Justin Draeger:

Hey everybody. Welcome to another edition of "Off The Cuff." I'm Justin Draeger.

Michael Itzkowitz:

Hey, this is Michael Itzkowitz. I'm the president of the Higher Education Advisory Group and also serve as a non-resident senior fellow at Public Agenda.

Justin Draeger:

Michael, really glad to have you here. For those of you who don't know Michael and don't recognize his name out in the field, Michael, besides being the president of the Higher Education Advisory Group and non-resident senior fellow at Public Agenda is also former director of the College Scorecard under the Obama Administration. Michael, our paths have sort of crossed and intersected at various times over the last decade or so here in D.C., really glad to have you on the podcast today.

Michael Itzkowitz:

Yeah, thanks for having me. I'm a big fan and a big listener.

Justin Draeger:

Oh, well, hey-

Michael Itzkowitz:

I'm excited to be on.

Justin Draeger:

That's even better then great. We're starting off on the right foot. I feel like I should stop and ask you for those who are longtime listeners, they know I have a couple keys on the piano keyboard that I like to hit every single year, and one of them I would be remiss if I didn't hit this week, which is my loathing of changing the clock around daylight savings time. How are you coping, Michael? How are you doing this week?

Michael Itzkowitz:

I love it personally. I've always been a night owl and this is terrible. It helps me sleep in an extra hour and I like a little bit more daylight in the evening. I am personally enjoying it and I apologize to folks who don't feel the same way. I know this is an controversial topic.

Justin Draeger:

Well, listen, listen, I'm not going to begrudge you for not liking daylight savings time. I actually love daylight savings time. The part I hate is changing every six months and I felt like we were getting some momentum in congress. Hugh, you're our producer and editor this week. Let me bring you into this for just a moment. You get up. You said something interesting, Michael, which is you're sleeping in. I assume that means you don't have kids or pets that are waking you up because they pay no mind. They don't care at all about what the clocks are saying.

Hugh Ferguson:

I have kids and I have pets, so I use my time as wisely and as effectively and efficiently as possible. Sometimes things are completely out of my control, but when I can, I will do my best to close some blinds in my house and get about 35 extra minutes during these next six months.

Justin Draeger:

Well, if I'm not talking about financial aid policy, okay, I'm talking about two things. I'm talking about when we can get rid of men wearing suits in the summer. All right? I find these totally outmoded and make no sense in the month of July in D.C., or August for that matter, and getting rid of changing clocks. Now, I don't care if we stay on daylight savings time all year round or if we just go to standard time. I'm not pick.

Michael Itzkowitz:

This is easy. I live in Florida and you can see my attire today, which will be my attire during the Summer and probably my attire during next Winter. I think it kind of depends where you live and you got to talk to your D.C., folks about that or you can just move out of the state.

Justin Draeger:

Basically what I'm hearing from you, Michael, is you're on board. If I were to run for Congress on these two platforms alone, I'm not even going to get into the Pell Grant, student loan forgiveness, just on getting rid of suits in the summer or anywhere where it's above 80 degrees.

Michael Itzkowitz:

I dress nicely because of the expectation of other people. I would be in a T-shirt and I am in sweatpants right now, and I won't talk about whether or not I'm wearing shoes during this podcast, but I did walk up to my room and think it was funny that I wasn't wearing shoes and doing work and doing a podcast.

Justin Draeger:

Two things I just learned, and I want to get to the congressional momentum about locking in one time for the entire year, but I just learned, I don't know if you know this Hugh or Michael, but I just learned in the last month that they make jeans now with spandex in the material. Did you guys know this? I was just informed about this via one of my children and my wife. Then social media of course just loaded me up on ads about all of this. Michael, I don't know, this might be something you want to look into because they do sort of feel like sweatpants, but they are in fact jeans.

Michael Itzkowitz:

I'm just wondering if it's a feel thing or if it has to do with Winter. Is just like a long johns situation? Are they a little bit warmer during the Winter or is it total comfort?

Justin Draeger:

Well, I think it's the look. I do commute into the office still. So if you're at home, then yeah, maybe this is all pointless. The second thing we do have about congressional momentum, about my second platform for president or Congress, which is the daylight savings or standard, I don't care which time we're on just as long as we stop switching. We do have a new chairman of the Senate Health Education, Labor, and Pensions Committee, Senator Bernie Sanders. Even though this is not the committee that oversees, I think it's actually it might be Trade and Commerce that oversees the national switching of times every six months. I couldn't help but notice that on Bill Maher two weeks ago, Senator Sanders was a guest and he was asked by an audience member whether he's supported us getting on one time standard all year round. Hugh, do we have a clip from that show?

