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Policy Dialogue: The Problems and Promises of Higher Education in the United States

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Abstract

Nearly 70 percent of American students enroll in postsecondary education immediately after graduating high school. Yet college and university completion rates remain highly disparate across social and economic groups. White students in the US are 20 percent more likely than Black and Latino students to graduate, and students from high-income backgrounds are roughly five times more likely to graduate than their lower-income peers. As a result, many students leave higher education without a degree, bearing debt that cannot be discharged through bankruptcy. The upshot is that much of the \$1.7 trillion in student loan obligations today is held by those who cannot afford to repay it—an immediate crisis for millions of individuals and a looming threat to the US economy. How did we arrive at this juncture? And what should we do from here?

For this Policy Dialogue, the *HEQ* editors asked Sara Goldrick-Rab and David Labaree to explore the past, present, and future of pressing issues facing American higher education. Goldrick-Rab is professor of sociology and medicine at Temple University as well as President and Founder of the Hope Center for College, Community, and Justice in Philadelphia. She is also the chief strategy officer for emergency aid at Edquity, a student financial success and emergency aid company, and founder of Believe in Students, a non-profit distributing emergency aid. Labaree is a past president of the History of Education Society and the Lee L. Jacks Professor Emeritus at Stanford University. Their dialogue takes readers on a quick and heady jaunt across time, across the country, and across almost all institutional types in higher education.

HEQ Policy Dialogues are, by design, intended to promote an informal, free exchange of ideas between scholars. At the end of the exchange, we offer a list of references for readers who wish to follow up on sources relevant to the discussion.

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Sara Goldrick-Rab: I was listening this past weekend to a podcast from the *New York Times* called *Nice White Parents*. Brilliant sociology of education. The part that stopped me in my tracks was when they got to the discussion about the New York City Board of Education in the forties and fifties, airing ads essentially—twenty-five-minute videos about how we benefit from common schools. In one, a farming couple has a crop shortage, and they have to puzzle through how they're

going to make their ends meet and how they're going to survive in this moment, and they can only do it because they went to public school.

I didn't know that such advertising ever existed. But we need one of those campaigns for the American community college and, frankly, for public higher education writ large. Because the whole notion that we would even ask, "Is it financially sustainable?" is wrong-headed. To me, the answer is, "We can't afford not to."

We need to do in the twenty-first century what we did in the twentieth, in terms of expanding opportunity for education. I think the lesson we learned, if you read Goldin and Katz's *The Race between Education and Technology* or whatever else, is that it did so much good. How can we possibly afford not to try to do that again? I am curious where you are on that.

David Labaree: The community colleges are the workhorse of American higher education. That's where most of the students are. That's the zone of opportunity. At the high end of the distribution is the zone of exclusion. But this is the common school part of higher education, and it's the worst funded. It's shockingly badly funded. When you look at the hierarchy of state and higher education systems, the community colleges get peanuts.

The issue about sustainability, I think, is a real one, historically. If you look at the expansion of public schooling, one of the cool things about the US is that it expanded public education in the nineteenth century in a radical way compared to Europe, and in a highly inclusive way long before education was actually economically valuable. That was the interesting part of the Goldin and Katz argument—about expanding schooling during a century when the skills in the job market were declining through industrialization. That was a political story, not a human capital production story. By the end of the century, the US expanded high schools well before the rest of Europe. England didn't get the same kind of high-school rate of attendance until the Second World War that the US had in 1900. That was a rapid expansion. Then after the Second World War came the huge, huge expansion of higher education. And so, in one way, there's this long story, and you say, "Let's keep it going," which is what Goldin and Katz also said.

But part of the problem is that education per capita gets way more expensive as you move up through the scale. High school is more expensive than elementary, colleges more expensive than high school, and graduate school is way more expensive. So, the fiscal burden of funding higher education goes up considerably as you expand. It's not a surprise that it was in the 1970s, after that huge expansion of higher education, that you start having the taxpayer revolt, which really started right here in California with Ronald Reagan. You used to be able to go to Berkeley for free and suddenly you couldn't do it anymore. Part of that was ideological, neoliberal thinking, but part of it was also that it's expensive. And who's going to pay for it? You either pay for it directly as a student paying your tuition, or indirectly as a taxpayer increasing your taxes. That's been a struggle. I'm interested in your take on that.

