



ITHAKA S+R

# Paying for High Costs of Education and HPE

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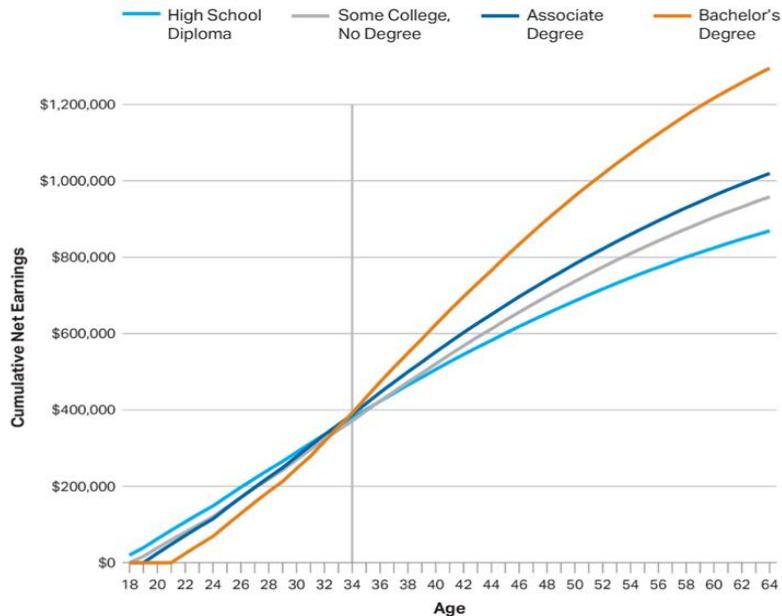
April 2025

# Private Return on Investment in Education

## Estimated Cumulative Full-Time Median Earnings (in 2020 Dollars) Net of Loan Repayment for Tuition and Fees and Books and Supplies, by Education Level

### Assumptions for Figure 2.2A

	Age Starting Full-Time Work	Price of Tuition and Fees and Books and Supplies
High School Diploma	18	None
Some College, No Degree	19	Weighted average of public two-year and public four-year price: 2020-21: \$9,870
Associate Degree	20	Average public two-year price: 2020-21: \$5,210; 2021-22: \$5,260
Bachelor's Degree	22	Weighted average of public and private nonprofit four-year price: 2020-21: \$20,030; 2021-22: \$20,400; 2022-23: \$20,940; 2023-24: \$21,570.



# Private ROI

## **Private returns**

Earnings  
Job satisfaction  
Flexibility

**minus**

## **private costs**

Tuition and Fees  
Opportunity costs (2, 4, 10 years?)  
? Room and Board, Consumption

# Social returns to higher education

*Table 3. Classification of the Benefits of Education*

Benefit Type	Private	Social
Market	Employability Higher earnings Less unemployment Labor market flexibility Greater mobility	Higher productivity Higher net tax revenue Less reliance on government financial support
Nonmarket	Greater consumer efficiency Better own and family health Healthier children	Lower crime rates Less spread of infectious diseases Greater contraception efficiency Better social cohesion Voter participation