Bill Maher:

What is the likelihood that Congress will abolish daylight savings time? I read this also today.

Guest:

Isn't it like they're calling it the permanent daylight savings time? I don't really under even understand what that could mean.

Bill Maher:

Do you care about this?

Senator Bernie Sanders:

No.

Guest:

Seriously? Come on.

Senator Bernie Sanders:

I have been criticized for having a very narrow focus. I accept that criticism, daylight savings time is not one of the issues that I've been studying.

Justin Draeger:

All right.

Michael Itzkowitz:

I did watch that, but I missed that piece of the-

Justin Draeger:

It the afterhours, so it might have even been on YouTube only.

Michael Itzkowitz:

Okay.

Justin Draeger:

All right. Hugh, I think what we can take from this Hugh, and Michael, is that Senator Sanders is not paying this any mind. It's unfortunate because he is a very outspoken senator or someone with a lot of clout followers, sometimes partisan, but I don't think we can look to him for support on this issue. This is not in his top five issues. Do you think that's fair?

Michael Itzkowitz:

I think he's looking to stay within his jurisdiction as a health committee chairman. You're right, it may fall under a different committee, but it is interesting to hear his thoughts on it. He's probably going to be focused on the $120 billion that flow to higher education institutions every year in the terms of grants and loans. Possibly a little bit of loan forgiveness, because that's been something he's been talking about. We shall see.

Justin Draeger:

Well, this is not officially a NASFAA platform and this has not been brought before the NASFAA board, but I'm not giving up the cause on us getting on one time standard all year long. That said, Michael, you did talk about the $120 billion that's in front of a federal student aid here on an annual basis. That sort of gets into one of the reasons I wanted to have you on the podcast. You were the former director of the College Scorecard, so you were sort of at its impetus. I wonder if you could talk just a little bit about the origins of the College Scorecard. It's gone through several iterations. Take us back in time a little bit. What was its impetus? What was some of the original thinking that went into its development?

Michael Itzkowitz:

I think that this has come to light that we need more information on better the outcomes of students that attend institutions of higher education across the United States. I would say that this kind of started in early 2000. It was actually under the Bush Administration. There was a Spellings commission, Margaret Spellings, who decided to think about what information is needed to provide better outcomes. The thought was that providing better information would provide a vested interest in institutions to look at their own outcomes and to ultimately improve. So they created this task force and ultimately release these recommendations in 2006.

In 2008, there was a revamp of the Higher Education Act, and they decided to provide some basic information on cost, on tuition increases. I think that we've seen the exponential increase in tuition and fees over the past few decades. As the cost of college has continued to rise as a percentage of families' income, this question of value has become more and more important. That's something that the Obama Administration was interested in. In 2013, and I would say this is abnormal for a president to talk about education and higher education so prominently, but he actually announced the College Scorecard in his State of the Union address.

What he said is that he wanted to provide a tool that would provide families and students with information to where they can figure out where to get the best bang for their educational buck. And this sounds like common sense, but we had a clunky system before called the College Navigator, and it was great, it had all the information, but it looked like I was back in the 1900s when they first created computers. And it is still there to this day. And we get a lot of information that is collected it through that consumer tool, through IPEDs, as a lot of your listeners probably know of.

In 2013, the Obama Administration created this simplified scorecard and it had very simple information like net cost, average amount of student debt, cohort default rate, which we can talk about a little more. That's one of the only federal policies in place to hold institutions accountable for that outcome. Then there was this one ominous box that said "Employment outcomes - to come later." It was right after 2013 that was announced that the White House decided to actually take a bolder move, and they said, "We have this information, there's all this information in the department, and why don't we actually rate institutions by how well they're doing? If they're doing really well, we'll think about maybe a possibly scaling those best practices and offer them a reward. But, if they're not doing so well, if most students are not graduating, earning above a certain amount or ultimately defaulting or unable to pay down their loans, then we would actually limit or restrict federal funds from going to them."

Justin Draeger:

Okay.

Michael Itzkowitz:

That would, yeah, go ahead.

