ACCJC

Outcomes | Innovation | Improvement

ACCREDITING COMMISSION FOR COMMUNITY AND JUNIOR COLLEGES

Return on Investment (ROI) for ACCJC Member Institutions[1]

ROI Metric = Net costs / Earnings Premium

Measuring Earnings Premiums
We assess the additional earnings that learners obtain after attending an institution of higher education, with an earnings snapshot 10 years after enrollment. If these students earn more than a typical high school graduate with no college experience, we consider this difference an "earnings premium" that the institution provides. These additional earnings can then be used to pay down the net cost of earning the credential.[2]

Calculating Net Costs
First, we look at the annual out-of-pocket—or "net"—costs that learners pay to complete a credential as reported by the institution. To standardize our analysis, we make assumptions about completion times and adjust the cost accordingly:

- **Community colleges and other public institutions offering less than four-year programs**: Students earn a certificate or associate's degree in two years.
- **Private non-profit and for-profit colleges**: Students complete their credential in one year if the institution primarily offers certificates, or two years if it specializes in associate's degrees.

What it measures
When we talk about educational return on investment, we're measuring a crucial yet often overlooked question: how quickly can a student's educational costs be recovered through increased earnings? By comparing each institution's net cost—what students actually pay after grants and scholarships—against the earnings premium their learners achieve in the labor market, we calculate precisely how many years it takes for that education to "pay for itself."

Example: American River College
Consider American River College, one of California's largest community colleges. Learners pay $4,628 in out-of-pocket costs each year, or $9,256 total to earn an associate's degree in two years. Former students earn $40,162 per year—$7,686 more than the typical California high school graduate—after attending. Using these additional earnings of $7,686 annually, graduates can recoup their $9,256 in net costs in 1.2 years.

Why This Matters
While there are many ways to measure ROI,[3] This straightforward approach focuses on economic reality for ACCJC member institution learners. Understanding this payback timeframe is essential for learners making decisions that will impact their financial futures for decades.

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Data Dictionary

Measurement	Description	Measurement Period	Source
Net price	The average price that students pay out of pocket after all grants and scholarships are deducted.	Academic Year 2022-23, reported to IPEDS in 2023-24.	U.S. Department of Education's College Scorecard[4]
Median Earnings	Median earnings of students receiving federal financial aid who enrolled in the institution 10 years prior	Entering "pooled" cohort from 2009-10 and 2010-11, measured in 2020 and 2021, inflation adjusted to 2022 dollars	U.S. Department of Education's College Scorecard using income tax data from the US Department of Treasury
Salary of a high school graduate in the State (25-34 years old)	For example, median income of those working in California ($32,476)/ in Hawai'i ($34,203) who have obtained a high school degree, but have no college experience	Five-year estimates derived from the 2022 American Community Survey.	Derived from the U.S. Department of Education's calculation of data from the American Community Survey[5]

[1] Not all ACCJC institutions participate in Federal Financial Aid and therefore do not have a calculated ROI metric. As of this time, the Federal Government's use of IRS Tax data matched to Federal Financial Aid records for the College Scorecard provide the most robust earnings data.

[2] Institutions with no earnings or net price data were excluded from this analysis.

[3] https://accjc.org/wp-content/uploads/Navigating-the-Value-Landscape-for-Accreditation.pdf

[4] https://collegescorecard.ed.gov/data

[5] https://www.federalregister.gov/documents/2024/12/31/2024-31271/financial-value-transparency-and-gainful-employment-earnings-thresholds-for-calculation-year-2024#p-7