some "facts." The College Board, in its report "Trends in College Pricing 2008", shows that average tuition and fees at public four-year colleges increased at an annual rate of 4.2% in inflation-adjusted dollars over the decade from 1998-99 to 2008-09, similar to the 4.1% of the previous decade but much more rapidly than the 2.4% average annual increase from 1978-79 to 1988-89. Compound that out, it's getting close to a tripling of fees during that time.

But for public community colleges increased at an annual rate of 1.4% in inflation-adjusted dollars over the decade from 1998-99 to 2008-09. And in California, due to less revenue than expected in the state's budget, it looks like most of our students and their parents will be facing a mid-year fee increase.

I had to check, and at UCR, since the 1988-89 school year, fees have increased by a factor of 5.

So, tuition and fees are increasing but still does not explain why they are increasing. Can we find the cause of the increases? Let's get some opinions from a few experts. The Chronicle of Higher Education asked higher-education veterans -- including college presidents, policy wonks, and lobbyists -- for their thoughts. Here are a few.

Dawn B. Stone,
Senior Fellow for Government Relations,
Brookings Association for Community Colleges

Why Does College Cost So Much?

(movie here)

Don't Blame Faculty for High Tuition



Is it faculty salaries? Well, maybe not. In the 2004 report, "Don't Blame Faculty for High Tuition," the American Association of University Professors (AAUP) said that on average, tuition and fees at public colleges increased by more than double the rate of faculty salary increases between 1990 and 2003. Tuition rose 6.6 percent per year, on average, while faculty pay rose by only 3.2 percent per year.

Well, faculty salaries may not be the primary cause, but sure seem to have contributed. The AAUP's 2004 report ventured a few guesses of other reasons, stating that other factors have played more important roles such as the rising cost of college. The AAUP identified employee benefits, reductions in state support for public colleges, and the growing expenses of financial aid and information technology.

I am sure that you could add your own favorite reason, but the point is that I am trying to make is that trying to find someone or something to blame is a losing cause. That argument will get as much mileage as do the presidents of airline companies get when they try to explain why they have to still charge you for a fuel supplement, even though the price of oil has dropped in half during the past few months. The blame game will not be successful!

To find out why it cost so much, we need to focus on the the second question. We need to talk about why a college degree is worth the expense. Why do people keep paying for a bachelor's degree if it's so expensive? It must be very important thing to own. So, let's look at the second question, "Is it worth it?"

Is it worth it?



There is no doubt that all of us know that answer to that question. Is a bachelor's degree really worth it? Ask yourself if it was worth spending all that time, money, effort, and stress to earn your bachelor's degree? How about your graduate degree? How much are those degrees worth?

There are a couple of the ways that you can measure a degree's worth. One is via the financial measure of a "return on an investment," and secondly, by the "personal or social value" of the degree. Many researchers have already calculated both for us. I have a reference in your handout to ERIC resources and it provides many articles about the value of a college degree.

But to fully understand the measure of a bachelor's worth, we again need some context, including who's asking. I'll get to that in a couple of minutes. But first, let me just talk briefly about the financial returns of earning a college degree.

