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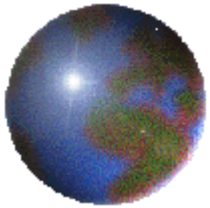
Access and Inequality in US Higher Education: Policy Issues



Access and Inequality in US Higher Education: Policy Issues

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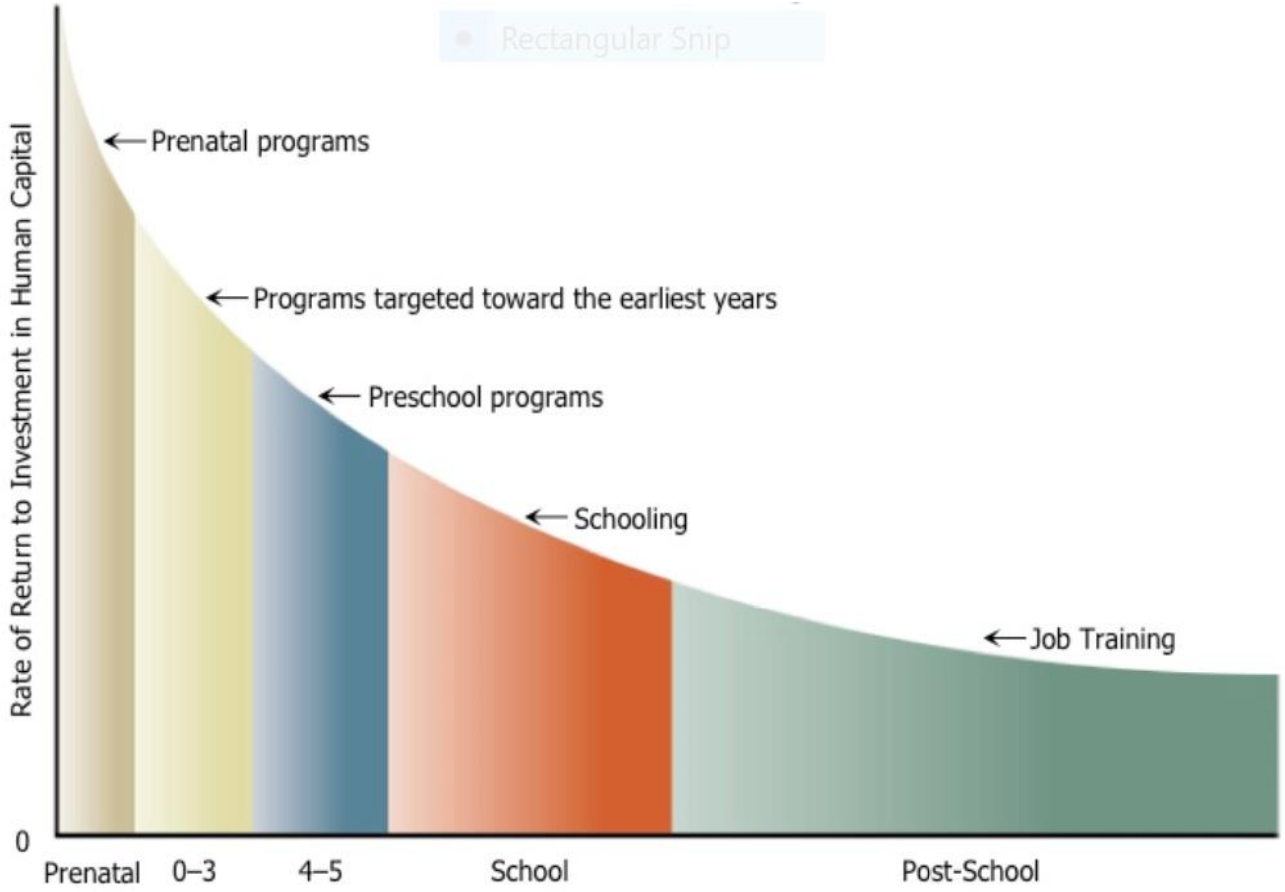
Introduction

- Access to US higher education:
  - Percentage high school graduates enrolled in college stagnated since 1967
  - US trails several EU nations in tertiary education completion
  - Scandinavian countries have higher social mobility and lower inequality than US
- Causes of inequality/access issues in US

Return to Investments in Human Capital



Heckman, 2019

Access to US Baccalaureate Education

- Institutions control access decisions
- Existing biases in admissions
- Equity: horizontal/vertical
- Issues regarding equity of access:
  - Financial Aid Policy
  - Informational/Behavioural Constraints Among Low-Income Applicants
  - Affirmative Action

US Financial Aid Policy

- Barr's Framework for Equity/Efficiency in Mass Higher Education
  - Competitive market; differential tuition/fees
  - Universal access requires government supported student tuition, fees, living expenses
  - Graduates repay government support through tax system based on current earnings
  - Higher education market "well regulated" for quality/efficiency

