

# Are American universities failing?

Lane Kenworthy

Fall 2011

# *Are American universities failing?*

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If so, it's a paradox

We have some of the world's best universities

Our university system is widely viewed as one of America's main comparative advantages

# *Outline*

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Why college?

Are American universities failing?

Entering

Learning

Finishing

**Why college?**

# *Why college?*

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## Hypothesized benefits

### For individuals

Capabilities (intellectual and social development)

Citizenship (informed participation in politics)

Employment

Pay

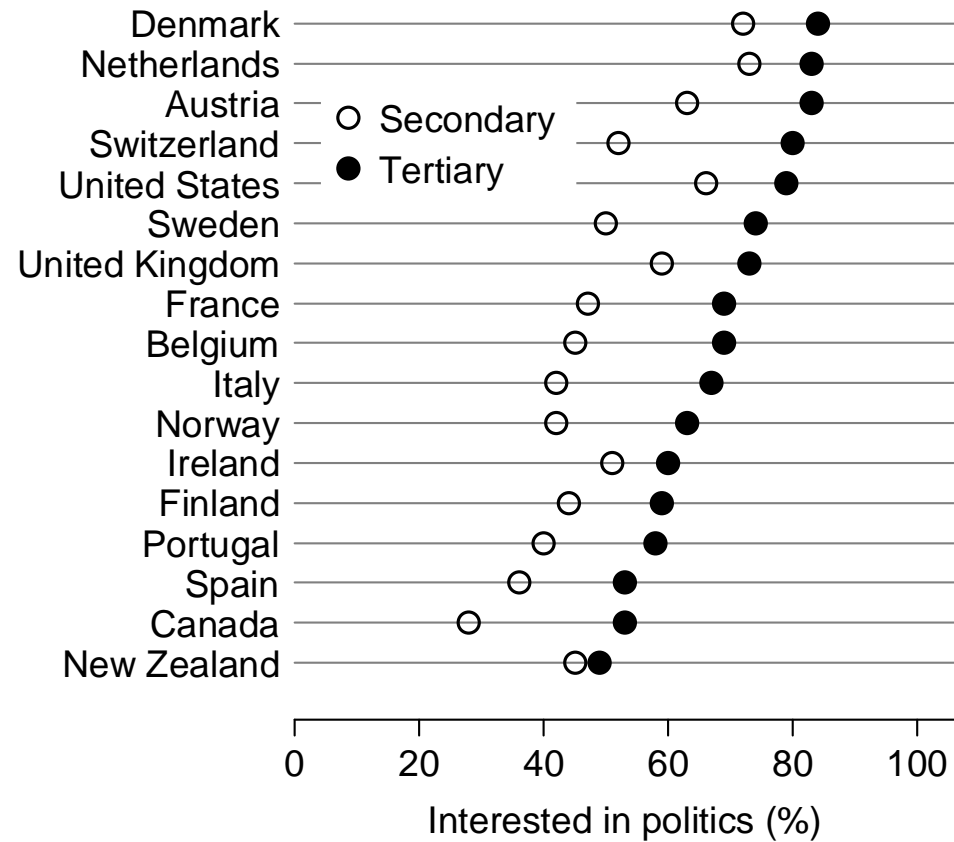
Health

Subjective well-being

Tolerance

# Individuals: citizenship

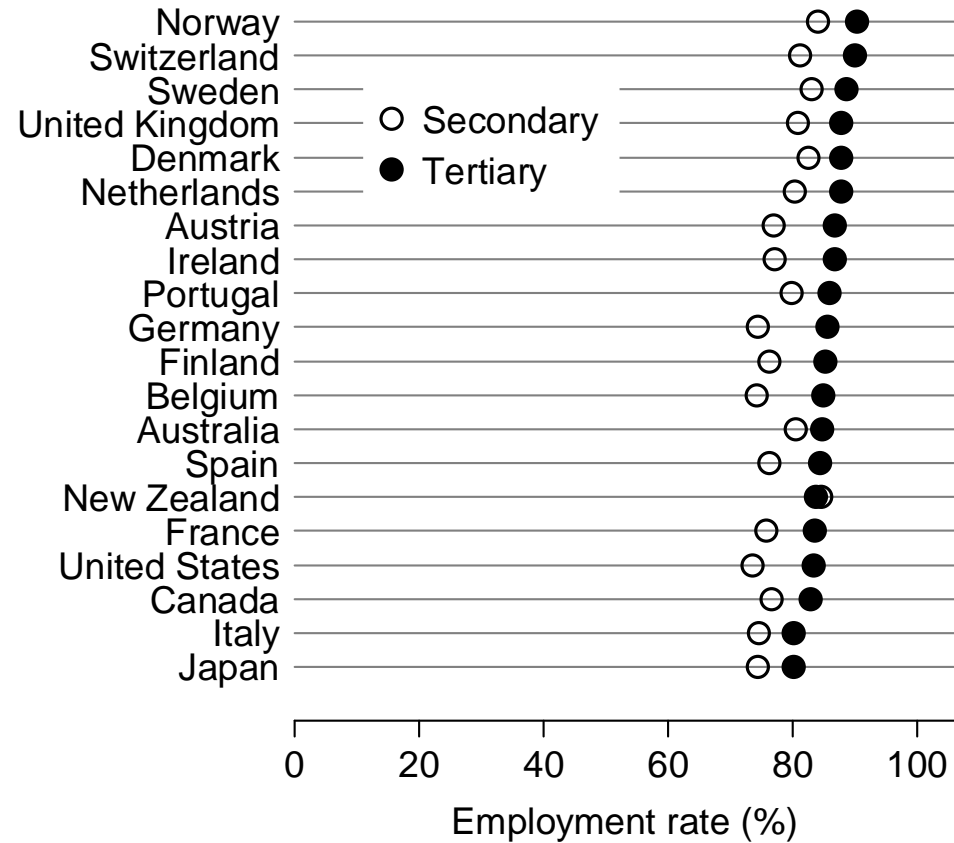
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Share of adults reporting that they are interested in politics, 2008. "Secondary" = completed upper secondary education but not tertiary. "Tertiary" = completed tertiary education or more. Data source: OECD, *Education at a Glance 2010*.