Justin Draeger:

Yeah, let's pause for just a second because I want to dive into that for a minute. The impetus to this was, it's important to realize that one, this spanned administrations, Republican and Democratic, so this "we should be more transparent" was not a partisan idea.

Michael Itzkowitz:

No.

Justin Draeger:

This was bipartisan. Old habits die hard. I actually still use the navigator. If you looked at the, I don't know what the statistics are, but I still call up the navigator and I'm probably, it's not a consumer friendly tool. No student or parent should be using it, but that's still where I go to look at IPED stuff. The scorecard is today, I think it's a very consumer-friendly looking tool. You were a part of that transition from the navigator to this consumer-friendly thing. I remember when the department under the Obama Administration was proposing the ratings. Do you remember when we were transitioning to the scorecard, I don't remember there being necessarily a lot of resistance from institutions about the scorecard to sunshine. I do remember when there was the idea about the ratings there being a lot of concern because ratings denote values, and you probably remember being there, there being a lot of concern from institutions about ratings and the values that would be used to assign those ratings. Am I portraying that accurately?

Michael Itzkowitz:

I would say that that's an accurate portrayal. When we first decided the scorecard institutions were sort of flabbergasted by, "Oh my God, you're presenting all this information that was already out there that we already report, what are you going to be showing in terms of outcomes?" And it would be descriptive statistics. You're right, when we got into a ratings conversation, there is a value judgment that's being placed on institutions and like any value judgment people will say that it's somewhat arbitrary in terms of how they're rated and where they fall and which tier of institution that they ultimately fall into. Across the board, we saw institutional resistance towards the whole idea of ratings. Like we said at the beginning of the podcast, Justin, there is big money attached to this. There's like $110 billion now. I think there was $120 billion now where institutions only have access to federal student aid if they pass certain things.

And a rating system could ultimately restrict that if they're not rated or judged in the right way. We saw Lamar Alexander say that this is, he actually passed legislation to stop or presented legislation to stop a rating system altogether. Molly Broad, who was in charge of ACE at the time said, "All this data is flawed." I didn't really see much rhyme and reason for that. I ultimately saw it as a talking point from someone in the department. Because of this uproar, we had over 160 meetings with stakeholders across the United States. What happened was that was ultimately pulled back and what was presented in 2015 was not a rating system, but just a plethora of statistics and outcomes for students at institutions across the United States. That was like the revamped scorecard. And two main things happened there that were super important.

Number one was that we actually had the earnings of former students. That's the first time that we actually saw employment outcomes of how well students are doing at University of Georgia, Arizona State University, Broward Community College, which is Broward College at the time, every institution across the United States. Then the second part that was really important was behind the school consumer tool was a database that folks like me and a lot of different researchers now used, which had all information of about approximately 6,500 institutions and 1700 data points of outcomes or inputs on all institutions across the United States. Folks kind of use that in different ways to examine the value and evaluate colleges in different ways, which has been super useful.

Justin Draeger:

Okay, let me ask a question. Okay. Just you and I. Nobody's listening. Nobody listens to this podcast. Here's a conspiracy theory. The ratings, was the ratings like a red herring so that you could get those two things? If you had just come out and said, "We want to do these two things." And all the schools just lose their minds, like, "No, you can't do these two things because it's reductive. You are reducing higher ed to these two things only, and that's not what higher ed's about." If you say you're going to do a ratings and everybody loses their minds about ratings, but you ultimately end up with these two valuable things that you just discussed, then you've still got really two valuable things, which allows researchers, yourself, and a lot of other folks to really come out with this enormous database of data points that allows us to have a really valuable, first of all, a lot of sunshine. Second, a really valuable conversation about the return on investment of higher education.

Michael Itzkowitz:

The conspiracy theory is that the White House used us as a negotiating starting point.

Justin Draeger:

Well, it's politics. It's politics. It's politics. The ratings was doomed to begin with. Nobody in their right mind thinks that politically you could come out and rate colleges, like the federal government has the right to rate a rate a bunch of schools. What you then come out with is this middle ground where if you had started there, you might not have even come out with these two.

Michael Itzkowitz:

I'm out of the federal government, but I rate schools often now. No, that's pretty smart if that was a negotiating starting point.

Justin Draeger:

You don't want to say that's what happened.