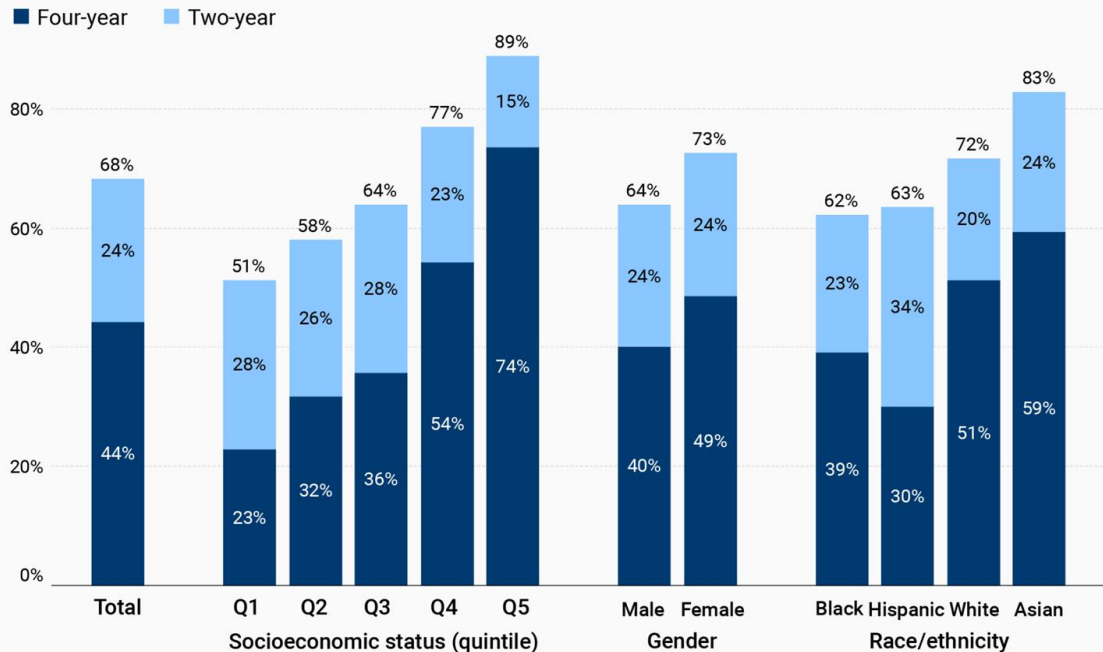
George Psacharopoulos, The Value of Investment in Education, Journal of Education Finance, Fall 2006, Vol. 32, No. 2, pp. 113-36.

# Equity Considerations

FIGURE 1

## Postsecondary enrollment rate

Percent of 2009 9th graders enrolled within 18 months of expected HS graduation



Source: Authors' calculations based on the High School Longitudinal Survey of 2009 (HSLs:09). See text and Table A1 for details.

BROOKINGS

Sarah Reber and Ember Smith, "College Enrollment Disparities: Understanding the Role of Academic Preparation," Brookings Center on Children and Families, January 2023.

# What is the role of government?

1. Help individuals make good decisions
  - Financing
  - Risk aversion
  - Information
1. Public benefits
2. Equity

# Challenges to increasing higher education and HPE

## The Role of Colleges and Universities and Employers

- 1. Costs
- 1. Degrees versus certificates
- 1. Private investment versus public investment
- 1. Equity issues

# Conclusions and Q and A

- 1. More education would benefit individuals and society
- 1. Individuals, government, colleges and universities, and employers all have a role to play
- 1. We need to reduce costs, through innovation and making some decisions about what we don't need.
- 1. We need to worry about graduation rates (which affect costs) and equity issues.

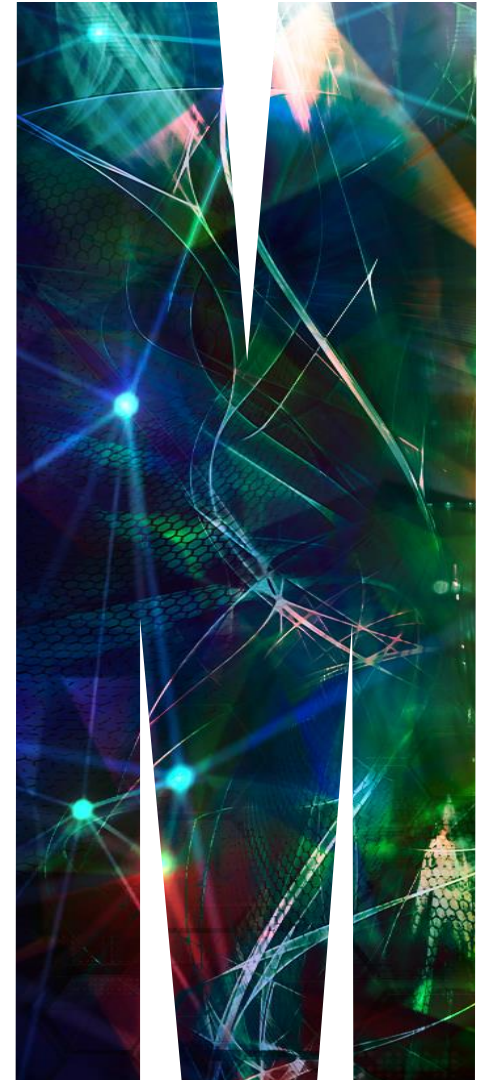




Ithaka S+R provides research and strategic guidance to help the academic and cultural communities serve the public good and navigate economic, technological, and demographic change.