A college degree is an investment decision

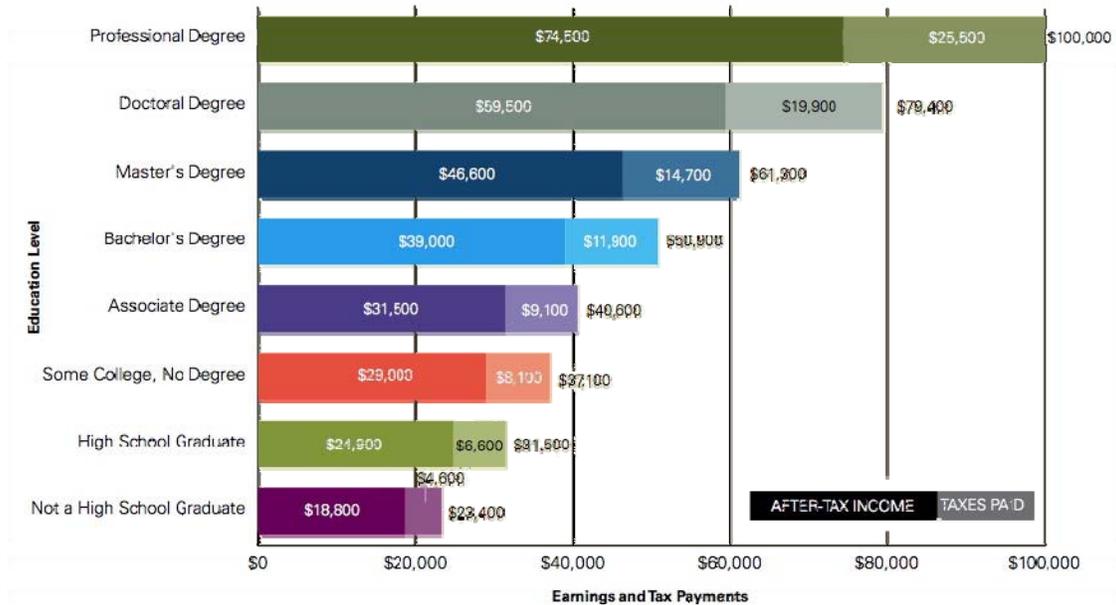


Without a doubt, obtaining a bachelor's degree is an investment decision. This has been talked about for years and all the benefits that are obtained by having a degree. I remember when I was growing up, I often saw and heard (especially from my parents when they thought I wasn't studying enough) the slogan "To get a good job, get a good education."

We sign up to go to college because we believe it will be worth it to us. We expect to accrue, over our working careers, important benefits such as higher pay, a greater accumulation of wealth, and increase status. We do not expect to receive those benefits while we attend college, but afterwards. And our acceptance of receive those benefits in the future is what makes a college degree an investment decision.

How much, you might be asking, is it worth? Ok, let's see.

What is the return on investment of a bachelor's degree?



Nationally, the return on investment of a college degree has been done many times and the College Board regularly calculates this for us. In 2007, they published a report titled, "Education Pays", that delineates the benefits of higher education to individuals and society.

Here, in this graph from that report, it shows that person with bachelor's degree (light blue bar) is earning over 60% more than a person with only a high school diploma (lighter green bar). The difference is double if you have a master's degree (dark blue bar), and 2.5 times if you have a doctorate (the grey bar). The bars show the median Earnings and Tax Payments of Full-Time Year-Round Workers Ages 25 and Older, by Education Level, 2005. Remember, that is just for one year.

Graphs like these have lots of importance in answering is it worth it. But, let's look at some non-financial benefits too. What are typically called social benefits.



There are also well documented societal benefits too. We all know that going to college helps you to learn many important things like responsibility, accountability, how to work with groups of people, how to work independently, and time management and organizational skills. You will have the tools to be a better employee, a better parent, and a more responsible citizen. College helps you learn about a world that you didn't know existed, and about all the things that maybe possible someday. All these things, and there are many more, are the result of earning that college degree. I am sure that all of us will agree that our degrees hold tremendous personal value for us.

I have some references in the handout that you can reference if you want to look at this further.

So, when asked if a bachelor's degree is worth it, there is little doubt in our minds. But what we have to do is "prove it."

But first, just a little more context.



Why are these the right questions?

But, before I tell you what we need to do, and to suggest how to prove it, I need to show you why these are the right questions. Specifically, why only those two?

That can be answered by understanding who is asking, and what are they asking.

Who's asking these accountability questions?



Parents and Students



Legislators

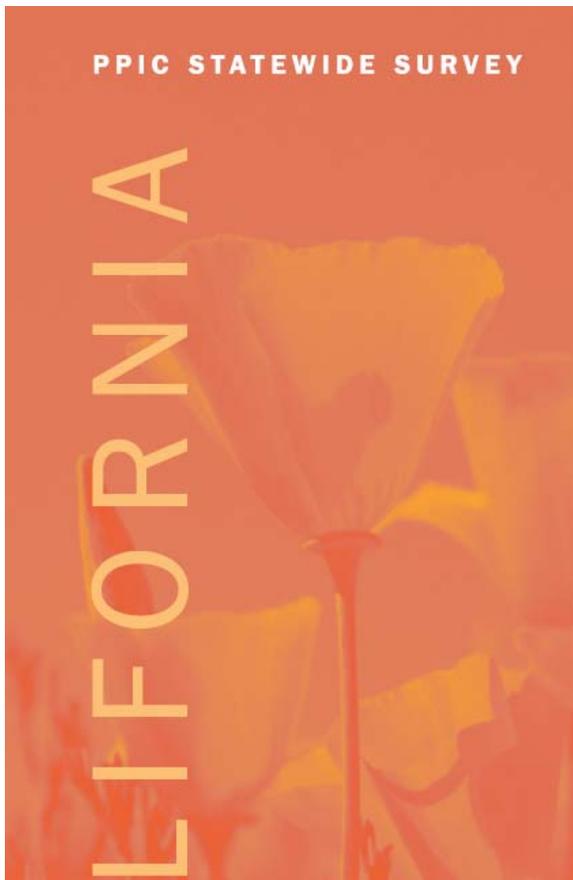


College Leaders

There are three groups of people who are asking the tough accountability questions, "why does it cost so much" and "Is it worth it." These are

Parents and students,
Legislators, and
College Leadership

So, what are they asking and how do I know this?