Michael Itzkowitz:

I don't believe that to be true, to be honest. I really think that the number one reason why students attend college nowadays, we've seen this year after year is to, for greater employability and to have a financially secure future. Moving towards earnings in terms of one piece of data to show whether or not students are actually succeeding after attending an institution is common sense. It's actually meeting consumers' needs. I think that the department, they have the authority to do this anyway. This is information that they have. This isn't going against any sort of authority. The thing with the rating system that's interesting is the federal government, the Department of Education could have done that. They could have placed the value system. It's all transparency. It's not regulatory. It's not statutory. For them to be able to tie federal student aid to those ratings for all institutions that would've needed congressional action. I think sometimes you say things in politics to try to spur congressional action, and it wasn't very well received by the institutional community. And that's ultimately how we ended up with the scorecard as it is today.

Justin Draeger:

I learned very early on in my government relations career taught to me by mentors that just from in a political sense, it's never good to oppose sunshine. Sunshine is always good. I internalize that. I personally believe that, I believe that in my advocacy work too, sunshine is always good. When you start applying value judgments though, that's where things can get really complicated. I'm curious, when you look at accountability metrics, there's two ways you can do this. Transparency, which is giving consumers information to make wise choices. You do apply some values to that. If you're talking about return on investment, and Michael, you've done a lot of work on the return on investment aspect of this, you do have to apply some arbitrary values to this.

For example, some work that we've looked at is like, okay, do people who graduate college in certain programs earn at least as much as someone going to high school earns? I think that's a valuable data point, but then you have to apply a time metric to that. Do they earn as much as a high school graduate X amount of years out of college? And as you know, in some programs, if you're an engineer, you're going to outearn a high school graduate in year one. In other programs it might be a few years down the road. How do you do that, how do you apply these sometimes arbitrary timeframes or other metrics to measure these ROIs?

Michael Itzkowitz:

I think the one you mentioned is less arbitrary. It's like if you go to college, 90 plus percent of students, if not nearly a hundred, would want to earn more by going to said post-secondary institution than they would have if they didn't go to a post-secondary institution. As you would know and your folks know, investing in college as one of the largest financial investments that folks will ever make behind getting a mortgage. It's a really big deal that ultimately pays off. Now, it doesn't mean that you're going through college strictly for economic terms. There are many of other positive social traits that come out of attending an institution of higher education. This key factor, like you said, I don't see that as arbitrary in terms of students expect this and they should ultimately want to earn more than they would have as someone with no college experience.

Now what I've seen through my research is, you know the College Scorecard, it doesn't present stuff in these large broad analyses, but I can because I'm not working in the federal government with this exact point in time. So I did some research that looked at, it's something called the price to earnings premium. Essentially it looks at the cost that students pay out of pocket to obtain a credential. The earnings premium that they get. And earnings premium is defined as the amount more than they earn than the typical high school graduate within their state. I actually look at their earnings 10 years after they've enrolled in the institution, Justin. You talked about timeframes. I tried to be as generous as possible within this analysis. One key data point that stands out is that 14% of institutions across the United States, that was 442 institutions in my sample of about 3,200. They leave students with no economic ROI even 10 years after they've enrolled in the institution. So that means that the majority of students are earning no more than the typical high school graduate in the state where their institution is located even 10 years later.

Justin Draeger:

Is that by institution or program?

Michael Itzkowitz:

That's by institution. So this is specifically, and it's within the state. If you went to a school in Florida, I compare your earnings 10 years after you've entered an institution to a high school graduate between 25 and 34 years old. They're roughly the same time, and this is 10 years later, if you did a four year degree, let's just say you finished in four years, that would be six years after you graduate. If you did a two year degree, it would be eight years. If you did a certificate on average it would be nine years. It's really a generous timeframe, and we still see all these institutions failing to provide this to the majority of their students, which makes it an extremely risky investment for students, but also taxpayers alike as these students won't be as likely to contribute to the economy in terms of taxes and working.

Justin Draeger:

The next question I think people would have is then are they a certain type of institution? For example, the schools everybody talks about in higher ed is are they for profit? Are they career schools? Are they publicly traded companies? What type of schools are they?