Ithaka S+R is part of ITHAKA, a not-for-profit with a mission to improve access to knowledge and education for people around the world. We believe education is key to the wellbeing of individuals and society, and we work to make it more effective and affordable.

- **Exploring the value proposition for Health Professions Education**
- 23 April 2025  
Washington DC
- **Dr Jonathan Foo**
- Chair, Society for Cost and Value in Health Professions Education  
Lecturer, Department of Physiotherapy  
Monash University, Australia
- [Jon.foo@monash.edu](mailto:Jon.foo@monash.edu)




# What is value?

What is value?

$$\text{Value} = \frac{\text{Benefits}}{\text{Cost of Securing the Benefits}}$$

1. Consider how any intervention influences costs and benefits

# Whose value perspective?



The diagram illustrates the formula for Value. On the left, the word "Value" is written in orange. To its right is an equals sign. Further right is a horizontal line. Above the line is a green upward-pointing arrow with the word "Benefits" in green text above it. Below the line is the text "Cost of Securing the Benefits" in red, with "Cost of" on the first line, "Securing the" on the second line, and "Benefits" on the third line.

$$\text{Value} = \text{Benefits} - \text{Cost of Securing the Benefits}$$

# Whose value perspective?



Educational / academic institution



Hospital / health service



Government



Patient / health consumer



Student

$$\text{Value} = \frac{\text{Benefits}}{\text{Cost of Securing the Benefits}}$$



- 'Typical student' – school leaver



# Whose value perspective?



# Whose value perspective?



- 'Typical student' – school leaver



- Mature aged students
- Rural/remote students
- Students from disadvantaged economic backgrounds
- First in family to receive higher education
- Students from minority ethnic groups

- Value perspective reported in 9%<sup>1</sup>, 31%<sup>2</sup>, 37%<sup>3</sup>

# Whose value perspective?

1. Foo, J., Cook, D. A., Walsh, K., Golub, R., Abdalla, M. E., Ilic, D., & Maloney, S. (2019). Cost evaluations in health professions education: a systematic review of methods and reporting quality. *Medical Education*, 53(12), 1196-1208.
2. Cook, D. A., Wilkinson, J. M., & Foo, J. (2022). Quality of cost evaluations of physician continuous professional development: Systematic review of reporting and methods. *Perspectives on Medical Education*.
3. Yaros, J., de Mortier, C., oude Egbrink, M., Evers, S., & Paulus, A. (2024). Cost identification in health professions education: A scoping review. *Medical Education*, 58(8), 920-929.
4. Mitchell, D., Maloney, S., Robinson, L., Haines, T., & Foo, J. (2025). Costs and economic impact of student-led clinics—A systematic review. *Medical Education*.



# Whose value perspective?

- Value perspective reported in 9%<sup>1</sup>, 31%<sup>2</sup>, 37%<sup>3</sup>
- Specific perspectives (n=44)<sup>3</sup>
  - Learners only 32%
  - Clinical institution only 23%
  - Academic institution only 11%
  - Government only 10%
  - Societal 5%
  - More than one 20%

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- Studies commonly measured costs for some stakeholders but benefits for others, creating a mismatch of perspectives, within the same study<sup>4</sup>

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1. Consider how any intervention influences costs and benefits
2. Explicitly state whose value proposition



- Increased retention and performance
  - Attainment of institutional goals (e.g. cohort diversity, reputation)
- 

## Potential benefits of paying for HPE

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- Increased retention and performance
  - Attainment of institutional goals (e.g. cohort diversity, reputation)
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- Workforce recruitment
  - Improved workforce quality
-

# Potential benefits of paying for HPE



- Increased retention and performance
  - Attainment of institutional goals (e.g. cohort diversity, reputation)
- 