US Financial Aid Policy

- Inequities in US Financial Aid System
  - No national regulation of public/private tuition/fees
  - Tuition/fees have risen to 50% of total public higher education revenues
  - US college loans have fixed monthly payments; 10-year payback period
  - Student loan default rates at all-time high
  - Growth of merit-based, state financial aid for public colleges; but regressive policies

US Financial Aid Policy

- Regulation of for-profit colleges:
  - Low student completion rates
  - Poor graduate employment/salaries
  - 4 X higher student loan default rate
  - Obama Administration: “Gainful employment regulation”; strengthened accreditation
  - Trump Administration: de-regulation of for-profit higher education

Informational/Behavioural Constraints for Low-Income Applicants

- Information provision and college rankings
- The “well-informed” consumer
- Do rankings utilize measures of societally-valued outcomes?
- US commercial rankings and measures of “academic prestige”
- The “Naïve” student consumer

NYT College Access Index, 2017

Rank	College	Freshman class	Pell grad share	Net price, mid. income	College Access Index	Endowment per student
1	University of California-Irvine	5,400	39	$12k	1.90	$11.1k
2	University of California-Santa Barbara	4,600	31	$13k	1.61	$7.1k
3	University of California-Davis	5,100	30	$13k	1.60	$11.2k
4	University of California-San Diego	5,200	29	$11k	1.58	$22.2k
5	University of California-Los Angeles	5,700	26	$11k	1.52	$54.2k
6	University of Florida	6,500	22	$8k	1.46	$33.3k
7	Amherst College	500	22	$9k	1.44	$1.141m
8	Pomona College	500	20	$7k	1.43	$1.288m
9	University of California-Berkeley	4,700	22	$11k	1.38	$46.3k
10	Harvard University	1,700	15	$5k	1.36	$1.51m
11	Vassar College	700	21	$11k	1.36	$397k
12	Williams College	500	18	$7k	1.35	$1.049m
13	Princeton University	1,300	16	$6k	1.34	$2.662m
14	Wellesley College	600	18	$9k	1.32	$763.1k
15	Stanford University	1,700	14	$4k	1.31	$1.448m
16	Knox College	400	26	$18k	1.30	$92.9k
17	University of North Carolina at Chapel Hill	4,000	18	$10k	1.30	$103.8k

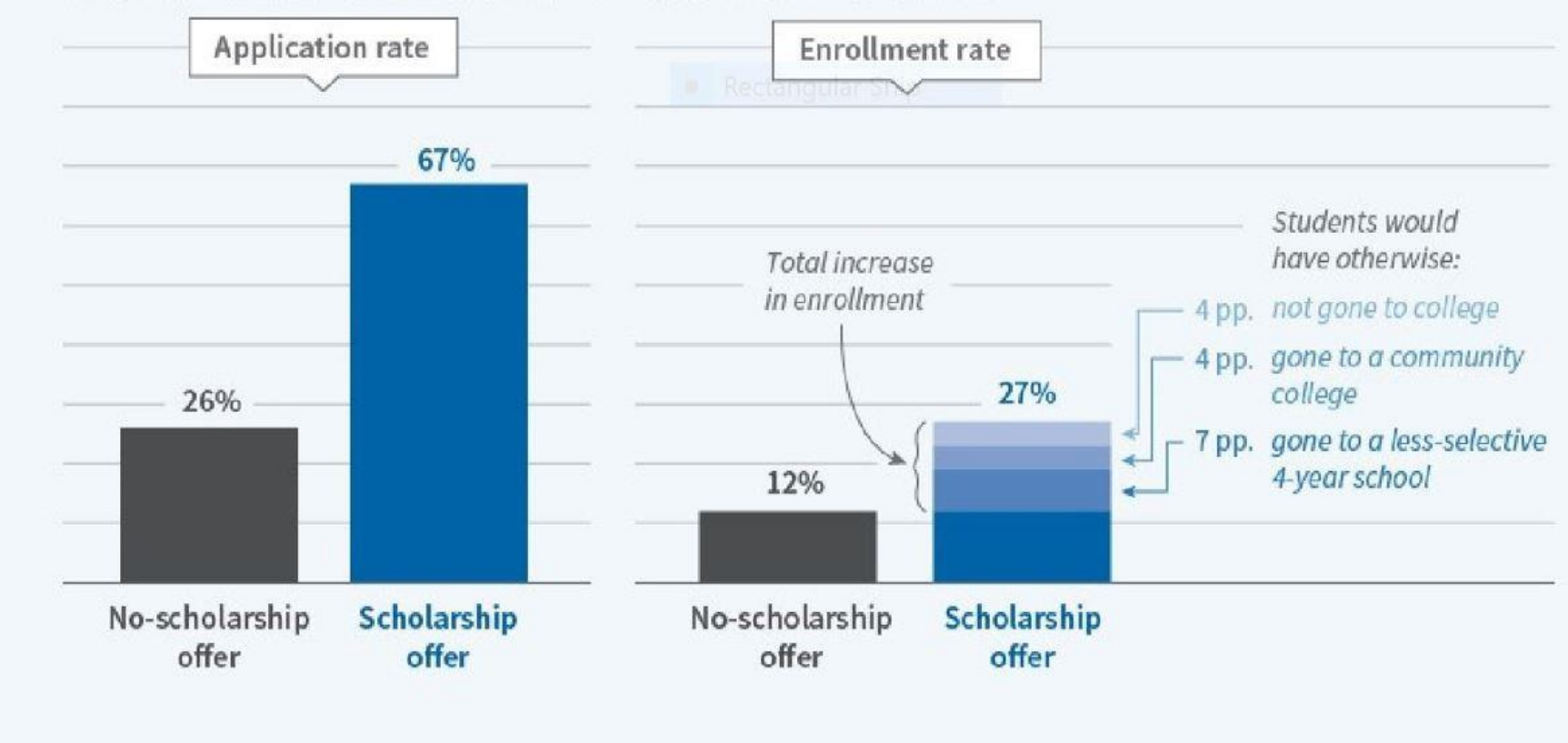
Informational/Behavioural Constraints for Low-Income Applicants