Californians & higher education

in collaboration with
The William and Flora Hewlett
Foundation

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Let's start with parents, and more generally, the citizens of California. Parents concerns and questions can be derived from the October 2007 survey of the Public Policy Institute of California.

This survey presents the responses of 2,503 adult residents throughout the state and asked about their perceptions of California's public college and university system, including the quality, accessibility and availability; affordability of higher education; and ratings of UC, CSU, and CCC; across different socioeconomic and demographic groups.

You can obtain a copies of this survey report at the PPIC web site. I have a reference for it at the end of these notes.

Parents are worried about why it costs so much

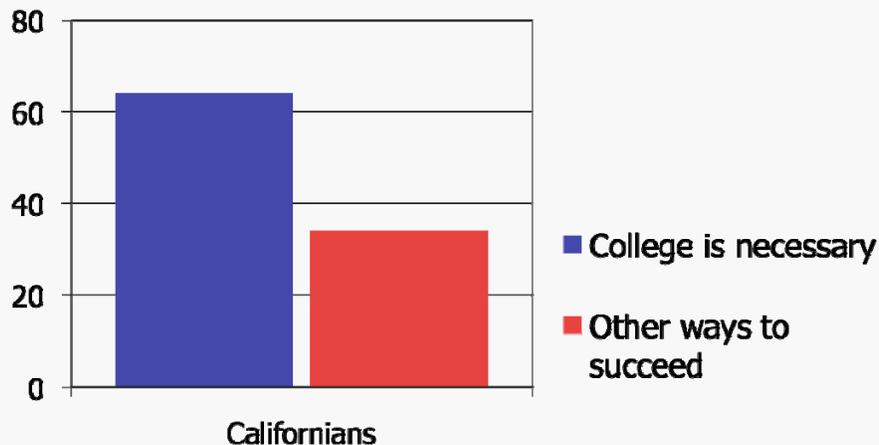
"How about the overall affordability of education for students in California's public colleges and universities today? "

Big problem	53%
Somewhat a problem	31%
Not much of a problem	14%
Don't know	2%

The researchers found that student costs and affordability top the list of most important issues parents are worried about.

When asked to name the most important issue facing California's public colleges and universities today, costs and affordability are first on the list at 53%. I have replicated the responses in the table shown here. These percents are similar for all groups in California. College affordability is the top issue named by residents in all political and demographic groups.

Parents believe a bachelor's degree is needed to be successful



The researchers at the PPIC explored another important issue and that is the value of a college degree. They discovered that 64% of Californians think that a college education is necessary for work success.

Still, not all Californians place equal importance on a college education. For instance, Latinos (79%) are the most likely to believe college is essential, followed by Asians (72%), blacks (68%), and whites (55%). Foreign-born adults are far more likely than U.S.-born adults (81% to 57%), and parents of children age 18 or younger are far more likely than others (71% to 59%), to place high importance on college education.

This finding helps us understand that Californians believe that a college degree is worth it.