# Individuals: employment

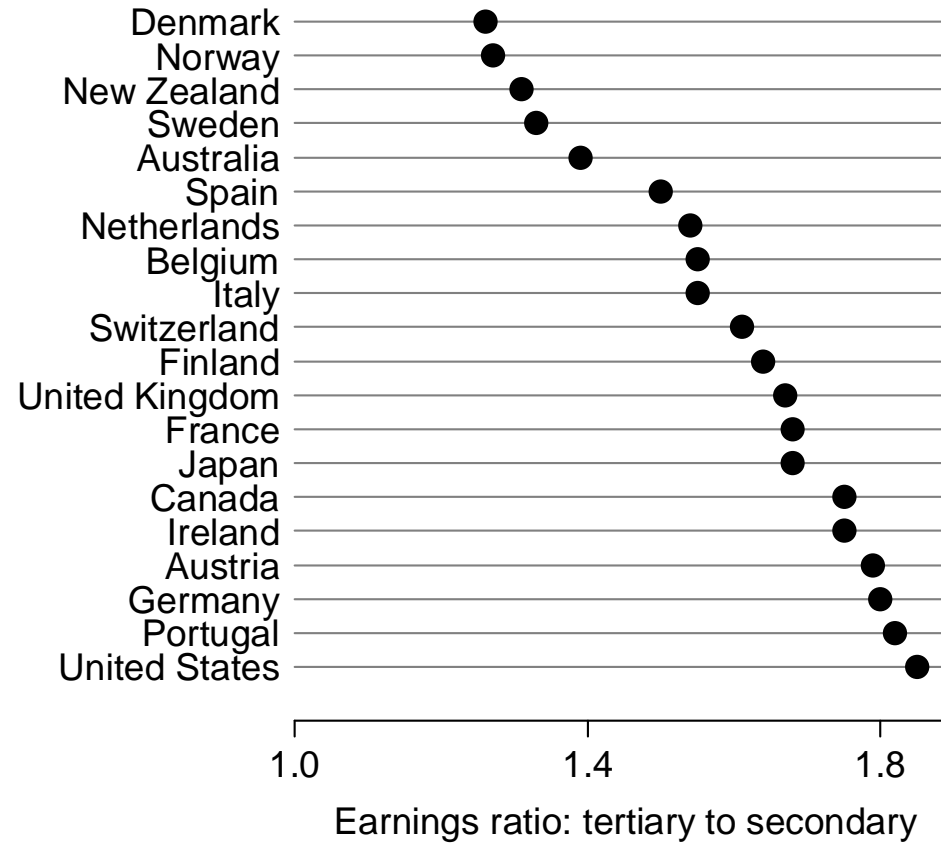
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Share of persons age 25 to 64 in paid employment, 2007. "Secondary" = completed upper secondary education but not tertiary. "Tertiary" = completed tertiary education or more. Data source: OECD, *Education at a Glance 2010*.

# Individuals: pay

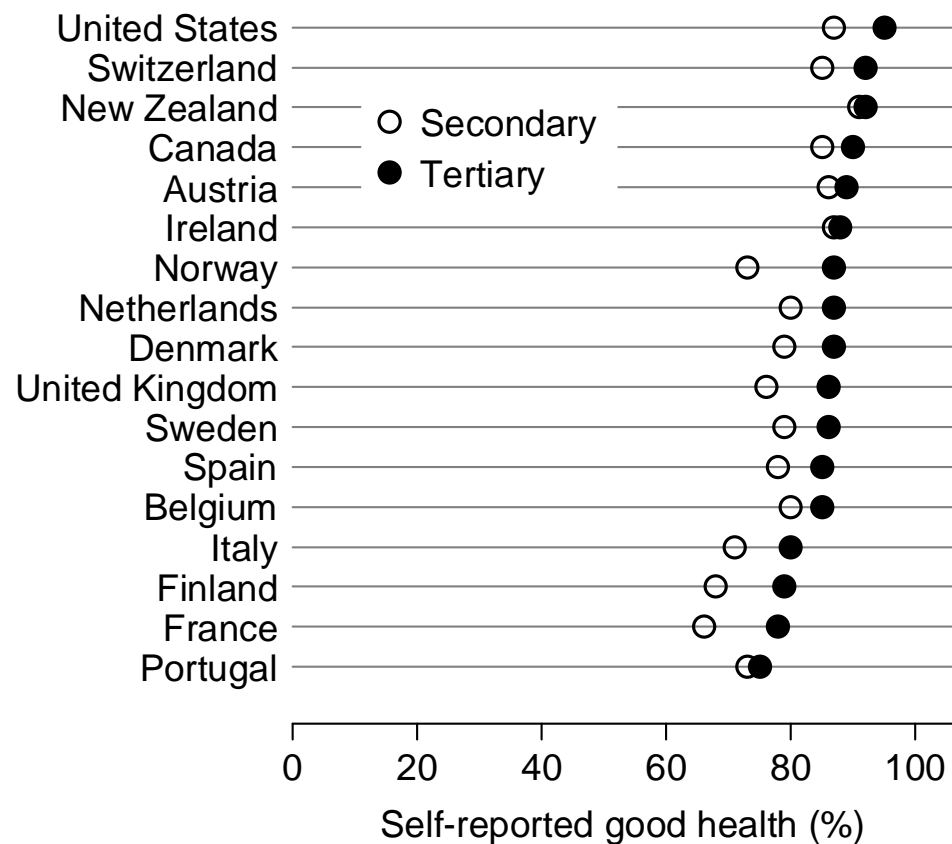
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Ratio of earnings for persons with tertiary education to persons with upper secondary education, 2008.  
Data source: OECD, *Education at a Glance 2010*.

# Individuals: health

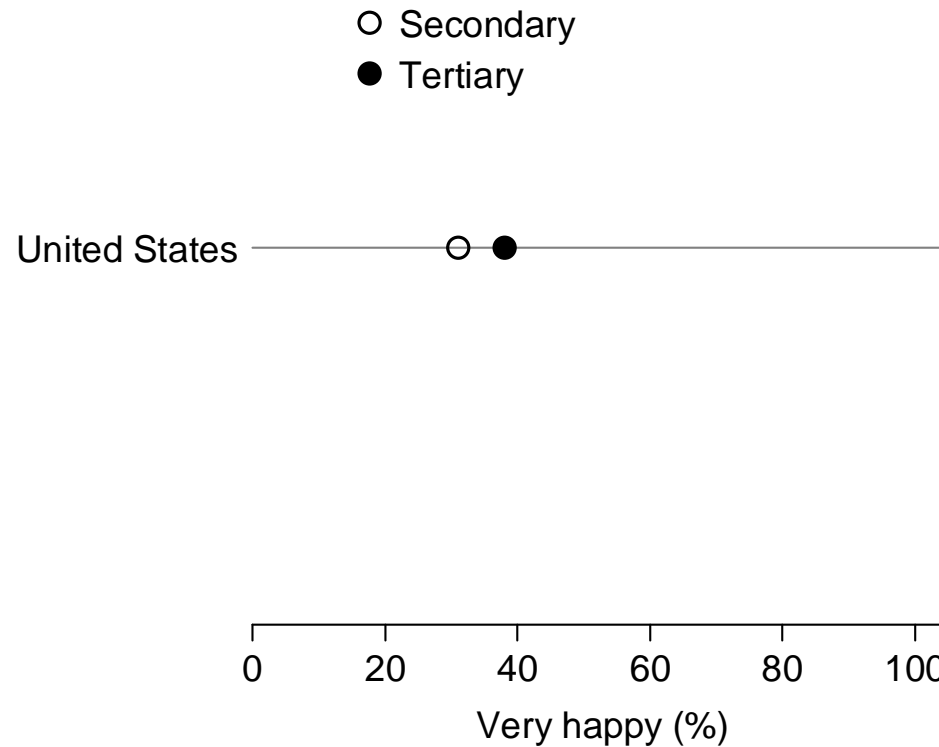
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Share of persons reporting good health, 2008. "Secondary" = completed upper secondary education but not tertiary. "Tertiary" = completed tertiary education or more. Data source: OECD, *Education at a Glance 2010*.

