

COSTS OF HIGHER EDUCATION AND FUTURE DIRECTIONS

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Concerns

- ▣ Costs of Higher Education are Exorbitant
- ▣ Costs Continue to Rise Rapidly
- ▣ Too Much of Cost is Borne by Student and Family
- ▣ Students are Left With Large Debt
- ▣ Governments are faced with huge public sector costs which must compete with other needs

My Focus

- ▣ Too many dimensions of this issue to address in short presentation.
- ▣ Will address:
 - Are costs too high?
 - Are there better ways to finance costs?
 - Are there ways to contain or reduce costs?

Are Costs Too High?

- ▣ If return on investment is used as criterion, they are not: 10-20 % return on investment.
 - Psacharopoulos
- ▣ Higher education is a good private investment, but difficulties in financing for many.
- ▣ Good social investment in creating “smarter” society and externalities, raising productivities of even lesser educated persons.
- ▣ Reduce costs to families or provide ways to finance or some combination.

Solutions

- ▣ Redistribute private cost burden by increasing government share. (H. Clinton and B. Obama).
- ▣ Provide greater government subsidies justified by social value of higher education.
- ▣ Provide income-contingent loans in which individuals pay according to their productivity from higher education.
- ▣ Each of these solutions may have practical and political issues including high government costs at time when many pressures on government budgets (e.g. elderly, declining working populations).

Reducing Costs

- ▣ Increase graduation rates.
- ▣ Productive use of educational technologies.
- ▣ Incentives for faculty and students to improve efficiency.
- ▣ More emphasis on short training for careers.
- ▣ Focus on external examinations rather than course credits.

Concrete Example (U.S.)

- ▣ Only about half of 4 year college students complete the bachelor's degree in 6 years.
- ▣ Only about one fifth of community college students complete associate degree in 3 years.
- ▣ Why? Many reasons.
 - Poor preparation.
 - Family responsibilities.
 - Work responsibilities.
 - Difficulties in financing.
 - Lack of effort.
 - Inefficient systems of organization.

Accelerated Program at CUNY

- ▣ Analysis of Non-Completion of Associate Degrees in 3 years.
 - Consolidated class schedules for each major.
 - Smaller classes.
 - Bi-weekly workshops on overcoming challenges.
 - Dedicated advisors.
 - Optional tutoring.
 - Facilitated access to campus services.
 - Free public transportation and textbook availability.

Higher Costs

- ❑ Established the Accelerated Study in Associate Programs (ASAP) in all 6 colleges.
- ❑ Undertook a quasi-experimental evaluation.
- ❑ Unfortunately, additional costs of ASAP were about 50 percent higher per full-time equivalent student than conventional program.
- ❑ But, graduation rate in 3 years rose from about 24 percent to 55 percent among the six community colleges, a doubling of completion.
- ❑ Thus, cost per student was higher, but cost per graduate was lower, so cost-effective.

Doubling Rate of Graduation?

- ▣ Randomized Control Trial.
- ▣ Compared students in regular program with those in ASAP.
- ▣ Allowed students needing remedial help to be included, a group with poorer initial preparation.
- ▣ Three year results of experiment showed a doubling of graduation rates from 22 percent to 40 percent.

Is This a Good Investment?

- ▣ Benefit-Cost Study
- ▣ Benefits to Taxpayer: higher tax revenues and lower costs of public health, public assistance, and criminal justice system of additional graduates.
- ▣ Benefits were more than three times costs for taxpayer and more than twelve times costs for students.
- ▣ Because of higher graduation rate of ASAP relative to regular program, taxpayer would gain about \$46 million dollars more in net benefits by enrolling 1,000 students in ASAP than in regular program.

Is This Convincing?

- ▣ CUNY has demonstrated its ability to double community college graduation rates with ASAP.
- ▣ Returns to taxpayer are substantial by reducing cost per degree, even though cost per fte student are more.
- ▣ Initial program had about 1,000 students; 2014 program had expanded to 4,000. Funding by 2017 will provide for 14,000 students.
- ▣ (You can find both the cost-effectiveness and benefit-cost studies at www.cbcse.org)