The ROI Debate: Arts Schools in the Age of Big Data

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<u>Abstract</u>: Art school administrators, their boards and faculty, need to be better informed about career outcomes among their graduates, beginning, but not ending with economic data on employment, earnings, debt and default rates. The Strategic National Arts Alumni Survey provides the most detailed survey of alumni career outcomes in higher education. At the same time, and for the first time, education and employment datasets are being merged by the Department of Education to give a fine-grained measure of economic ROI for specific majors or fields of study. Analyses of these data for Visual and Performing Arts graduates often reveal a weak economic ROI for graduates of arts programs. These data and their analyses are being promoted as consumer education tools that influence the educational choices of student. They are also influencing public policy that affects the financial aid programs that have sustained enrollments and broadened access to a college and graduate education in the arts. Some of these proposed policy changes, including reinstatement of the Gainful Employment standard, could have seismic consequences for arts and design colleges.

The faculty, staff and administrators making a living in art and design schools, whatever the many challenges of those jobs, are economic beneficiaries of those colleges—conspicuously so. These employees are artists, performers, designers, technicians and scholars who are often graduates of those very colleges. Higher arts education professions are among the best paying, secure, and abundant jobs available to graduates of arts colleges, a virtuous circle of professional expertise and education.[1]

Also clearly, federal funding for higher education, especially through Title IV federally insured education loans, has kept college enrollments thriving and been a huge stimulus to the post-secondary education industry including arts colleges.

Furthermore, what progress has been made in student diversity and increased access to arts colleges and schools, as in all post-secondary education, has been made possible through private, state and federal grant and scholarship programs as well as through broadly available Title IV education loans.

What's less clear—and increasingly debated—is whether the typical student and graduate of these colleges, and especially those who go into debt to attend them, enjoy a comparable economic benefit. Critics of these schools say that whatever else they may accomplish, they decisively are not delivering an economic benefit to the typical graduate.[2] They argue that the

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[1] Twenty years ago I argued in an unpublished paper, "American Medicis," written for the 104th National American Assembly on "The Creative Campus" that the American educational system was an underappreciated and underestimated channel of private and public patronage for the arts. Policy reforms that substantially alter the post-secondary arts education industry will also have a knock-on effect on the patronage that flows to artists and creatives through this system, and consequently, on the cultural life of communities small and large throughout the country.

[2] "Artists Report Back: A National Study on the Lives of Arts Graduates and Working Artists," BFAMFAPhD (2014.)

economic ROI on most art school degrees is poor at best and often negative—that is to say, the average graduate, compared with peers, realizes reduced earnings after receiving an education in the arts. These critics believe new data prove it and are recommending that art schools be subject to much stricter accountability and regulation.

It would be a huge mistake to treat economic ROI—future earnings and wealth—as the sole measure of value in a college or post-graduate education. We can and should insist that an education in the arts has personal and societal benefits beyond any vocational or economic return on investment. Those non-economic benefits are profound and rightly deserve to be celebrated. And creative talent ought to be better remunerated in our economy!—another policy topic worth examining closely.[3] But these noneconomic benefits do not excuse or license a disregard for the economic consequences of an arts educations, especially when many of us working as employees of these businesses realize a secure livelihood from them—and in the case of commercial colleges, an outright profit.

As I write this in November of 2021, the Department of Education is entertaining changes to Title IV of the Higher Education Act of 1965, the student lending program that currently holds over 90% of the $1.7 trillion in education debt that is now widely described as the "student debt crisis." A wide variety of policy remedies are being proposed many of which could reshape the higher education landscape and especially so in arts education.

Informing this process, the Department of Education is merging datasets that correlate higher education data on graduation rates and cost of attendance with data on employment, earnings, and education debt. This allows new, fine-grained insights into how a student's choice of schools, and choice of a major field of study, lead to livelihoods and financial outcomes—or fail to.

These ROI analyses of college programs of study have inspired a new wave of press warnings, led most prominently by the *Wall Street Journal*, about the cost of higher education, runaway education debt, poor economic ROIs, and the need for stricter accountability and better regulation.[4]

When it comes to vocational outcomes and economic ROI, not all college or graduate degrees have equal payoffs. We've long known that. We're now at a big-data moment when we can, with increasing accuracy, measure the differences. The presumption largely accepted since WWII that post-secondary education, regardless of program of study, is a universal economic good, perhaps deserving to be treated as an entitlement, is being questioned as never before.