# Individuals: subjective well-being

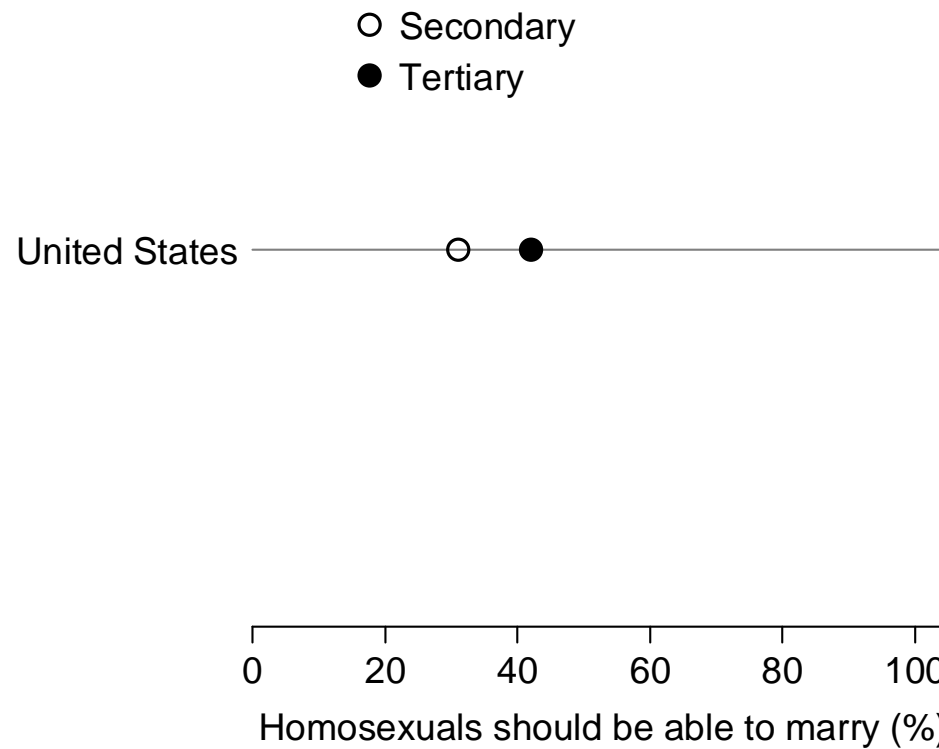
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Share of adults reporting they are very happy, 1979-2010. "Secondary" = completed upper secondary education but not tertiary. "Tertiary" = completed tertiary education or more. Data source: General Social Survey (GSS), [sda.berkeley.edu/archive.htm](http://sda.berkeley.edu/archive.htm), variables = happy, educ.

# Individuals: tolerance

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Share of adults agreeing or strongly agreeing homosexuals should have the right to marry, 1979-2010. "Secondary" = completed upper secondary education but not tertiary. "Tertiary" = completed tertiary education or more. Data source: General Social Survey (GSS), [sda.berkeley.edu/archive.htm](http://sda.berkeley.edu/archive.htm), variables = marhomo, educ.