Sara Goldrick-Rab: So first, when I say it pays off, I don't just mean in terms of money. Certainly not in terms of private returns. I actually think that the way the Higher Education Act was enshrined in policy, the thinking that this is all about

human capital formation and private returns was a political move influenced by Milton Friedman and others. But just because we have more trouble estimating the public returns doesn't mean they don't exist.

Politically, when I think about the tax revolt, I think about how much easier it is to overturn the system when so few people are actually benefiting from it. The exclusionary nature of higher education makes it easier to revolt against. To me, lowering the price point is not the only or even the main point. The point of lowering the price is to bring more people in and restore investment in the sector overall. You motivate political support in part by lowering the price point at a time when people are really upset about how high it has become.

The question is always framed as, "Well sure, it is more expensive to offer this level of education." But why are we only talking about what's expensive in those terms? Frankly, it's much more expensive to fund corrections and the criminal justice system the way we do, and it has very little return. So, have that conversation with me, California, before we start talking about choosing between pre-K and college. Of course, it's pre-K, if you have to choose. But it's also college.

David Labaree: I love the advertisement that the New York City school system created about what the public benefits of school are. That's the argument that nobody's making about higher education right now. It's purely portrayed as a private good, not as a public good. And as a private good, the logic is pretty clear. If you're getting the benefit of the schooling, then why should we subsidize you? You should make that investment; you're going to get the payoff. So naturally, why should we provide you grants? We should fund this through loans, and you take the burden. The logic is impeccable.

It has always been this kind of a classic problem of the commons. It's hard to make the case for the public good. It's hard for me to understand why it's worthwhile for me to invest in the education of other people's children. It's a hard case to make. It's sort of like the easy default is, "What's in it for me and my kids, and actually paying taxes for your kids to go to school. . . . Why am I paying for your education?" Trying to make that case, especially in the American setting with radical individualism and a suspicion of the state, is tough. Trying to make the case that this is a public benefit is much harder here than in a lot of European countries, where there is more of a tradition of social democracy.

Sara Goldrick-Rab: Yeah, although the thing that really strikes me is that it's not hard for a lot of non-White Americans to make that case.

David Labaree: Good point.

Sara Goldrick-Rab: They get it and, and they get it quickly. Our Latinx population, our Native American population, our African American population do not struggle with this argument nearly the way the White folks do.

David Labaree: One issue about the people who understand that education is a public good, versus people who don't, is that the people who get it typically are those with

the most to gain from increasing access. Those who already have access don't see it as such a big deal. It's a natural thing that my kids go to college, whereas for an immigrant family, it's not. Having that opportunity is huge, and we can't really pay for it ourselves. I have a feeling there's a certain degree to which self-interest is tied up in whether you see it as worthwhile to subsidize schooling. Because the more you need it, the more you want it; the less you need it, the less viable that argument seems to you.

Sara Goldrick-Rab: If you look at the distribution of the polling data on who supports free college, it's more supported by people *with* the education. It's actually the people without the college education who don't seem to support it. They're very worried about how it's going to be paid for, and they think they're going to pay for it. Oddly, it's the opposite for polling on loan forgiveness—people who did not attend college are more likely to support it.

David Labaree: I want to back up a little bit. Public funding for higher education is relatively modest in this country, because the system emerged in the early nineteenth century at a very peculiar time and in a very peculiar place. The state was weak and poor, the market was strong, and the church was divided. The traditional supports for higher education in Europe were the nation-state and the national church. Having neither of those here turned public higher education into an entity that was largely structured as a nonprofit corporation. Colleges received a state charter but not much state funding. They had to figure out how to survive on their own. Student tuition was a very central piece of that. Another piece of that was seeking to get local elites to contribute, looking for a donor pool. You could get some money from the denomination to help out a little bit in competition with other denominations. And you could get a modest infusion of funds from the state government if you begged.

But these institutions had to function as self-supporting organizations. One of the ways they did that, as I said, was through students and donations. Another was to do something that American colleges are still very good at, and that is turning students into lifelong supplicants of the university. American colleges are really good at making it so that students see it's not just a place where you go to school; it's who I am. It's my identity. I wear the brand. That's a valuable thing because it turns students into future donors. State funding came later as the state started founding colleges, instead of just chartering them. But it wasn't even until the turn of the twentieth century that they started getting annual appropriations.