Legislators keep calling for more accountability

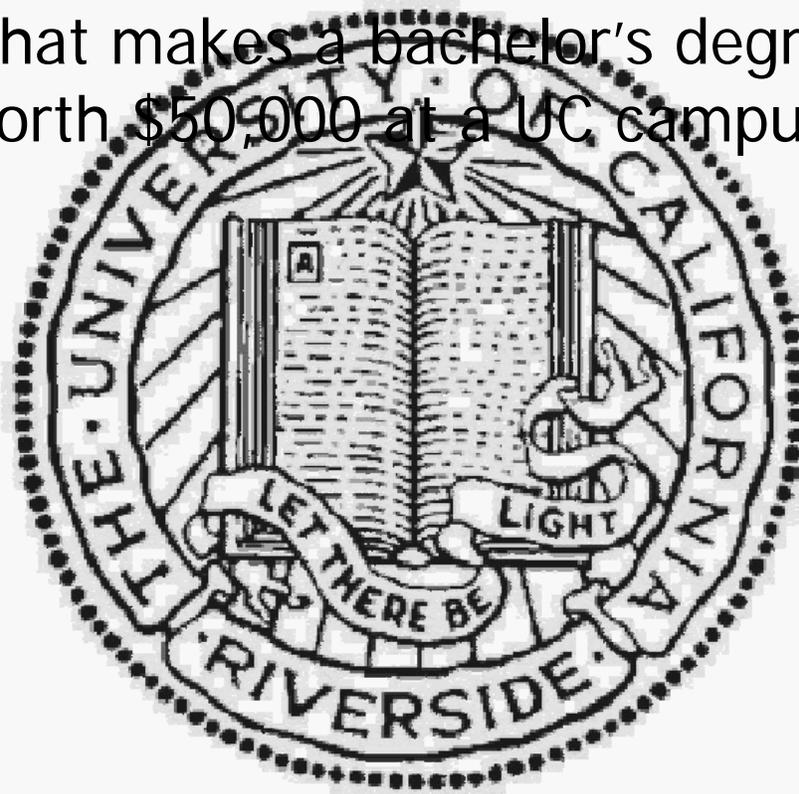


The next group is our legislators. We have been hearing a lot our legislators want us to be more accountable, and sometimes it almost seems like a threat. There has been a lot happening in other states and it is starting to happen in California. Senate Bill 325, (authored by Jack Scott—who is on the right) would have established statewide accountability measures of higher education. Governor Schwarzenegger (who is on the left) just vetoed it.

If this bill had become law, it would have required that we provide data that shows that “... the state’s postsecondary education system affordable to all Californian’s,” would have set educational and economic goals for California by 2020 including that “the per capita income be at the average of the top 10 new economy states.”

In their comments about the the Higher Education Opportunity Act of 2008 ([HR 4137](#)), the Congressional sponsors very much wrapped the bill in the language that has increasingly used to describe the problems facing higher education today, focusing on “accessibility,” “affordability,” and “accountability.”

What makes a bachelor's degree worth \$50,000 at a UC campus?



The third group that I mention before is college leadership. Our presidents and chancellors are constantly worried about WHY it costs so much and IS it worth it. When asked about why college costs so much, our college leadership mostly try to answer that by talking about the how much. They become “trapped” by this question since they are not able to talk about why a bachelor's degree at their college is worth it. The answer to that “is it worth it” question is quite important to our chancellors and presidents.

For example, more than 250 presidents, senior administrators, faculty leaders, and trustees gathered for *The Chronicle's* third annual Executive Leadership Forum, in June 2008. It was reported that what seems to worry these campus officials the most is proving the value of college to students, parents, and politicians at a time of rising tuition and tightening credit. As one private-college president asked during a break, What makes a bachelor's degree from my institution worth \$35,000 a year?

That same question can be asked about a UC campus, “What makes a bachelor's degree worth \$50,000”.

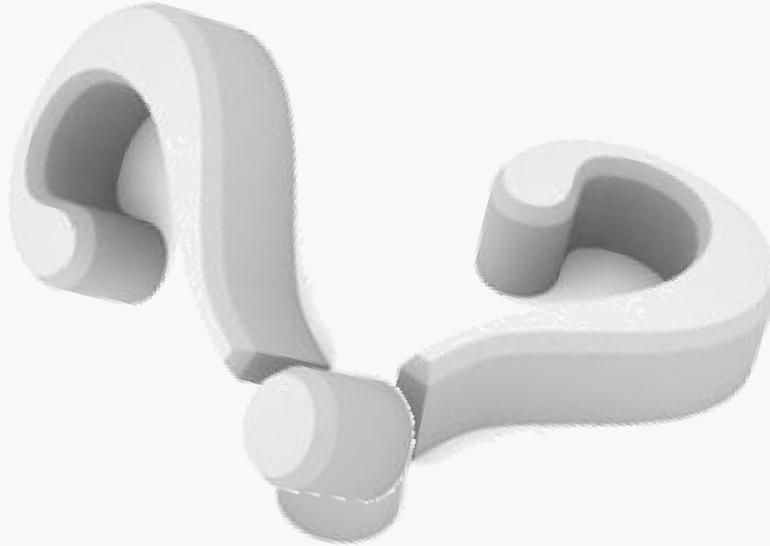


How do we answer these accountability questions?

So far, I have told you that we are answering the wrong questions, defined the two questions are that we need to answer, explained why these are the “right” questions, and showed you that there are three groups of people asking those questions.

So, with that background, now it’s time to tackle the last topic and that is, “How do we answer those accountability questions.” That is, how do we answer the questions “Why does it cost so much” and “Is it worth it?”

Must separate internal questions from external questions



To start, we must separate internal operational and management questions and concerns from external questions. The internal questions are those asked by our Vice Presidents, our Provosts, our Deans, and our budget directors. The external questions are those being asked by parents and their prospective students, legislators, and college leadership. These are two different types of questions and have different purposes, and we need to answer each based on the audience.

Data is needed for the management of the college

- Student Faculty Ratios
- Teaching Loads
- Degrees Conferred
- Research Expenditures
- Diversity
- ...

We need to supply high quality and insightful data to help manage our colleges. That is, to help foster an environment of “data driven decisions.” We have been doing this for years. These are measures like student faculty ratios, class sizes, graduation rates, teaching loads, number of degrees conferred, research expenditures per faculty member, and the diversity of the student body. These are just a few and I am sure you could add to this short list. All of these are important for the successful management of your college or university. And we need to keep producing these all data, and the reports that use the data. All are important.