- Comprehending “true price’ of selective colleges; family “debt aversion”
- Necessary academic preparation/test scores for selective colleges
- Complexity of US financial aid process
- “Undermatch” of high achieving, low-income students

Informational/Behavioural Constraints for Low-Income Applicants

- University of Michigan low-income scholarship program
- Michigan students in program received:
  - Personal mailing with invitation to apply
  - Promise of 4-year full tuition/fee scholarship if accepted for admission
  - Descriptive materials assisting students in application/ financial aid processes
  - Supportive materials sent to student's parents and High School Principal

University of Michigan Low-Income Scholarship Program



Dynarski, Libassi, Michelmore, & Owen, 2018

Affirmative Action Policy

- 1964 Civil Rights Law
- 2003 Supreme Court Decision, Justice O'Connor:
  - "educational benefits from student body diversity" [a] "compelling interest."
  - [but] "25 years from now use of racial preferences will no longer be necessary."

Affirmative Action Policy

- 2019:
  - 73% of surveyed US public say should not consider race/ethnicity in college admissions
  - 8 US states now prohibit preferential admissions in public colleges by race, ethnicity, sex, national origin
- 2014, Dale and Kruger:
  - Selective US colleges provide distinctive networking opportunities and life chances for low-income, minority admits

Harvard Domestic Applicants/Admits by Race and ALDC Status, 2010-15

	# of Applications	Admit Rate
White	57,582	4.89
Black	15,664	7.58
Hispanic	17,970	6.16
Asian	40,415	5.13
(A) Recruited Athlete	1,374	86.0
(L) Legacy	4,644	33.6
(D) Dean/Director Rating	2,501	42.2
(C) Faculty/Staff Children	321	46.7
Not ALDC	142,728	5.45
TOTAL	166,727	6.67

Arcidiacono, Kinsler, & Ransom, 2019

Affirmative Action Policy

- Are there workable race-neutral strategies to achieve educationally beneficial diversity?
- Preferences for socio-economic class rather than race/ethnicity?
- Baker, Kasman, Klasik, & Townsend, 2018:
  - SES-based policy not as effective as race-sensitive admissions policies
  - SES-based policy with targeted race-based recruiting and “outreach” a feasible alternative

Affirmative Action Policy

- Relevance of US AA to other nations
- Will increasing market competition and institutional autonomy encourage inequitable and unfair admissions preferences in other nations' mass higher education?
- Horizontal equity, admissions preferences, and compensatory policies
- Emerging diversity/discrimination in EU nations and the issue of affirmative action

Conclusion:

- Students benefitting from public higher education should pay portion of educational expenses. Financial assistance available to all applicants. Eligibility for higher education financial aid simple/publicly clear.

- Government-supported student loans repaid by graduates through national tax system, adjusted for earned income. Loans repaid for set period and payments progressive. Government loan system should minimize public subsidy.

Conclusion

- Government regulation assures:
  - efficiency of publicly supported higher education tuition/fees;
  - institutional collegial processes for improving quality of teaching/learning;
  - integrity of admissions decisions;
  - validity/societal value of public information on institutions of higher education.
- Public incentives for active outreach programs by selective institutions supporting applications from high achieving low-income students, as well as applicants from groups designated by national policy for preferential consideration.