- Workforce recruitment
  - Improved workforce quality
- 



- Improved population health
- Reduced health care burden



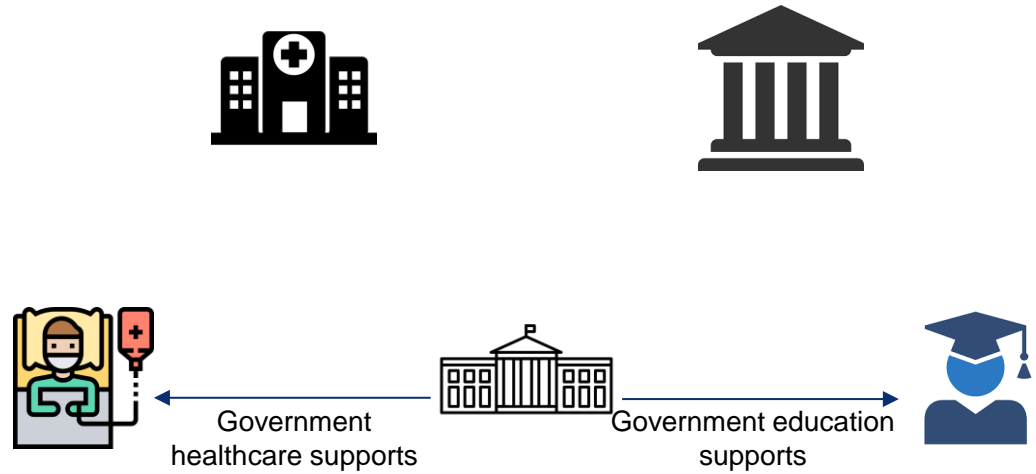
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2. Explicitly state whose value proposition
3. Benefits for investing are varied and complex to measure