Accountability data for external audiences must answer these two questions

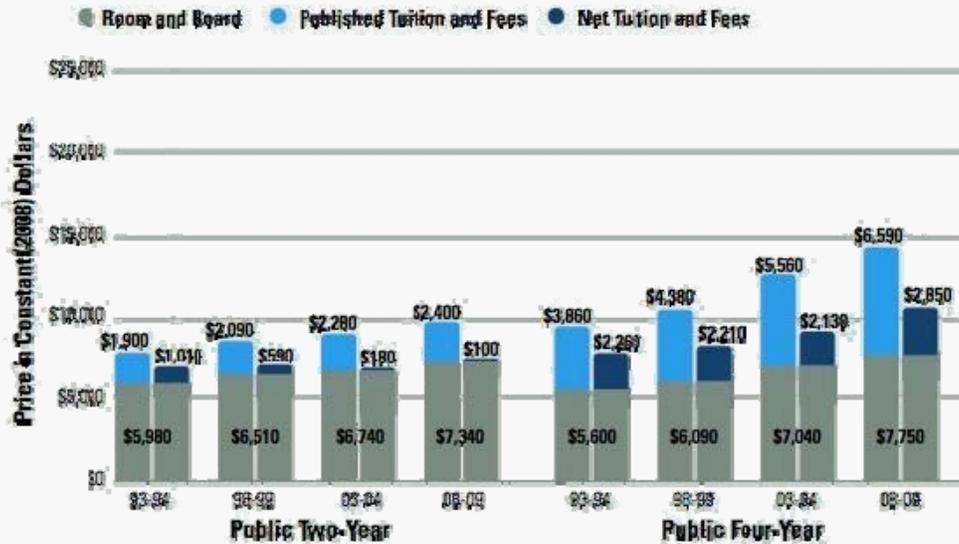
- Why does it cost so much
- Is it worth it?



While these may be interesting to parents, legislators, and college leadership, these are not the key questions being asked by those groups. We must collect the necessary data to answer those two key questions; “Why does it cost so much?” and “Is it worth it?” The prime accountability questions are these two. Trying to answer these questions with campus management data will not work. If we try this approach, we are, “answering the wrong questions” and parents, legislators, and college leadership will keep asking. We need to start answer those two key accountability for our colleges.

So, what are some of the approaches that can be used to get us started?

Calculating net cost is not difficult



Our financial aid folks keep trying to calculate the average “net cost”, which is total cost during the year minus any grants, scholarships, or other aid that is forthcoming. But this is only part of the picture. We need to add two additional dimensions, time and constant dollars. Here is a graph from the recent College Board study that shows the net price after aid and adjusted for inflation. This adds extra information that is useful to our external stakeholders. It can give a little context that our tuition and fees are line in line with other increasing costs.

It may not be the most comforting news for parents that our inflation adjusted net price (or cost) is increasing no faster than the price of everything else, but it does provide context. And context is so important when evaluating anything.

Interesting to note, that nationwide, this past year, the Consumer Price Index increased by 5.6% between July 2007 and July 2008, according to the College Board, but tuition and fees at public two-year colleges, at for-profit institutions, and for out-of-state students at public four-year institutions declined in constant dollars.

Use alumni surveys to collect valuable salary information



Next, we need to do a much better job collating data about our alumni. Surveys can be a valuable tool, when used to collect information that can answer questions being asked by external audiences. And that is the key to successful surveys.

We have to ask about salaries. There are many models available about how to ask salary type questions. A few that I found in the literature include:

- providing respondents "bracketed response" options--i.e., asking them to place their income in categories--
- asking for household instead of individual incomes
- marking this question as "optional"
- explaining why the data is helpful to our research goals
- making clear that we view income as just one among many measures of success.

I included a reference to a good article about how to structure and ask income questions.