Playing to the "starving artist" stigma attached to the arts, college programs in the visual and performing arts have come in for some of the harshest criticisms among the many college majors

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[3] https://www.chronicle.com/blogs/letters/essay-wrong-to-indiscriminately-condemn-university-based-arts-programs

[4] Michael Nietzel, "The ROI from College for Low-income Students," Forbes, (April 1, 2021); Melissa Korn and Andrea Fuller, " 'Financially Hobbled for Life': The Elite Master's Degrees that Don't Pay Off," Wall Street Journal (July 8, 2021); Kevin Carey, "The Great Master's Degree Swindle," The Chronicle of Higher Education (August 5, 2021); Ann Carrns, "Will that College Degree Pay Off?" The New York Times, (August 13, 2021); Susan Greenberg, "Judging a Degree by the Program, Not the College," Inside Higher Education (September, 16, 2021.)

leading to low-wage professions. In the *Chronicle of Higher Education*, Kevin Carey declared that "the whole apparatus of university-based arts education is a financial catastrophe for students." And that

> Taking on loads of debt to train for a profession that is commonly modified by the word "starving" is a terrible idea, and it doesn't really matter what kind of college is involved. For-profit, nonprofit, public — the numbers are awful. . . Visual and performing arts: bad. Fine and studio arts: bad. Drama and theater: bad.[5]

Denunciations of college arts degrees and careers in the arts, are not to be taken lightly. During the Obama administration, similar concerns about for-profit schools and professional certificate programs led to the formulation of the Gainful Employment rule.[6] That rule tied eligibility for federally insured education loans to a college's average student debt falling below a maximum debt-to-earnings ratio. While the rule was never fully enforced and was later amended and finally repealed by Secretary of Education Betsy DeVoss, it had a dramatic shakeout effect in the for-profit sector of higher education, including many vocational creative arts programs.

What's often forgotten is that some high-cost graduate programs in elite, private R1 universities, including Harvard, Johns Hopkins and the University of Southern California, were also exposed for failing the Gainful Employment standard.[7] All three of those programs were arts programs.

Arts college administrators, department chairs, deans, provosts, and their boards—and their faculty—need to be especially alert to their role in the student debt crisis and need to be more proactive about helping their students to avoid excessive debt and achieve gainful employment after graduation. They also need to be well informed about their graduates' career outcomes and energetic about pushing back against the starving-artist stigma that attaches to professions in the arrts.

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With aggregate education debt surpassing $1.7 trillion, with $125 billion of student debt in default and 25% of borrowers defaulting within five years[8], there is bipartisan conviction that Title IV of the Higher Education Act of 1965 needs reforming in ways that reduce the burdens on student borrowers and their families while also hold the post-secondary education industry to greater account for driving up costs and debt.

The Biden administration—and curiously, the pandemic—have brought new relief to the more than 40 million Americans carrying student loans. These efforts are significantly reducing

[5] Kevin Carey, "The Great Master's Degree Swindle," The Chronicle of Higher Education (August 5, 2021.)
[6] https://studentaid.gov/data-center/school/ge
[7] "Gainful Employment Information," Federal Student Aid, US Department of Education; Fernanda Zamudio-Suarez, "Here are the Programs that Failed the Gainful Employment Rule," Chronicle of Higher Education (January 9, 2017); Chris Jones, "Harvard Blues: Why High Tuition for an Arts Education is a Lousy Idea," Chicago Tribune (June 21, 2017).
[8] "Student Loan Default Rate," Education Data Initiative

education debt, and distress and defaults from those debts, through increased public spending, including the following[9]:

- Both the Trump and Biden administration paused student loan repayments, and accumulating interest, now extended through May 1, 2022 and expanded to cover privately held student loans as well as federal loans.
- The Pell Grant program is expanding eligibility and grants in various ways.
- Debt relief programs streamlined and liberalized to qualify and relieve $2.6 billion in student loans for students defrauded by for-profit colleges.
- $7.1 billion in student debt has been cancelled for more than 350,000 student borrowers with disabilities.
- The Public Service Loan Forgiveness program (PSLF), a much decried disappointment to date, is intended to forgive the remaining balance of loans for public service employees who have completed ten years of payments. It's being reformed and streamlined to make more public employees eligible, with the potential for 50,000 public employees to realize $4.5 billion in loan forgiveness.
- The interest on student loans is being retroactively forgiven for former and active-duty military service members in combat zones.