# *Why college?*

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## Hypothesized benefits

### For society

Economic growth

Employment

Mobility

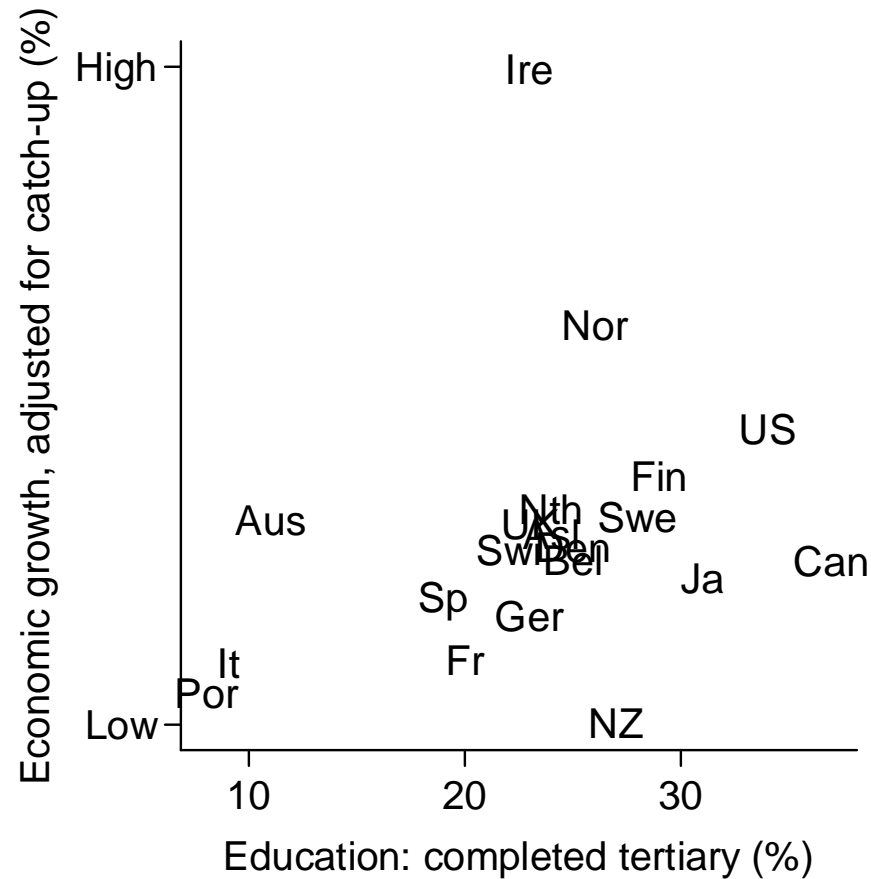
Low inequality

Subjective well-being

Tolerance

# Society: economic growth

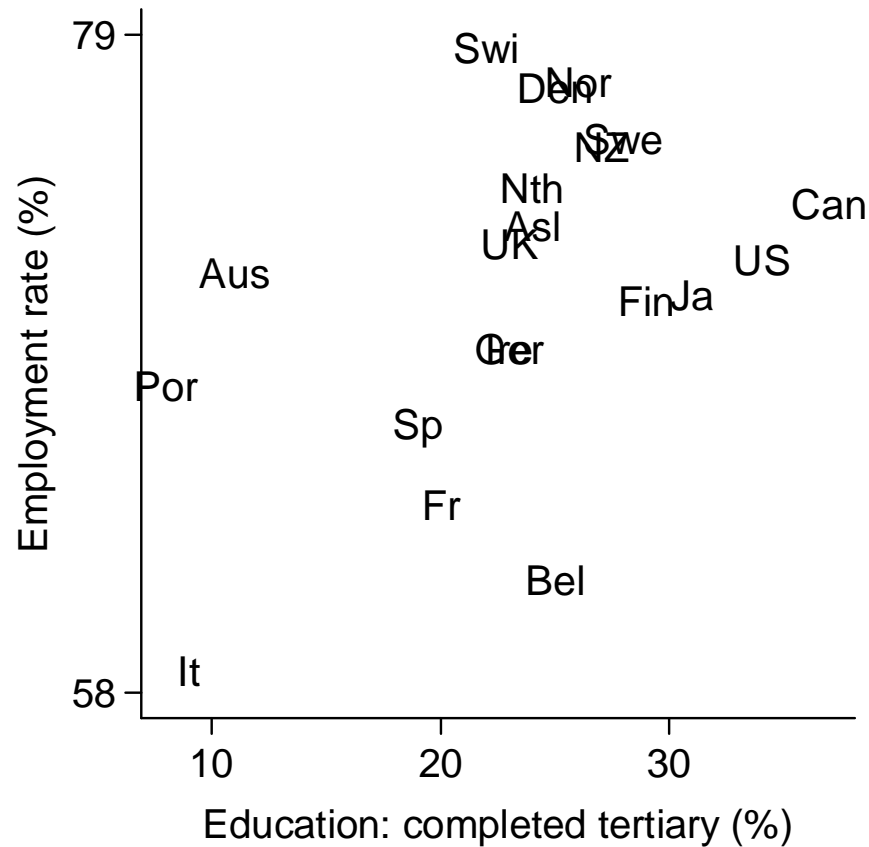
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Economic growth: annual rate of growth of GDP per capita, 1979-2007. Education: share of persons age 25 to 64 that has completed tertiary education or more, 1997 (the earliest year for which data are available). Data sources: OECD, *Education at a Glance 2010*; OECD.Stat.

# Society: employment

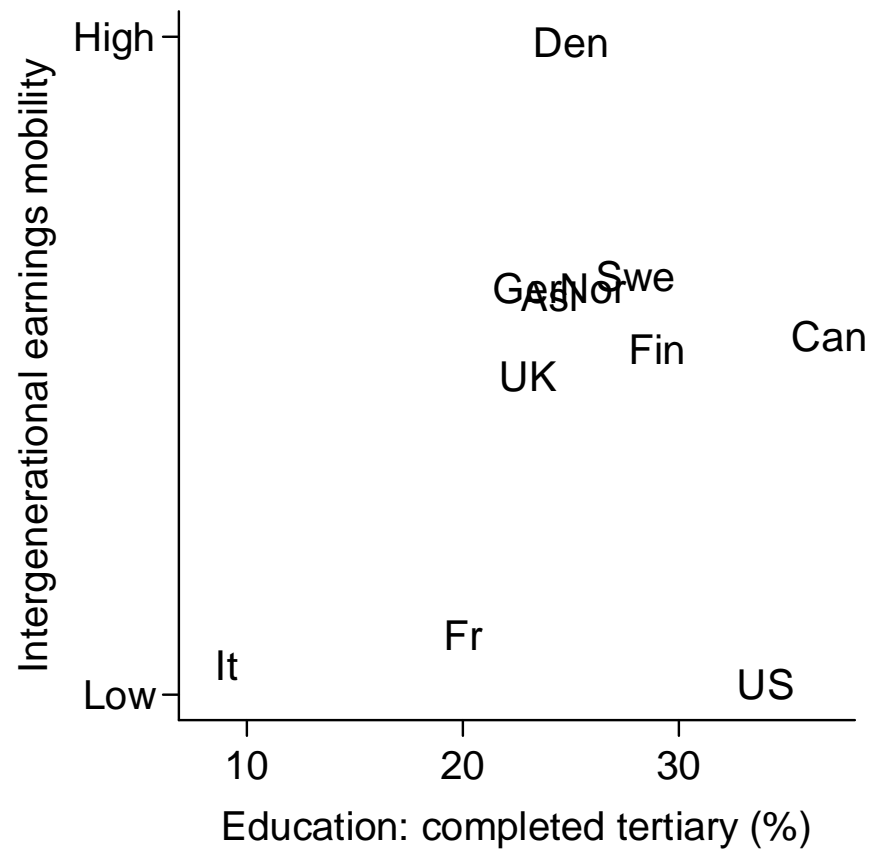
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Employment: share of persons age 15 to 64 in paid employment, 2007. Education: share of persons age 25 to 64 that has completed tertiary education or more, 1997 (the earliest year for which data are available). Data sources: OECD, *Education at a Glance 2010*; OECD *Employment Outlook*.

# Society: intergenerational mobility

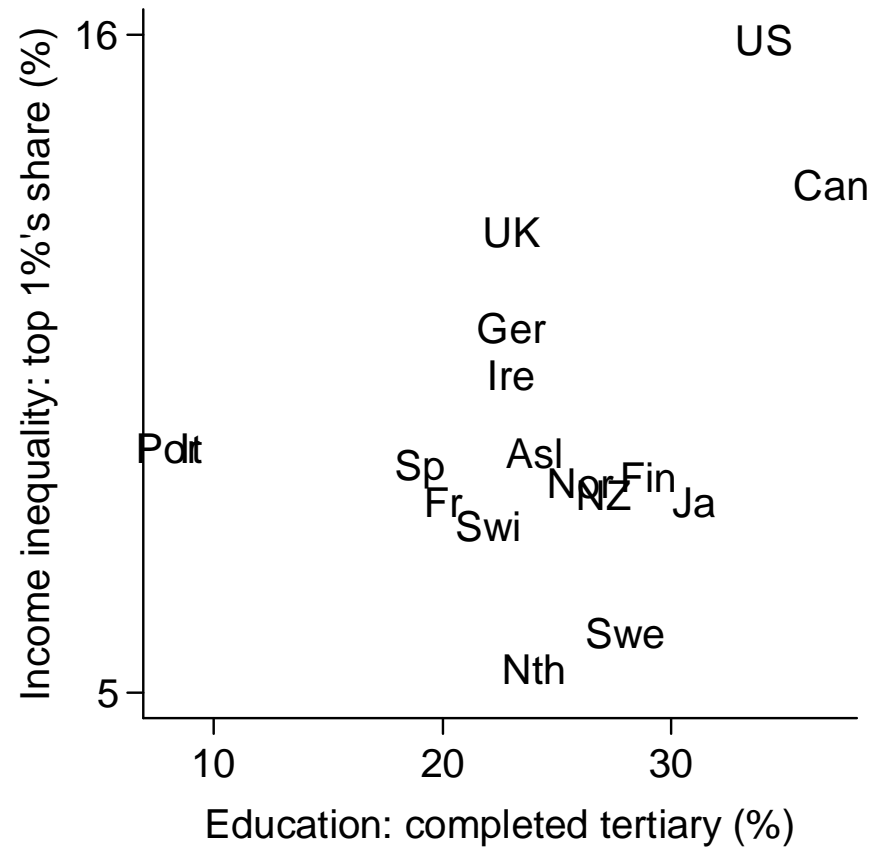
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Intergenerational mobility: correlation between fathers' earnings and their sons' earnings, with the axis values reversed so that higher on the vertical axis indicates more mobility. Education: share of persons age 25 to 64 that has completed tertiary education or more, 1997 (the earliest year for which data are available). Data sources: OECD, *Education at a Glance 2010*; Björklund and Jäntti, "Intergenerational Income Mobility and the Role of Family Background," in *The Oxford Handbook of Economic Inequality*.