Michael Itzkowitz:

Look, I like to use data as objectively as possible, but I can see trends through that data. So there are some good for-profit schools where students perform really, really well. Within my sample, I could see that about a quarter of for-profit institutions leave the majority of their students able to recoup their educational costs within five years. They're earning enough to ultimately recoup the cross of their credential very, very quickly. These engineers that you said, or computer science majors, or nurses, they offer a specific credential that's ultimately really good for students at the institution that they're offering at. Now when you go to the flip side, there's this no economic ROI. What's the percentage of schools within different sectors where the majority of students are earning no more than the typical high school ground. You actually see 51% of for-profit institutions, over half, failing to meet that minimal economic benchmark.

Now that compares to 4% of private nonprofit institutions and 4% of public. In terms of risk, if you just look at the institution as a whole, you can see that it's disproportionately more risky for students and taxpayers to spend their time and money at these specific institutions. The one caveat that I'll add to this is it's also clustered. There are specific types of institutions within the for-profit sector that are concentrated within that 51%. The most famous example is cosmetology schools. Some folks will say like, "Oh, they don't report income." They actually presented that argument to Betsy DeVos as they were challenging, I believe was the gainful employment rule at the time.

The DeVos Administration, interestingly enough, said, "We don't have enough evidence of widespread under reporting." Now that's the argument that they made. I will say there are certain types of professions, and there're oftentimes shorter term credentials as well. When we take settler out of the equation, we can see that within this no ROI category, if you get a bachelor's degree, only 1% of bachelor's degree institutions leave the majority of their students failing to meet this economic benchmark. You're going to have some ROI at a four-year institution. That's what that suggests.

Associate's degrees, 7% fail to meet that economic benchmark. Certificate degrees, these are the short-term programs, it's 40%. You can see it spreading. Yeah.

Justin Draeger:

All right. There's a lot of implications here. Let me test a few of these. Tell me if I'm reaching the right conclusions. This concern about liberal arts degrees not meeting the benchmark, that's not a concern because you're telling me that almost all four year degrees across the board are going to be fine, largely.

Michael Itzkowitz:

Before people read my work, right? Yes. When they see the title, they're like, "Michael, why do you hate liberal arts degrees? Why do you hate theater? But why do you hate graphic design?" I'm like, "No, if you look at the data, yeah, the four year liberal arts degrees across the board, they're offering some ROI." It depends on the timeframe, like you said, Justin. It usually takes liberal arts majors about, they're ultimately earning above this minimum threshold, but after five years you can see their salaries actually do an exponential increase. It does depend on the time timeframe. In terms of attacking liberal arts, it actually shows that it goes against the intuition that they're not going to perform as well at four-year institutions.

Justin Draeger:

Liberal arts, they meet the benchmark, and this is the argument liberal arts have made for a long time, which is it takes longer to ramp up, but when they ramp up, they do just fine.

Michael Itzkowitz:

Yep.

Justin Draeger:

Okay. Liberal arts, no problem. Associates degrees? Largely no problem. I think you said around 7%, but there might be some issues with some associates degrees, but largely over 90% are doing fine.

Michael Itzkowitz:

What I want to say about associates degrees is they're actually the most likely to have their students recoup their educational costs within those five years. It's probably because the cost is less. It's oftentimes more affordable. You're only going to school for two years, and then those students are actually earning enough to be able to recoup those costs. In comparison to bachelor's or certificates, it's the most likely type of institution to pay off very, very quickly.

Justin Draeger:

You just got at the two parts of this equation, right? Because it's price to earnings. Part of it is do they earn enough. The other part of this is price. This does sort of beg a question, another implication of this is how much the schools are charging, which sort of gets at another question of differential tuition. If there's a program of schools offering where the earnings isn't going to be enough and this doesn't get at the cost of the program, that's a whole nother bally wick we don't have time to get into today, but the costs for the school to provide the education. Presumably the school could meet a benchmark like this by lowering the price of the program, if this were an accountability metric.

Michael Itzkowitz:

Yeah, I mean I think there's two factors like you said. The schools that perform really well on this type of metrics are schools that have a very affordable educational pathway. Schools that provide a strong earnings premium, and oftentimes both, it's both of those factors. In terms of how do you create better value, it's kind of common sense. Either lower the cost, you offer better value, or you do a combination of both. There's different ways to do that. And I think the cost issue is more challenging because there are external factors in terms of state investment and federal funding that ultimately affect that. I think that there's really interesting ways to think about how you better economic outcomes with the information that we have available today, specifically the move towards program level data that shows how well students that graduate specific college programs are performing.