The Biden administration has, however, shied away from the most generous proposals for universal loan forgiveness.

These remedies are also indirectly generous to the higher education industry, insuring affordability and access to these schools. But it would be Pollyannaish to imagine that policy reforms will not impose greater controls on the soaring price increases in higher education. Indeed, a wide range of accountability reforms are being proposed in reaction to the economic ROI data now being reported.

Reviving the Gainful Employment rule and imposing it universally on all postsecondary educational programs relying on federal education loans is at least one policy proposal being advanced.[10] Depending on how the rule is reformulated and applied, this could have a dramatic effect on many visual and performing arts degree programs, and especially high-cost graduate and professional degrees, many of which are high-revenue centers for colleges.

Other recommendations could have similarly profound consequences for post-secondary degree programs including most arts colleges, especially those tuition-driven colleges most dependent on student borrowing. Some of those proposals are the following:

- Stricter borrowing limits on Grad-PLUS and Parent-PLUS loans, perhaps indexed to the predicted earnings for graduates of a degree program, from a particular college, in a particular state

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[9] "Here's everything Biden has done so far to address the $1.7 trillion student debt crisis" Business Insider (Dec. 27, 2021.)

[10] "The (Renewed) Fight over Gainful Employment," Inside Higher Education (January 18, 2022).

- Approval for and funding of programs of study conditioned on predicted alumni debt, employment outcomes and earnings[11]
- Colleges sharing with the federal government the financial liability of defaulted education loans
- Elimination of federal loan guarantees, interest rate subsidies and loan forgiveness
- A return to greater dependence on private lenders rather than the federal Direct Loan program

Inside Higher Education has done a consistently superb job of reporting on Title IV reforms and higher education ROI and the student debt crisis. Founding editor Doug Lederman recently reported[12] on a variety of "risk-based approaches to oversight and compliance" at both the federal and state levels that are already making their way into regulations governing accreditation and borrowing.

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Many of us in executive or board positions in higher education have only vague ideas of what our graduates earn, where and how they're employed, and what debt they may be accumulating and carrying into their careers. We celebrate and market our successful celebrity alums and gloss the averages. Often we simply don't know enough about our graduates to be certain we're not complicit in an artistic version of a Hoop Dreams talent tournament—a system that "succeeds" by recruiting many aspirants into a training funnel for sifting the singularly talented, determined, and lucky, who reap winner-take-all rewards while leaving the vast majority disappointed and in debt. We shouldn't want our educational system to be not more than a competitive sieve for winnowing talent, but how would we know if it were?

The Strategic National Arts Alumni Project (SNAAP) survey has for nearly 15 years been an instrument for schools and colleges to discover a nuanced, statistical and anecdotal picture of career outcomes of their graduates. The SNAAP survey examines economic outcomes—employment, income, debt—but also explores a much richer, multi-dimensional view of the lives of art school graduates.

The economic ROI data are out there, more abundantly and transparently and in greater detail than ever. They are being collected by the US Department of Education, by state education agencies and system offices of public universities. Those data are being digested, analyzed, and evaluated, college-by-college, program-by-degree program, year-over-year by journalists and scholars, liberal and conservative policy think tanks, by legislative aids and lobbyists. Those data are publicly accessible, and the search engines and consumer dashboards that mediate access to those data are shaping and reshaping student decisions about how and where and when to enroll in college arts programs. Or not.

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[11] For one example, the state funding formula for California Community Colleges includes as a variable "the number of students who have attained the regional living wage." For another, the Texas Higher Education Coordinating Board strategic plan, "60x30 TX" states as one of its four overarching goals that "by 2030, undergraduate student loan debt will not exceed 60 percent of first year wages for graduates of Texas public institutions."
[12] "Using Colleges' Outcomes to Gauge Risk for Students," Inside Higher Education (February 1, 2022.)