# Society: income inequality

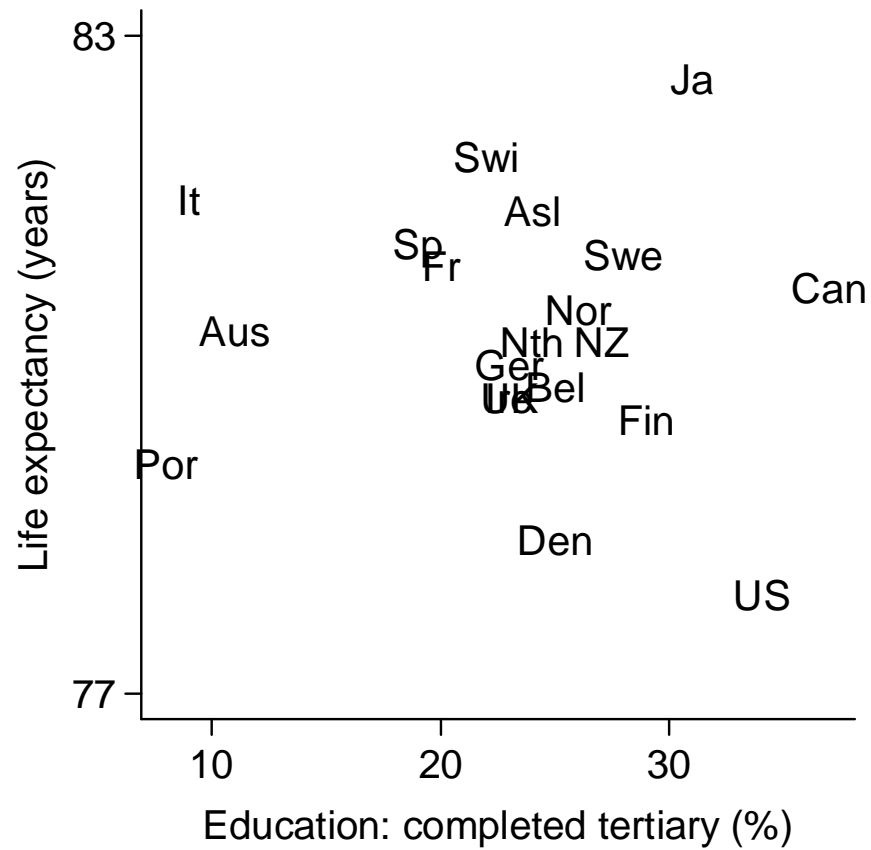
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Income inequality: top 1%'s share of pretax income, 2000. Education: share of persons age 25 to 64 that has completed tertiary education or more, 1997 (the earliest year for which data are available). Data sources: OECD, *Education at a Glance 2010*; World Top Incomes database, [mond.parisschoolofeconomics.eu/topincomes](http://mond.parisschoolofeconomics.eu/topincomes).

# Society: health

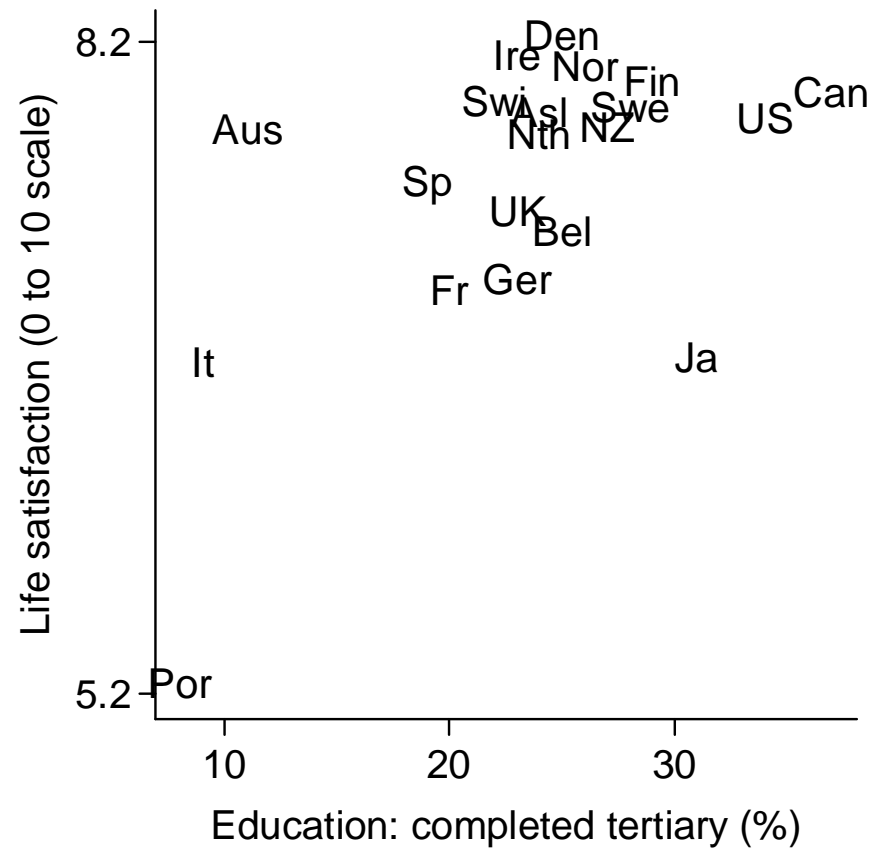
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Health: life expectancy at birth, in years. Education: share of persons age 25 to 64 that has completed tertiary education or more, 1997 (the earliest year for which data are available). Data sources: OECD, *Education at a Glance 2010*; OECD.Stat.

# Society: subjective well-being

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Subjective well-being: self-reported life satisfaction, on a scale of 0 to 10. Education: share of persons age 25 to 64 that has completed tertiary education or more, 1997 (the earliest year for which data are available). Data sources: OECD, *Education at a Glance 2010*; Gallup World Poll.