Ask carefully crafted questions about was it worth it

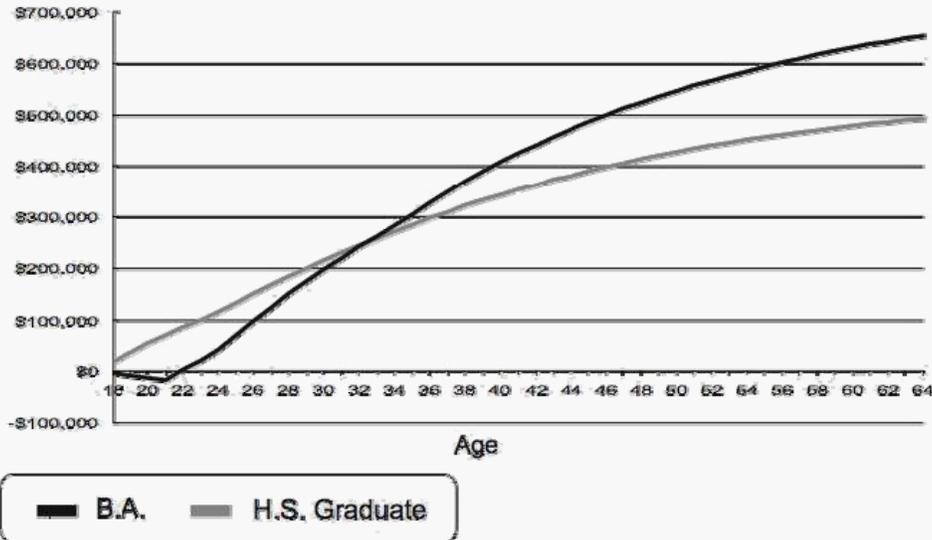


Besides the the need to collect survey data about salaries, an important questions to add to our surveys is “Is it worth it?” This can give you some qualitative information about the perceived intrinsic and social value of a bachelor’s degree.

While it is highly likely that alumni will respond positively to this question, it still provides a sense value of that bachelor's degree to parents and their students-to-be.

Calculate measures like return on investment

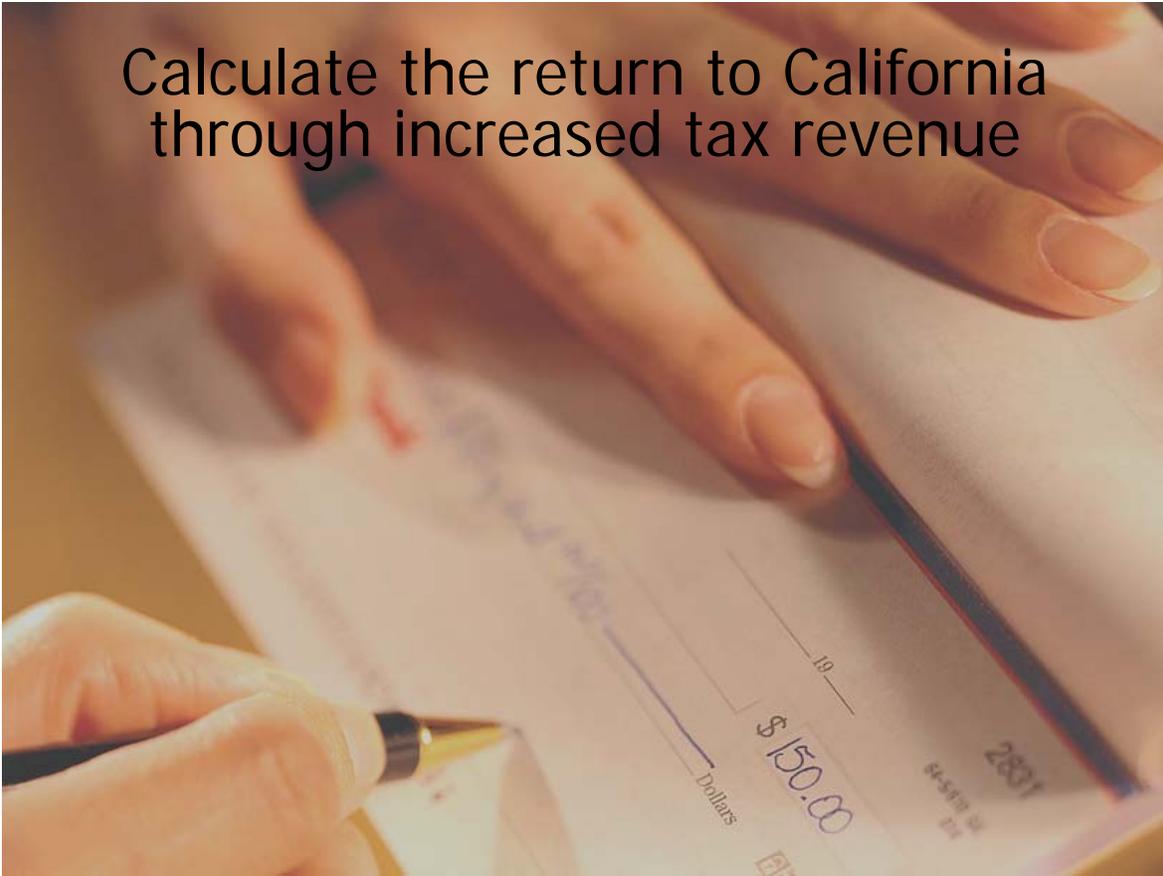
Estimated Cumulative Earnings Net of Tuition Fees



If we collect salary information for our graduates, then we can start calculating measures such as "return on investment." This is a measure that will help answer one of the key accountability questions of "is it worth it?"