It really wasn't until after the Second World War, during the Cold War, that we saw an infusion of public money into higher education. It started with the GI Bill and carried on through the Higher Education Act. It was, in many ways, a side effect of the Cold War. Here, for the first time, there was a public rationale for higher education. It wasn't just so you could get a job or some rich kids could go to school. We were supplying the technology and science for the space race and the arms race. We were also in an ideological war, showing that democratic capitalism could provide enormous opportunity for everyone, and not just for the few. Both federal and state funding went up massively during that period. And then toward the end of

that period, as the Cold War was fading, the tax revolt kicks in, and in some ways we've been backing off ever since then from public investment. It's been returning, in some ways, more to what the prewar mean had been—a more self-sustaining operation. Where that's going, I don't know. But it seems that there's a long pattern here where it was only for a brief time that the state was really deeply invested, and where the notion that higher education was a real public good.

Sara Goldrick-Rab: So, I've got your book *A Perfect Mess*. And I want to say that the world of higher education that I occupy looks really different than a lot of things in here, including that community colleges are not just a piece of higher education. As you said earlier, they're the workhorse. It's them plus the comprehensive state, regional universities. That's the higher education we should be talking about. To be honest, the flagships are a distraction.

If 75 percent of American undergraduates are enrolled in those two types of institutions, and they've walked with their feet to those places, it seems like those are the schools we should be focused on.

We spend a ton of money focused on choice in American higher education, rather than focused on quality and affordability. We could focus our resources on quality and affordability in public higher education. Instead, we pretend that Milton Friedman's theory works and that everybody can voucher their way to quality and affordability, which has totally failed. We throw an enormous amount of money at private institutions that have no accountability to us—*none*—and do almost nothing that we ask. And frankly, our relationship between the federal government and the states around higher education is, as you correctly characterize, an absolute mess. If we had followed the needs of public institutions, and we had funded institutions rather than students, this would look radically different.

I always find it interesting the rest of the world envies our community college system, while everybody in this country denigrates it. I think we're learning how to do authentic second chances in a way that very few other countries do.

David Labaree: The issue though is that community colleges have this dual quality about them. They're the zone of opportunity for a lot of people, and they're also the places that cool out people's dreams. It kind of works both ways. It's hard for people to do the community college route.

Sara Goldrick-Rab: I've done studies on this. In a paper called "The Community College Effect Revisited," we actually estimated the size of those different effects. There is a little bit of cooling out, but here's the thing: it's a small amount, and it is for a tiny fraction of the students, and it is for the relatively elite students.

The latest research is showing that not even fully finishing, even a year's certificate, let alone a two-year associate, is way better than if they hadn't gone at all. So, I get the duality. At the same time, I feel like we should admit that the top part of the system serves like 10 percent of the people, and the rest of the system serves the other 90 percent.

Katharine Broton, in her master's thesis, exploits an experiment we did with financial aid. You know what cools students out? Underfunding them. You know when

they lose interest in my class? When work becomes the priority because they have to pay their bills, or when their mom gets sick, or when other life issues intervene. They'll say to me, "I'm so sorry. I love this class. And I'm not going to be here anymore."

And the problem is then, because they dropped out of it, we say, "Oh, they're not interested in sociology. You know what? They should really just be doing a business degree because really, that's what they need." And the next thing you know, there's a whole new fad out there right now called Guided Pathways, I don't know if you've seen this.

David Labaree: I've heard of it.

Sara Goldrick-Rab: Right. It's based on Barry Schwartz's work *The Paradox of Choice*. But they took a really unfortunate view of Barry's work and Brint and Karabel's *Diverted Dream*. They said what's happening is that all these students are in what they call the shapeless river—"they never find their way through it." So let's guide it. They call it pathways—not tracks—with meta-majors. You know what they do at Harvard? They put \$100,000 a year of resources around you, plus parents who also help you, and say, "You can handle an environment of choice and learn how to be in the real world where nobody guides you through anything." We just need to do that. It's really that simple. It's just for other people's children.

David Labaree: So I think we're agreeing too much. We need to move to areas where we're at odds—one is tuition and the other is elite education.