## *Why college? Conclusion*

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For individuals

College completion is associated with better outcomes

But we don't know how much of the association is causal

For society

College completion is less frequently associated with better outcomes

The most compelling rationale for further expansion of college, once a country reaches 20% completion, is probably individual capabilities, citizenship, and tolerance

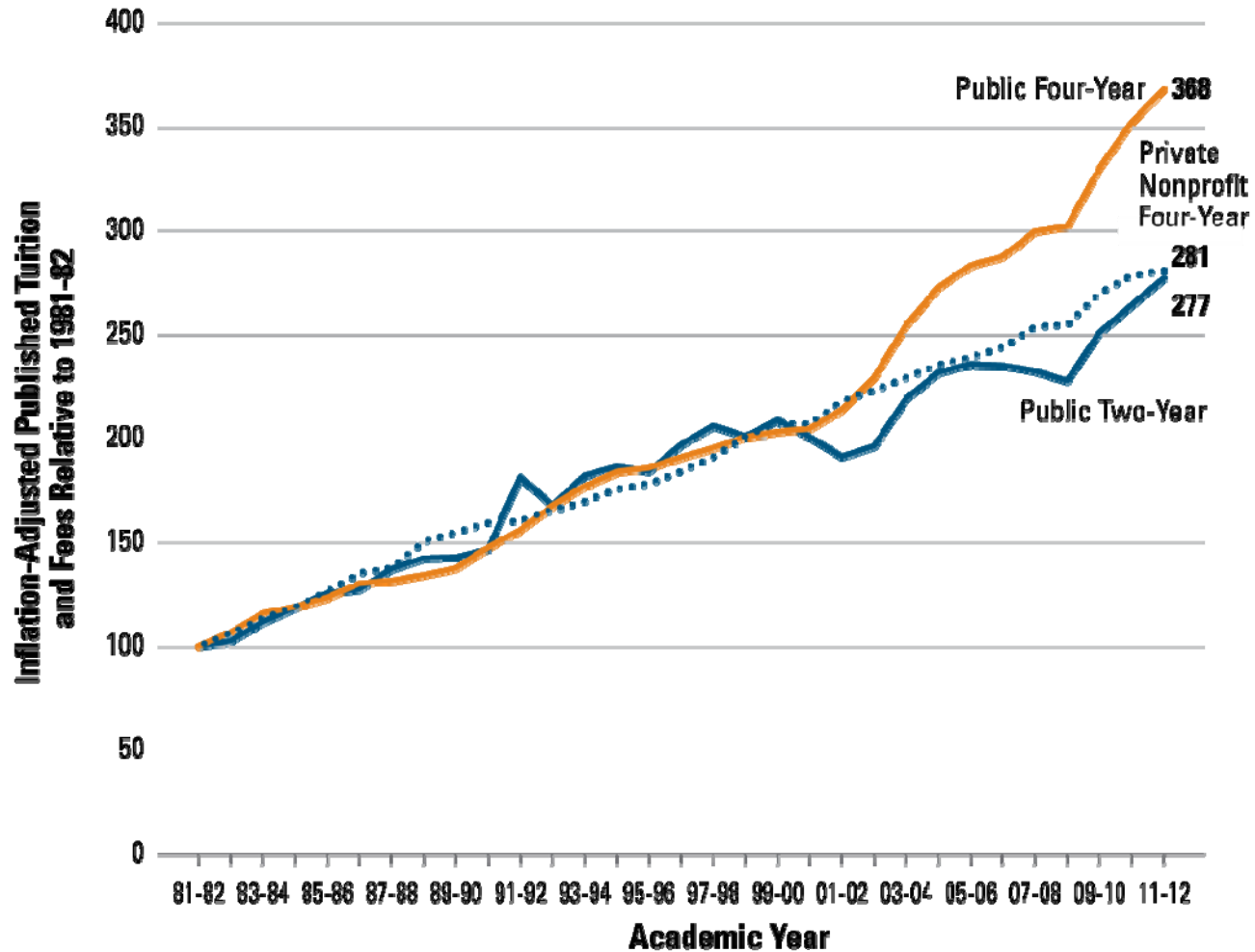
**Entering**

## *Entering*

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Many think entry rates into college are too low because prices have skyrocketed (and students now commonly take five years to finish rather than four)

# Entering: the price of college



Published tuition and fees, 1981-2011. Source: The College Board, *Trends in College Pricing 2011*.

## *Entering: the price of college*

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Why have prices increased?

Reduced funding from state governments (beginning with California in 1978)

A more competitive national labor market for faculty, leading to star salaries

A more competitive market for applicants, leading to greater spending on observables such as campus beautification, athletic facilities, dorms

## *Entering: the price of college*

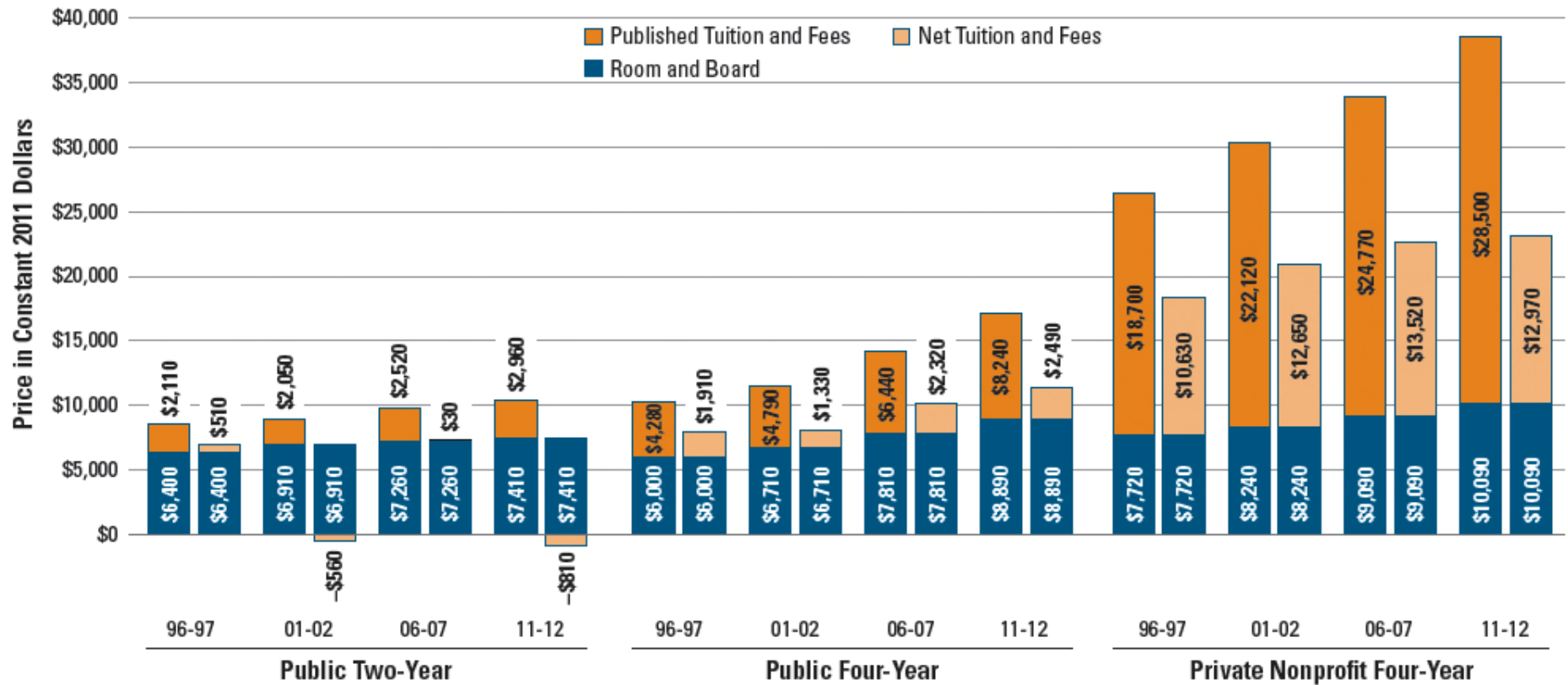
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The conventional view focuses on the "sticker" price of tuition and fees, which is misleading in two respects

It ignores room and board costs, which have increased much less rapidly

It ignores an increase in financial aid and grants, which have offset part of the rise in tuition and fees

# Entering: the price of college



Source: The College Board, *Trends in College Pricing 2011*.