Justin Draeger:

Okay. Now, where I heard there are issues, real issues, sizable issues though are certificate programs. Some of that might be caught in gainful employment because ... Some of it. Gainful employment is using a different metric so maybe not, but let's leave that aside for just a second because that's a whole nother thing. Gainful employment only applies to non-degree programs or for-profit programs, but on certificate programs, the implication I'm interested in your take on is how many alarm bells then are going off in your mind when we talk about Pell for short term programs? Because where there's one area of bipartisan agreement on Capitol Hill right now is Pell for short-term programs. All I keep thinking about in the back of my mind is this is one area where Democrats and Republicans seem to be on board. And I think, boy, where is there an area where there might be programmatic integrity issues? I think about short-term programs. What I'm hearing you say is there are already price to earning ratio issues with certificate programs. Now let's talk about short-term programs.

Michael Itzkowitz:

Yeah, short-term programs are super interesting. The way that I view these is, they've been viewed as the cure to higher education by some folks. They're like we need more of these. We don't need to spend time at a four year institution. I just joke, spending time on the quad and having Hare Krishna lunch and bouncing ideas off each other. It's like, no, students want to go in, they want to gain a specific skill, they want to enter the workforce and they want to be able to earn and provide and use that skillset productively immediately. Short term programs, they usually take between six and 18 months as of today; they're generally called certificate programs. The way that I view these is if they work well, they can be one of the quickest paths to socioeconomic mobility. Right?

It's like you're not spending that much, you're in school very quickly and then you're earning more than you would have if you hadn't attended that specific program. We talked about program level stuff, Justin. One of the things I did with price-to-earnings screening is I also looked at the program level data. What we can see with the program level data is certificate programs, they actually pay off oftentimes quicker than bachelor's degree programs, where within zero to five years, about half of them show students able to recoup their costs within five years or less. Now, this risk factor that you mentioned is the thing, ding, ding, ding, yes, alarm bells are going off. Short term Pell you are throwing money into the wind and rolling the dice at the Las Vegas casino as 42% of certificate programs actually leave the majority of graduates earning less than this typical amount.

This was two years after graduation, Justin. Now the department has longer term data, which will provide more reliability, but I think it's going to be pretty correlated. What that says is we used to have $30 billion going through Pell. I think we're at $25 billion that flows to students. It's one of the most important programs that we have in terms of affordability for students. I think it needs to be increased in terms of the amount that students get nowadays to attend an institution of higher education. When we're kind of opening up the door with no accountability to the riskiest programs that we have data on, it's super risky without quality assurance in place. And also a lot of these are unproven programs. We don't have the data on them, so they need to come up with a system to ensure outcomes to where we're not ultimately wasting students' time and taxpayer dollars on programs that just don't work.

Justin Draeger:

I would say you have a lot of alarm bells going off about Pell for short-term programs, at least in terms of the price to earnings idea or that there's a payoff.

Michael Itzkowitz:

It's earnings. You have a Pell Grant. The short-term program might cover some of that, but you're wasting students' time and taxpayer dollars in terms of billions of dollars. I can just think of so many more ways to use this money effectively and efficiently. We don't really target higher education dollars towards programs that work. We haven't really done a lot in terms of scaling stuff at the federal government and looking at best practices. I think that conversation's just beginning to open up. I hear some talking points from Secretary Cardona, and I won't say they're talking points, but he's saying them right now. And I say it because I don't know what action's going to happen, but he talks about the economic mobility of colleges and he's out there and a fun thing to do is to bash US news because it rewards Princeton, Yale, and Harvard, and they don't let any low-income students in. What kind of economic mobility are they actually having? Everyone knows US News.

The departments, I think that they're in a beginning stage of saying it, trying to figure it out. It'll be interesting to see where they go with that in terms of recognizing schools that are ultimately be delivering on the promise for low and moderate income students. Not in terms of just how well they serve them, but in terms of the proportion of those students that they let in as well.

Justin Draeger:

My final implication from some of the data that you've looked at is with the certificate programs, this is an honest question is some of the certificates have state requirements for them, so let's stick with cosmetology or another one if you'd like. A lot of states require a certain number of hours, and I don't know if that's because of lobbying by those industries or what, but if a cosmetology licensure requires 1500 hours and there's a price associated with the number of hours that they have to receive, is that because of the state requirement, or is that because of the schools and how much they charge for them to receive that? Do you see what I'm getting at? You can apply that same principle to a sociologist or a social worker, I guess. Someone who is trying to meet a licensure requirement but isn't going to earn that much, even though that's what they have to do to receive the licensure.