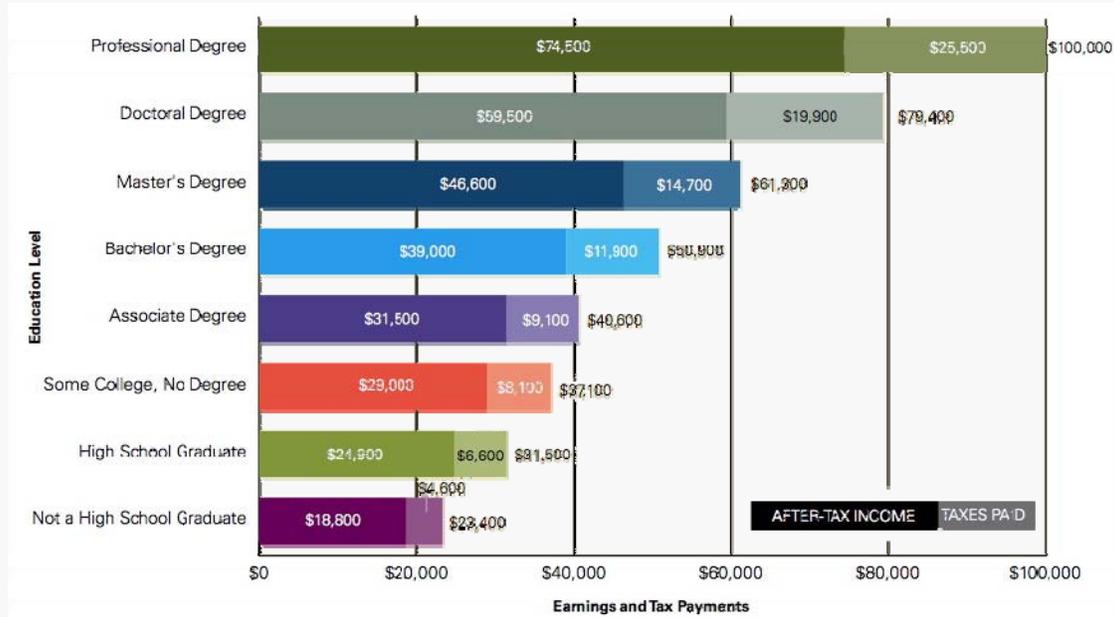
Others have already done this for national data, An interesting graph that we should be able to do for our college is one like this. This graph was taken from the report "Education Pays", conducted by the College Board. Wouldn't it be impressive if we could do this for UC or CSU graduates!

Calculate the return to California through increased tax revenue



If we are able to calculate a return on investment for an individual, we could even try to calculate the return on investment for the state of California. Simply, the increase in tax revenue of a bachelor's degree holder. Let me show you a very simple calculation, just to get you thinking about what is possible.

Calculate estimates of salaries earned by your graduates

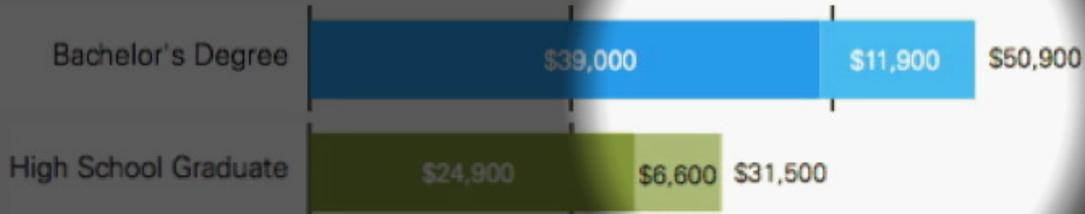


Remember this set of data from the College Board report showing salaries by degree level.

We too need to find ways to collect fairly precise salary data of our graduates and estimate the taxes paid. The College Board is able to obtain the data on a national level, so we should be able to obtain the same at a state level.

But until we get local data, let's use the national data to calculate the increase in tax revenue from a bachelor's degree. That is, a return on investment to the state of California.

Calculate the return to California through increased tax revenue



Simply: \$11,900 minus \$6,600 = \$5,300.

California taxes are about 20% of this, so about \$1,000 per year extra.