## *Entering: the price of college*

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On the other hand, maybe people don't understand the true price and are scared off by the sticker price

The fact that colleges often make it difficult to figure out the amount of financial aid you'll get probably contributes to this

Cost does seem to matter: entry rates for high-performing students from low-income families are much lower than for high-performing students from high-income families

# *Entering*

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Do too few Americans enter college?

As of 2007, 65% of the college-age cohort entered a two-year or four-year college

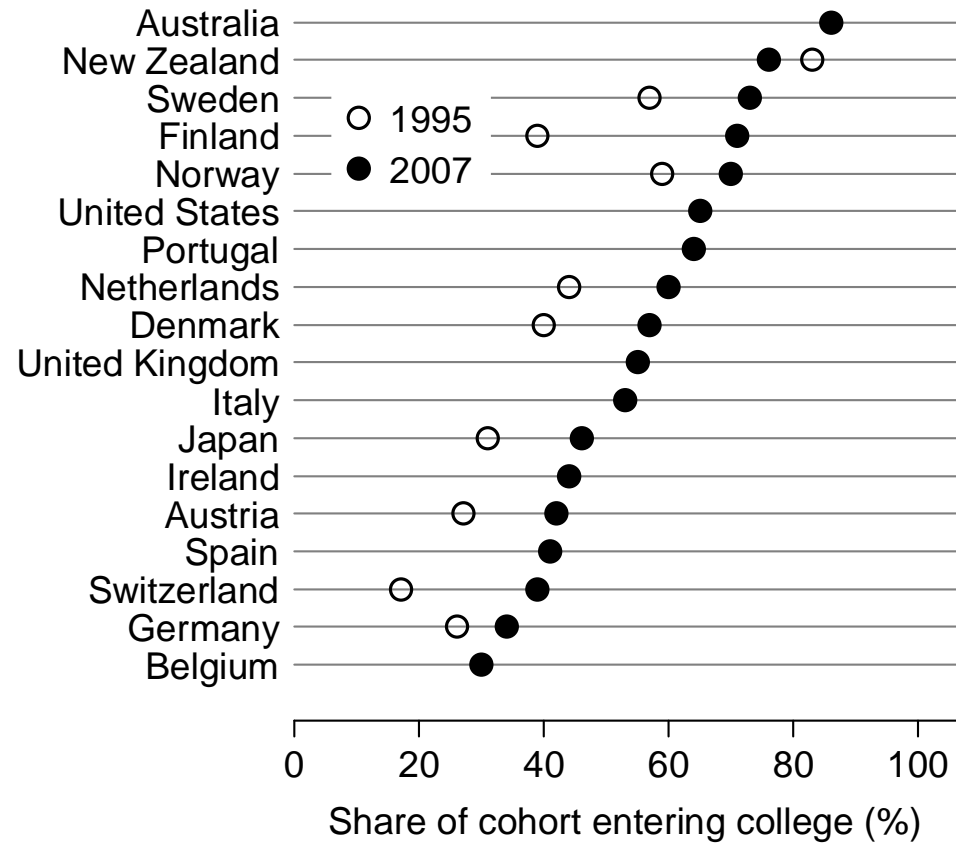
This seems to be up from about 45% in the 1970s, though we don't have perfectly comparable data

It's relatively high compared to other rich nations, but not the highest

Given that only about 75% of each cohort graduates from high school (not counting GEDs), we shouldn't expect the college entry rate to be much higher

# Entering

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Share of cohort entering college, 1995 and 2007. Data source: OECD, *Education at a Glance 2010*.

# Learning

# *Learning*

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Are students learning job skills in college?

We constantly hear about an impending skills shortage

But there's little indication of a coming shortage of skills for the types of job employers are projected to seek

There are some potential exceptions — engineers, primary-care physicians. But these can be easily remedied by loosening restrictions imposed by professional associations and/or allowing more skilled immigrants

# *Learning*

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Are students learning other skills in college?

Richard Arum and Josipa Roksa, *Academically Adrift*

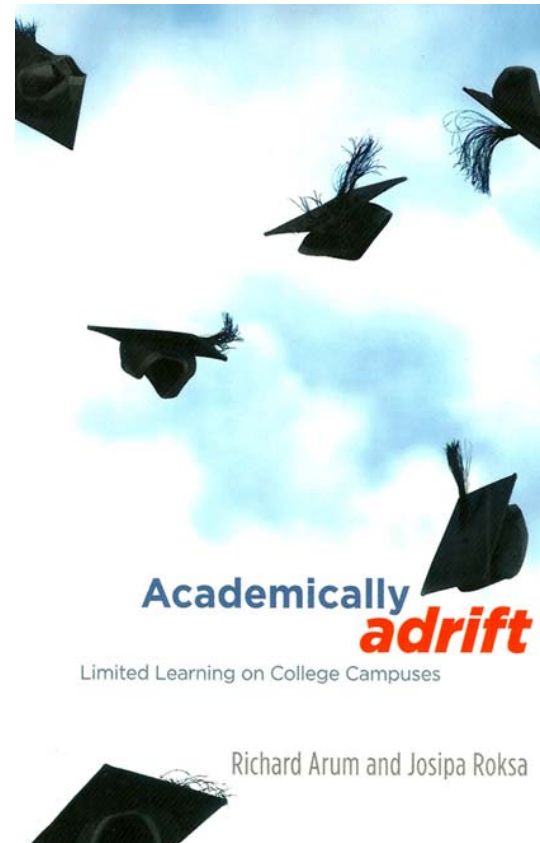
Arum and Roksa administered an assessment of critical thinking, complex reasoning, and writing skills to several thousand students at two dozen universities when they entered and at the end of their second and fourth years

They found little progress on average, and no progress at all for about a third of the students

# *Learning*

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Are students learning other skills in college?



# *Learning*

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Why so little learning of critical thinking, complex reasoning, and writing skills?