# Who pays for HPE?

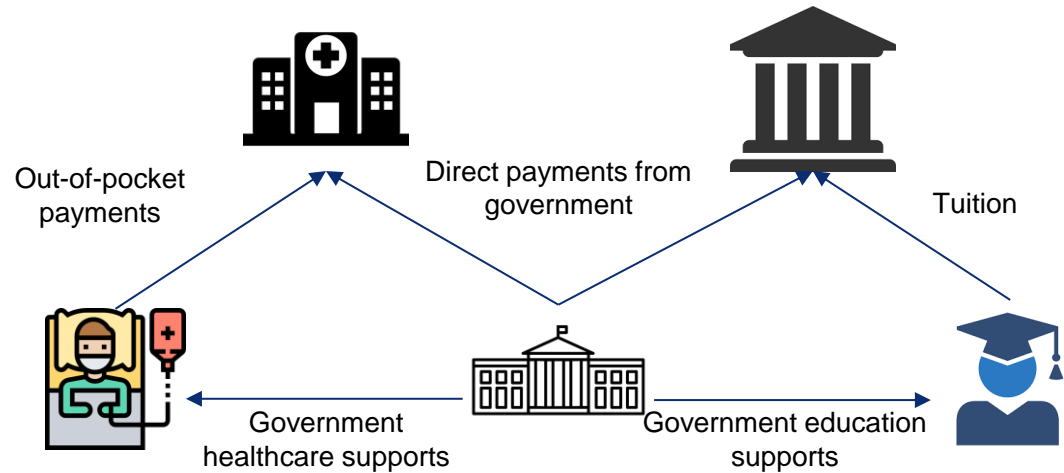


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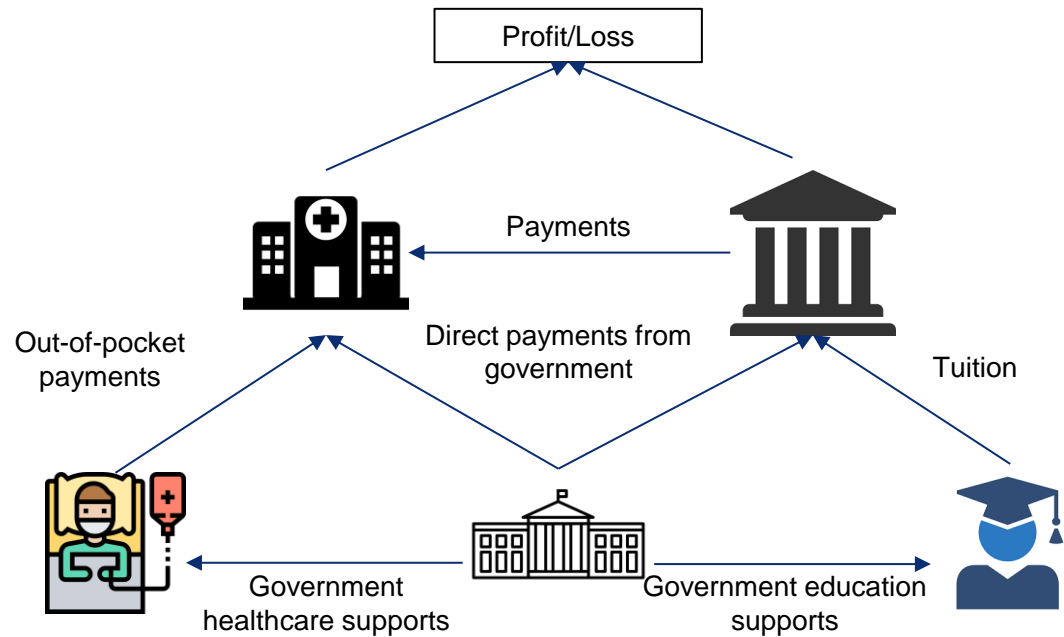
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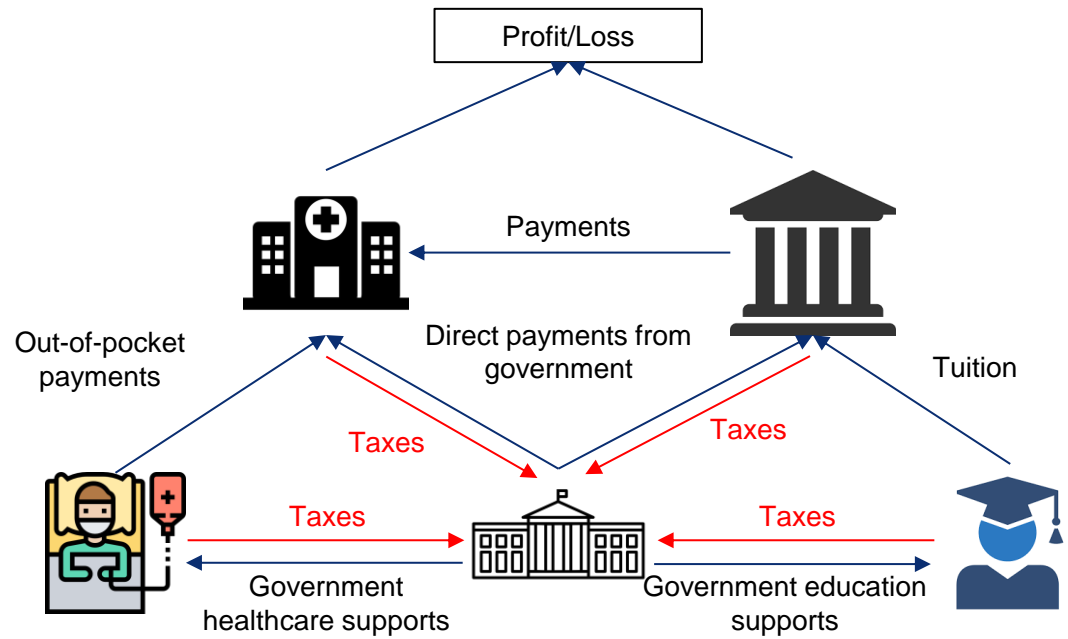
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# Who pays for HPE?



1. Consider how any intervention influences costs and benefits
2. Explicitly state whose value proposition
3. Benefits for investing are varied and complex to measure
4. Costs involve multiple dynamic payers