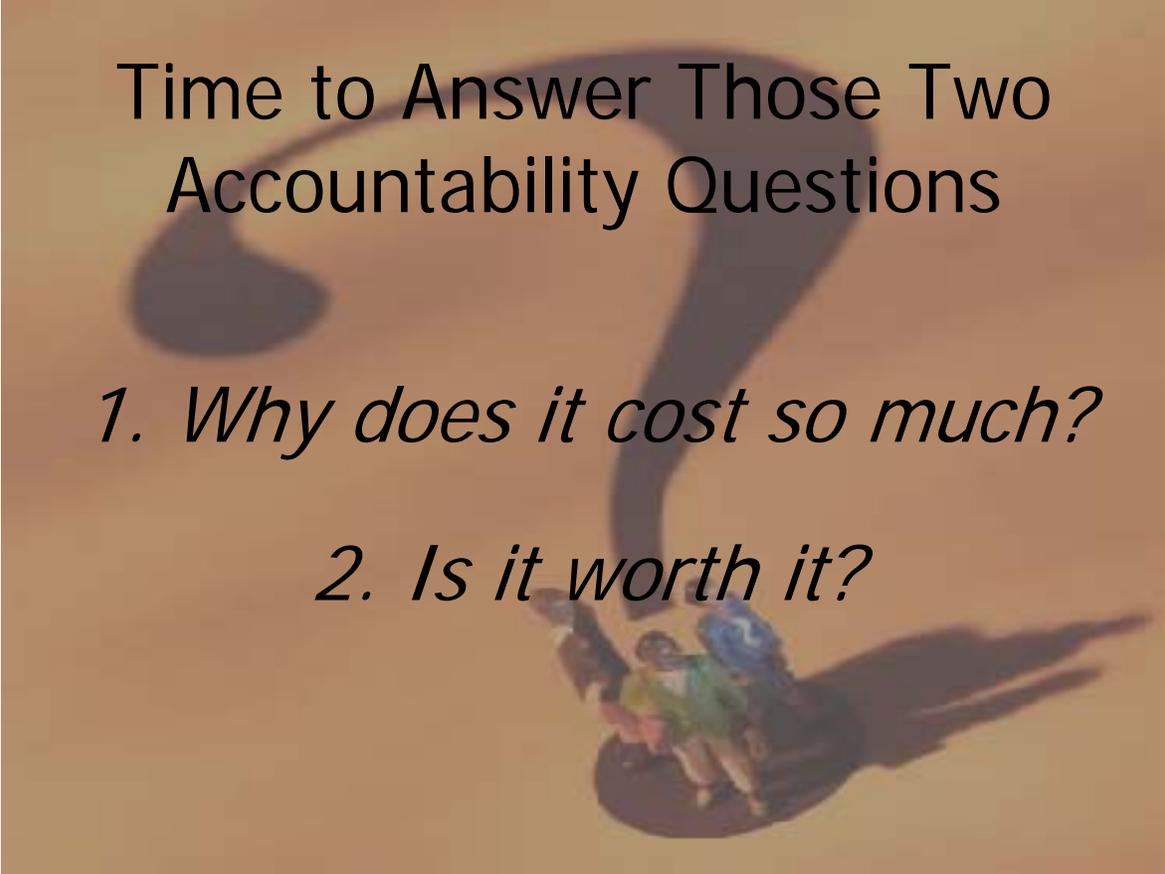
Working 35 years, times the \$1,000 is \$35,000 additional to California.

Here, I took just a couple of the salary bars from the College Board chart on the previous slide. Just the salary bars for a high school graduate—that's in greenish colored bar, and a bachelor's degree recipient—the the light blue colored bar.

What I want to focus on is the “taxes paid” portion of these bars. Those are on the right side of each salary bar, and I have highlighted them on the slide.

Now, if I do a very simple calculation of taking the difference in taxes paid, and assuming that California's portion is about 20%, I get a figure that bachelor's degree holders pay about \$1,000 extra per year. Then, assuming that each works for 35 years, then the state will receive an extra \$35,000 from citizens holding a bachelor's degree.

Now, this is a very simple calculation and can be refined, but give you a sense of what can be done. It does quantify something that we already know to be true, and how a calculation like this could be very impressive to our legislators.



Time to Answer Those Two Accountability Questions

1. Why does it cost so much?

2. Is it worth it?

Well, that's about it, for now. So far I have told you that we are answering the wrong questions, defined the "right" questions are that we need to answer, explained why these are the "right" questions, and showed you that there are three groups of people asking those questions. Then, I gave you some ideas about how we can answer the "right" accountability questions. Those two "right" questions are "Why does it cost so much" and "Is it worth it?" So, we have some background, we know who is asking the questions, and we have a few techniques that can be used to answer the "right" accountability questions.

So, where does all this take us? Hopefully to the next step. That step maybe different for you than it is for me, but I think everyone, parents, legislators, college leadership, the president and provost of your college, our recruiters, the alumni association director, in fact, just about everyone at our colleges will benefit if we start answering those two key accountability questions.

Thank you for your time.

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