Michael Itzkowitz:

I was going to say, I have a sociology master.

Justin Draeger:

Sorry about that.

Michael Itzkowitz:

I was like did I miss some licensure?

Justin Draeger:

I don't know. Not my field.

Michael Itzkowitz:

I don't know. I hope not. Cosmetology is interesting because you're right, there are state licensure requirements that require a certain amount of clock time and it's just like, I don't know, I'm thinking about this practically. It's like, yeah, I do want my barber to have some sort of experience in terms of being able to give me a good haircut. That's just the broadest example. Does he really need 1500 hours? I think that it's something crazy like that in the state of Florida, and they're required to go to institutions, they can receive some Pell grants if they qualify, they can take out federal student aid, but then they're ultimately not earning a very high salary. In terms of federal regulations, it's like, "Okay, what do we do here? Do we ding these kind of schools and not provide them grants and loans because their earnings are so low?"

Let's just say that we did that through gainful employment or whatever it is. Then what happens? It's like no one can afford to go to these schools really anymore. Ultimately, would that begin lobbying efforts at the state level to say, "No one's going to attend these schools. You have 1500 hours. We're not getting Pell grants. We need to lower this requirement." That's just one interesting example, which is sort of a trickle down effect. I don't know how that would play itself out, but I do know in terms of federal funding, if you become a barber or a graphic designer or an artist or a theater major, this is a very low economic threshold when we talk about earning below the typical high school graduate, whether or not there are plenty of schools that do it really well in all of these fields, but there are so many that don't.

Justin Draeger:

Yep. Is it fair to say if you were to rewrite the law in some way, this sort of price to earnings ratio or some sort of metric like that, you would apply this to both the program level and an institutional level? They wouldn't be necessarily the same exact thing, but it should apply to both.

Michael Itzkowitz:

Right. I think you call it a belt and suspenders approach. You need something at the institution level, but you do need to look at programmatic stuff too. I think that there's pluses in both. Institution level, that's the only thing that we really have in place right now as gainful employment is steadily and continuously working itself out through a number of different administrations. You have something called the cohort default rate. It makes sense intuitively. It's like if 30% of students or more fail for a consecutive amount of years, then we won't fund that institution. What does that show? It's an institutional failure. It's like broad institutional failure. That makes sense when thinking about new metrics to apply in terms of accountability for higher ed. I think the programmatic level stuff is also very, very important. Number one, providing that data. Let me just mention this because you said this goes across different political views.

This was something that was talked about in the Obama Administration. Betsy DeVos and her folks, they essentially got a lot rid of the regulatory stuff that we've been talking about gainful employment. What they said is that we're going to provide all this programmatic level data. That's something that they did. My project, this college scorecard, it's the only thing that didn't go away during the last administration and the new administration, Biden continues to build on that. It is very interesting. This is a very politically neutral thing. Now you have all this programmatic level data and what happened with gainful employment last time, they released some data and a lot of programs preemptively shut down because they saw that their program wasn't working very well. The most famous example is this Harvard theater program. It's Harvard, it's like we're paying too much, they're earning too little and it's not providing a good ROI.

I see this in terms of a broader scale thing is let's just say I'm like a community college president and I have 50 college programs and I have the outcome data, economic outcome data for those 50 programs. I can see 35 of them are doing really well. They're all recouping their educational costs within five years or less. Five of them are like yield between 5 and 15 years. And then you have 10 where the majority of graduates have no economic ROI whatsoever. What does that really say? Number one, it's a flag, right? What's going on here?

Number two, it causes you to examine, is it the department itself or the professors? Is it the career center not matching students with their active employers within the area? Are we not providing these students with the right skills to match what employers need within the 21st century? Or are we ultimately offering credentials where there are no jobs within the geographic region that we're offering them? It's usually the latter, but it's not information and not really a conversation that's been as told and as being said as we're hearing today. I hope that that's the future and how folks begin to use this.