Student clinic

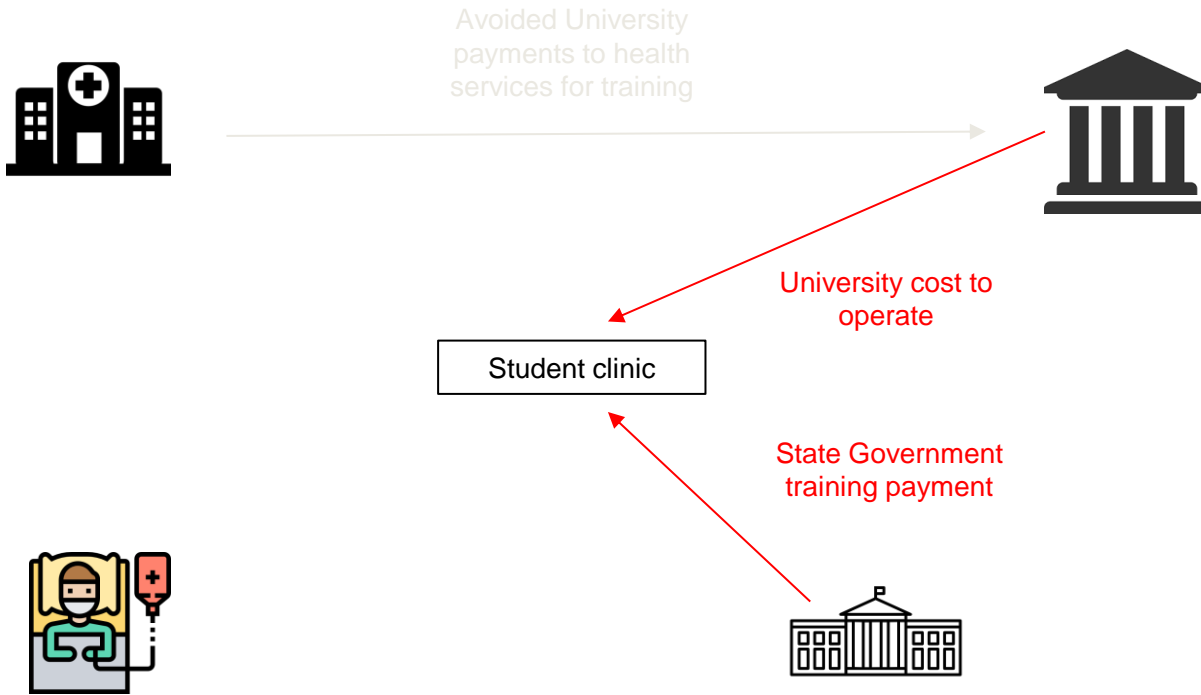
University cost to  
operate

State Government  
training payment

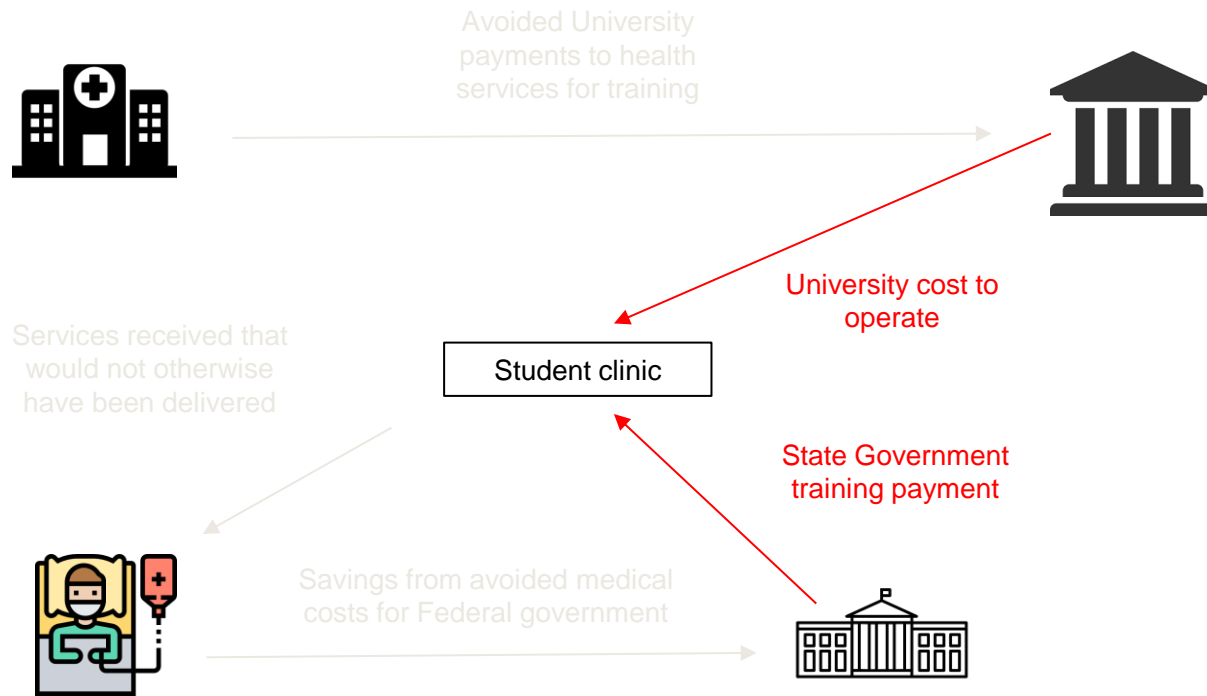


Haines, T. P., Kent, F., & Keating, J. L. (2014). Interprofessional student clinics: an economic evaluation of collaborative clinical placement education. *Journal of Interprofessional Care*, 28(4), 292–298. <https://doi.org/10.3109/13561820.2013.874983>