Here is the big take away: the ROI data on a college education in the arts, to a large extent, with the exception perhaps of degrees in Arts Education or Design, are not flattering to many art schools, private or public, especially high-priced graduate programs. This is especially so when compared to other majors like business, engineering, and computer science. Those data, and the consumer dashboards that allow prospective students to explore those the data, are largely discouraging to students weighing their career prospects as a major in the visual and performing arts.

In a follow up, I'll suggest ways in which art school executives and their faculty can and should be responding to what we're learning in this age of big data about the economic ROI of our programs. Until then, I would encourage art school administrators to explore ROI analyses for your own schools and programs.

Begin with the US Department of Education College Scorecard. The site allows students to learn, for any college, undergraduate graduation rates, average net cost of attendance, median annual earnings of graduates (by degree program) two years out of college, and graduates' median debt from federal education loans. What's new in these data is that they can be broken out now by major or field of study. The "scoring" comes from the Scorecard allowing side-by-side comparisons of colleges and majors along these data vectors. Colleges can be compared to colleges. Majors within colleges can be compared to one another.

See whether your school's programs have "median total debt after graduation" greater or less than the "field of study median earnings," a rule-of-thumb criterion of excessive student borrowing. The Scorecard data do not yet include data for graduate completion rates, borrowing, and graduate earnings, where the debt-to-earnings ratios are typically much worse for art school graduates, but we can expect these data to be made public before too long.

These DOE data sets are being made available for further analysis to journalists, policy analysts, and scholars. Most recently the Georgetown University Center on Education and the Workforce has used these data to publish yet another ROI ranking of 4,500 American colleges. Of the 66 "special focus," four-year (i.e. DOE data do not include graduate programs) art, music, design, and architecture colleges included in these rankings[13] 89% fell into the bottom quartile of Georgetown's 10-year ROI rankings, a distinction shared with many for-profit colleges. These same 66 colleges, interestingly, deliver much stronger ROI over a 40-year, career-long measure, but even then more than a quarter of the included arts colleges fell into the bottom quartile of the Georgetown ROI ranking after 40 years.

Also have a look at the US Census Bureau's Post-Secondary Employment Outcomes Explorer (PSEO), an "experimental" consumer web site that aggregates earnings data on, so far, public universities in 21 states. This site dives down into data on earnings by college and program of study in both undergraduate and graduate degree programs one, five and ten years past completion. (It does not provide information on debt, completion rates, or cost of attendance.) This site reveals quite vividly how much of an earnings premium a graduate degree in any given

[13] All but four of these 66 were private, just because there are so few stand-alone, public art colleges. Twenty-one of the 66 were for-profit colleges.

field of study will deliver over a bachelor's or associate's degree in that same or other fields of study.

The PSEO site tells me, as a prospective graduate student—or a legislator!—that graduates of the Visual and Performing Arts master's programs at the University of Texas at Austin can expect to earn about $2,000 less, at one, five and 10 years out from graduation, than holders of a Visual and Performing Arts bachelor's degree from the same college, and only half as much as the average earnings of all master's degree recipients of UT Austin. That's a "negative ROI"!

The PSEO also uses employment data to track "employment flows" of graduates from various fields of study into job categories. What prospective students and legislators will learn from this site is that it's extremely rare for even as many as 10% of graduates of visual and performing arts degrees, and typically far fewer, to find employment in "Arts, Entertainment and Recreation" professions. Not flattering!

One doesn't want to distrust data being analyzed and publicized by the Department of Education and the US Census, but these data dashboards are yielding wildly different results from what we're learning about economic ROI through SNAAP survey data as well as other ROI research. SNAAP data, and the Georgetown University study, as well as other ROI studies, suggest that ROI rankings and evaluations that attend primarily to the most recent graduates will delivered skewed, and in the case of arts colleges, misleading projections of ROI.

Art school executives would be well advised to become familiar with these studies in order to proactively work toward better ROIs for their graduates and advocate for public policies that sustain the accessibility and affordability of higher education in the arts.