R.O.I. or R.I.P.?
Higher Education and the Future of America

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October 2018
AMERICANS LOSING FAITH IN COLLEGE DEGREES, POLL FINDS

Wall Street Journal, Josh Mitchell and Douglas Belkin

HIGHER ED’S LOW MOMENT

NYT, Frank Bruni

HIGHER EDUCATION IS CHANGING, AND IT IS IN TROUBLE

WaPo, Scott Levine
Views on the Effect of Colleges and Universities on the Country by Political Affiliation

Views on Whether the Higher Education System in the U.S. Today is Generally Going in the Wrong Direction

Views on the Major Reasons Why the Higher Education System is Headed in the Wrong Direction

- Too much concern about protecting students from views they might find offensive: 75% (R), 31% (D)
- Professors are bringing their political and social views into the classroom: 79% (R), 17% (D)
- Students are not getting the skills they need to succeed in the workplace: 73% (R), 56% (D)
- High Tuition Costs: 77% (R), 92% (D)

Source: Pew Research Center, 2018
Views on College as a Good Investment

52%
A college education is still the best investment for people who want to get ahead and succeed

46%
A college education is a questionable investment because of high student loans and limited job opportunities

Source: Public Agenda, 2016.
• Changes in the cost of attendance, especially from the perspective of a student;

• Changes in how one pays for college and the burden of student loans;

• The economic benefit of attending college to the individual, including the risk inherent in doing so;

• The economic benefit of post-secondary education for society.

Putting it all together, is it worth it?
Student Population by Type of Institution and Over Time

<table>
<thead>
<tr>
<th>Type of Institution</th>
<th>Year</th>
<th>2000</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-YEAR FOR-PROFIT</td>
<td></td>
<td>1.7%</td>
<td>4.9%</td>
</tr>
<tr>
<td>ALL 2-YEAR (PUBLIC AND PRIVATE)</td>
<td></td>
<td>38.8%</td>
<td>30.7%</td>
</tr>
<tr>
<td>4-YEAR PUBLIC</td>
<td></td>
<td>39.5%</td>
<td>44.1%</td>
</tr>
<tr>
<td>4-YEAR NOT-FOR-PROFIT</td>
<td></td>
<td>19.9%</td>
<td>20.3%</td>
</tr>
</tbody>
</table>

Source: National Center for Education Statistics
Average Published Tuition and Fees over Time

Source: National Center for Education Statistics. Prices are in Constant 2016-2017 Dollars.
Published and Net Tuition and Fees: Not-For-Profit 4-Year Institutions

Source: College Board. Data is for Full-Time Undergraduate Students. Prices are in 2017 Dollars.
Published and Net (In-State) Tuition and Fees: Public 4-Year Institutions

Published and Net (In-State) Tuition and Fees:
Public 4-Year Institutions

Source: College Board. Data is for Full-Time Undergraduate Students. Prices are in 2017 Dollars.
Published and Net (In-District) Tuition and Fees: Public 2-Year Institutions

Source: College Board. Data is for Full-Time Undergraduate Students. Prices are in 2017 Dollars.
Total Revenue from Tuition and Fees and Expenditures per Student (1987-2015)

Not-For-Profit 4-Year

Public 4-Year

Source: The Delta Cost Project, 1987-2018
Average Published and Net Tuition in Public 4-Year Institutions Relative to Median Household Income

PUBLISHED TUITION AND FEES
NET TUITION AND FEES

2000
8.2%
3.0%

2017
16.0%
6.5%

Sources: College Board and U.S. Census Bureau.
Average Published and Net Tuition in Not-for-Profit 4-Year Institutions Relative to Median Household Income

Sources: College Board and U.S. Census Bureau.
How the Average Family Pays for College: Average Percent of Total Cost of Attendance Paid from Each Source

Source: Sallie Mae, 2017.
Source: Looney and Yannelis, 2015.
**Borrowers with Large Balances**

<table>
<thead>
<tr>
<th>SHARE OF BORROWERS WITH BALANCES OVER $50K</th>
<th>SHARE OF UNDERGRADUATE BALANCES OVER $50K</th>
<th>SHARE OF GRADUATE BALANCES OVER $50K</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>8.9%</td>
<td>2000</td>
</tr>
<tr>
<td>2014</td>
<td>18.4%</td>
<td>2014</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SHARE OF BORROWERS WITH BALANCES OVER $100K</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
</tr>
<tr>
<td>2014</td>
</tr>
</tbody>
</table>

Source: Looney and Yannelis, 2018.
Loan Repayment Rates Seven Years after Entering Repayment by Institution Type

Average Annual Earnings, by Years of Completed Schooling

Unemployment Rate by Educational Attainment (July 2018)

<table>
<thead>
<tr>
<th>Educational Attainment</th>
<th>Unemployment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>All, Ages 25+</td>
<td>3.2%</td>
</tr>
<tr>
<td>No HS Diploma</td>
<td>5.1%</td>
</tr>
<tr>
<td>HS Diploma, No College</td>
<td>4.0%</td>
</tr>
<tr>
<td>Some College or Associate's Degree</td>
<td>3.2%</td>
</tr>
<tr>
<td>Bachelor's Degree or Higher</td>
<td>2.2%</td>
</tr>
</tbody>
</table>

Percentage of College Graduates Working in Jobs that do not Typically Require a BA

Source: NY FED, 2018.
Percentage of Underemployed Recent College Graduates in Good-Wage and Low-Wage Non-College Jobs

Source: NY FED, 2018.
“The typical college graduate will earn roughly $900,000 more than the typical high school graduate over their working life.”

Source: Douglas Webber, “Third Way” (Is College Worth It? Going Beyond Averages, Sept 2018)
Median Tax Payments of Full-Time Year-Round Workers (ages 25 and older) in 2015

Source: College Board, 2016.
Percentage of Individuals (25 and older) that Participated in Public Assistance Programs in 2015

Source: College Board, 2016.
Civic Involvement

Percentage of Individuals Ages 25 and Older Who Volunteered, 2015

- Less than a High School Diploma: 8%
- High School Diploma: 16%
- Associate's Degree: 27%
- Bachelor's Degree or Higher: 39%

Percentage of Individuals Ages 25-44 Who Voted in the 2014 Election

- Less than a High School Diploma: 10%
- High School Diploma: 20%
- Some College or Associate's Degree: 32%
- Bachelor's Degree or Higher: 45%

Source: College Board, 2016.
Research done at colleges and universities results in innovations in all sectors: health, technology, and national security to name just a few.
In sum...

• Published tuition has been increasing rapidly although net of grants and other forms of financial aid, the growth has been slower.

• This growth in public institutions can largely be explained by decreased support from states so that students and their families are bearing a greater part of the burden.

• This burden is especially tough because of stagnating household income!

• One way students and their families are paying for postsecondary education is through loans, although loan amounts are greatly exaggerated and mostly due to loans for graduate education.

• Postsecondary education remains one of the best investments for individuals even considering the risks.

• Investment in higher education, more generally, is critical for innovation and growth in our society.