Stiffer tenure requirements, leading research faculty to spend more time on research and less on teaching

More courses taught by adjunct faculty and graduate students

Increased importance of student teaching evaluations, which encourage professors to soften grading

Greater access to information and comparison shopping by college applicants, leading to more spending on observables such as campus beautification, athletic facilities, dorms

# Finishing

# *Finishing*

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Finishing college is a bigger problem than entering

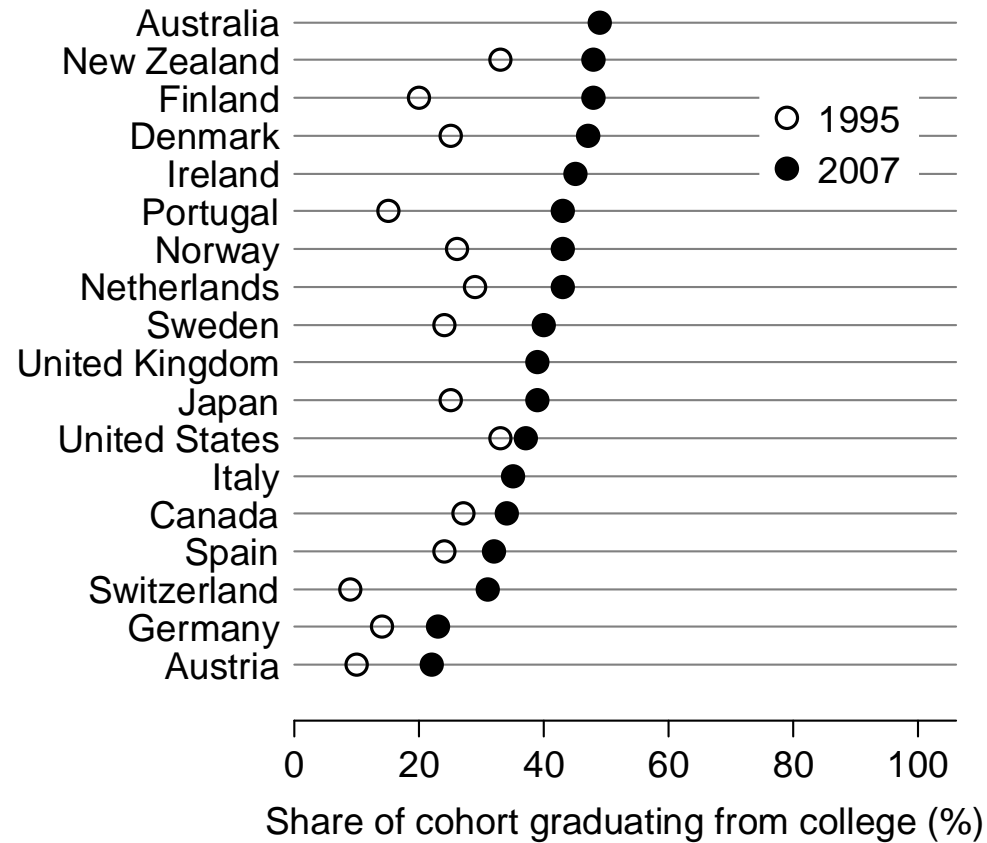
In 2007 the college entry rate was about 65%, while the completion rate was about 35%

Among rich countries, we have one of the higher entry rates but one of the lower completion rates

Our completion rate hasn't increased much since the late 1970s, while in other nations it has risen more rapidly

# Finishing

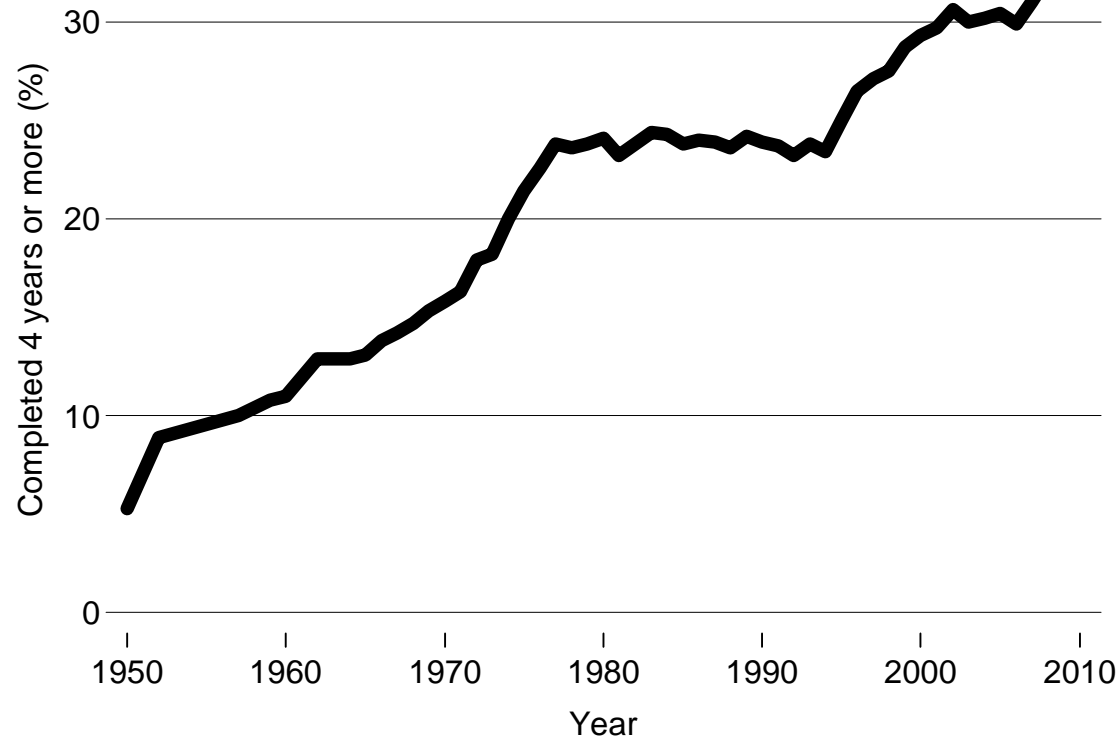
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Share of cohort graduating from college, 1995 and 2007. Data source: OECD, *Education at a Glance 2010*.

# Finishing

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Share of persons age 25 to 34 who have completed four years of college or more. Data source: Census Bureau, [www.census.gov/hhes/socdemo/education/data/cps/historical/index.html](http://www.census.gov/hhes/socdemo/education/data/cps/historical/index.html).

# *Finishing*

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What's caused the low completion rate and its minimal rise over time?

Hypotheses

Inadequate K-12 preparation

High and rising college costs

Inadequate college instruction, advising/support, and monitoring

Probably all three have contributed, but we don't have a very solid answer at the moment

# Summary

## *Summary*

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On average, college provides many benefits to individuals and to society, though the added payoff to society may slow once the share with a college degree reaches about 20%

The U.S. has a comparatively high rate of entry into college (65%). Low high school graduation rather than college cost is likely the chief reason why the college entry rate isn't higher

American colleges may be doing a poor job of improving students' critical thinking, complex reasoning, and writing skills. But we don't know the magnitude or cause(s) of the problem

The U.S. has a comparatively low rate of college completion (35%). We don't know the key cause(s)