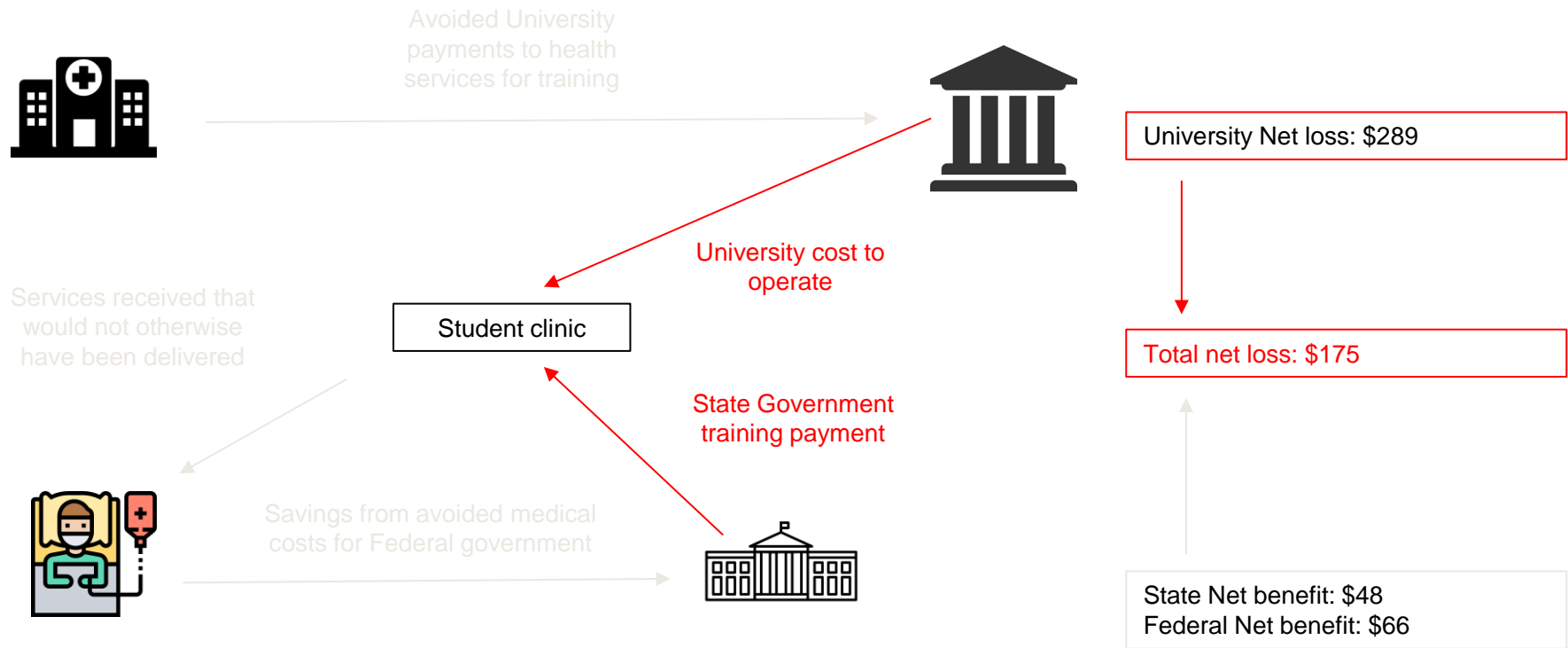




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1. Consider how any intervention influences costs and benefits
2. Explicitly state whose value proposition
3. Benefits for investing are varied and complex to measure
4. Costs involve multiple dynamic payers
5. Benefits and costs are unequally distributed (upstream/downstream)

# Society for Cost and Value in Health Professions Education (SCVHPE)



## Contact

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