Justin Draeger:

Yeah. Michael Itzkowitz, it's been great having you on the podcast, really thoughtful conversation. I'm really glad that your data shows that we would still have a liberal arts education in higher education. It's an argument that we have in my own household that I'm currently losing with each of my children who are going into STEM. I'm still holding out hope that one of my kids will consider liberal arts at some point in their post-secondary careers. This has been really fascinating and what's interesting to me about all of this, whether we're talking about this sort of like with an economics paradigm or a political paradigm, it's all about trade-offs. NASFAA of course, supports doubling the Pell Grant program. I'd like us to return to our roots, which is grants provide access, loans provide some form of choice.

To get to all of that, I think we also have to accept higher levels of accountability and post-secondary education. I think this is a really thoughtful way to do it, which is to accept more institutional accountability and some higher level programmatic accountability. There are obviously a lot of nuances we have to work out, but the work that you've done, I think gives us a really good base to work from.

Michael Itzkowitz:

Thanks very much.

Justin Draeger:

Thank you so much. Michael, any last words? Then I want to ask you where people can find you.

Michael Itzkowitz:

Yeah, I mean ultimately I want to just say that college is still ultimately worth it. There is reason for skepticism, there is reason for more informed consumer choice, but we can see that the majority of colleges are ultimately providing a quick ROI in terms of economics for students. You do need to be careful. We can see that more and more colleges as we get more and more data ultimately and can leave students worse off. We need to be picky. We need to ask Congress for increased accountability so that the quality assurance for students and taxpayers is ultimately where it should be.

Justin Draeger:

Michael, the founder and president of the Higher Education Advisory Group, non-resident fellow at Public Agenda, where can people find you, Michael, after the podcast?

Michael Itzkowitz:

You can reach me on my website at theheagroup.com. Also I am an still somewhat an active Twitter user @mikeitzkowitz. I'll be putting out charts and graphs and fun stuff, but if anyone wants to reach me, I am usually available.

Justin Draeger:

We'll make sure we link to all of that in our show notes today. I've really enjoyed the conversation. Michael, thanks for coming on.

Michael Itzkowitz:

Yeah, thanks so much for having me. I appreciate it, Justin.

Justin Draeger:

All right, Hugh, let's talk about what's going on in the news this week. What's happening?

Hugh Ferguson:

Yeah. A couple of items this week. First off, we have federal student aid announced earlier this week. They will utilize secret shoppers to evaluate recruitment, enrollment, financial aid, and other post-secondary program practices in order to ensure that schools are not conducting predatory or deceptive practices and violation of Title IV regulations. The launch of this monitoring program is a part of the Department of Education's Office of Enforcement Unit, which is relaunched under the Biden administration with the aim of strengthening oversight efforts. We have more details in Today's News on the scope of this program.

Justin Draeger:

Right. So people can check that out in Today's News. What else is going on?

Hugh Ferguson:

We also have a couple of FAFSA rollout updates. First off, NASFAA joined seven another higher education organizations and a letter urging FSA to consider a number of recommendations should the Department of Education launch the FAFSA later than its typical October 1 release date. As our listeners remember, FSA has been non-committal to an October 1, 2023 launch date for the 2024-25 FAFSA, and instead has reiterated that the FAFSA will be launched by January 1, 2024 as required by law. There are a number of recommendations offered in the letter if the FAFSA is, and the letter goes on to read that if the FAFSA is delayed, it will be critical for FSA to take proactive steps to stem any confusion that could come from this delay. Listeners can check that out in the show notes as well.

Justin Draeger:

Yeah, specifically, I think the letter says if it's delayed, we want to know the date by May 1st. All right, what else is going on?

Hugh Ferguson:

Yeah, and then second NASFAA is also urging FSA to consider the implications of removing a housing question from the FAFSA. Specifically, we wrote to ED that, "The removal of the housing question on the 2024-25 FAFSA coupled with new COA requirements could result in less accurate housing estimates, which could lead to students not having enough financial aid to pay for housing or conversely to over-borrow." We'll have links to coverage of that letter in Friday's TN.

Justin Draeger:

Fantastic. Thanks, Hugh, to you and the entire Today's News team for keeping everyone up to date. Thanks to all of you for tuning into this week's "Off The Cuff." Thanks again to Michael for coming on and talking us through some of these accountability metrics. Remember to subscribe and remember to leave a rating on "Off The Cuff" on your podcast app of choice. Send us your comments, and if you're interested, you can join one of our "Off The Cuff" communities. We'll leave a link in the show notes if you're interested. Thanks everybody for tuning in. Remember to subscribe and we'll talk to you again very soon.