On the tuition side, the thing that concerns me about the free tuition is—and this is an argument you've run into several times—subsidizing the wrong people. Paying a lot of money to subsidize people to go to college who could afford to pay their own way. That was the rap on Berkeley in the old days. It was a heavily upper-middle-class population that was going to Berkeley, and they were going there for free. So the argument is that you know the price is such a barrier for kids that don't have a lot of money. They don't understand the fact that if they actually got into Stanford, they'd get a much better deal than if they got into a Cal State campus because of the massive subsidies that they would get. But the fact that it costs \$50,000 upfront causes them to say, "I wouldn't even think of applying. That's insane. This is obviously not for people like me."

The issue, I think, is that I think free tuition works only if you have a highly progressive tax system, so if somebody with a lot of money gets a free ride, they've already paid in advance for their tuition through a heavy tax burden. People at the lower end would have either a zero or low tax burden.

Sara Goldrick-Rab: We don't disagree on that. I don't think you'll find too many people who are fighting for free public higher education who aren't also fighting for progressive taxation. However, I agree with you that would be one way to do it. I don't think it's the only way. So first, I think it's so interesting that you brought Stanford up, because Stanford is not a place that would get free tuition from the federal government. We would not pay for it. We should not, we cannot, we will not.

And I also want to be clear. California, in my view, has made a massive mistake in sending the Cal Grant to places like Stanford. They could stop sending Cal Grant dollars to private institutions and reallocate said dollars to the Cal States and the California Community Colleges, and it wouldn't cost taxpayers one darn dollar. If you really want to talk about who can already afford to pay, you talk about the students attending private colleges. Moreover, those institutions said they wanted to be private. If they want to have low-income students—which they should want to because it's socially just and it's also a better classroom—they should fund them. They have endowments, they have other mechanisms, and if they can't, they should close.

I don't want to means-test college anymore. I'm not worried about Donald Trump sending his children to Temple University, the urban-serving public university where I work. I don't need to worry about taxation—I can simply rely on elitism. And I'm fine if four of Donald Trump's grandchildren come to Temple University, and thousands of others come, and we didn't have to subject any of them to the administrative burdens that keep them out, which is not just about the sticker shock anymore. The level of administrative burden that we're putting on the whole system here is excruciating. I have LGBTQ students who become homeless in college because our system turns to their parents and says, "You're supposed to be paying," when the parents don't even speak to these students. This is not an exception; this is playing itself out all over the place. I think we could just start by making the community colleges free.

David Labaree: That I'm not so sure. We're almost agreeing here. The issue is progressive taxation, which I don't think is ever going to happen.

Sara Goldrick-Rab: Why do you need progressive taxation to justify free community college?

David Labaree: Well, again, look at the California case. It is a major strategy for middle-class families to send their kids to community college and then transfer to UC or Cal State. They're guaranteed a space.

Free tuition for community college is also going to mean a major increase in taxes. And it's going to be about trying to, once again, make the pitch to invest in other people's children, and to be taxed to do that. That's a hard sell on the American mind, I think. It's a hard sell to say that we're going to treat community college like high school now, and it's a public good that everybody should assume to have access to, and that we should be willing to pay for it. Getting agreement on tax increases is really hard. To get tax increases, you have to basically pass a proposition or constitutional amendment in order to get a tax increase. The bias is against it in all cases.

Sara Goldrick-Rab: Are you against it or you just don't think it can happen?

David Labaree: I don't think it can happen. I just don't think it fits the scheme. I'd like to have free public health care, but that's not going to happen. We're not going to

tax ourselves to do that, you know.

Sara Goldrick-Rab: If I said I want to expand the National School Lunch Program to higher education, somebody would say, “You got to raise taxes to do that, it would cost a fortune.” But I’m not talking about raising taxes to do it. The agriculture industry would benefit tremendously. I can make that case in rural communities all over the country that are led by Republicans. It’s not a nutrition program; it’s an Ag program. That’s what it is. You go and you sell it that way. I am not sure that it’s true that we couldn’t get free community college because I don’t think we necessarily need tax increases. I think I could actually go mobilize the conservatives to go take away the money from the private colleges and use it. I also think we have congresspeople in every corner of the nation with a community college in their backyard. This is why, to me, Bernie [Sanders] made a mistake. I want free public higher education at all levels just like he does. But he made a tactical error. I think we have to first get the community college part done and settled. If you could tell the American taxpayer, “We’re talking about community colleges and other places you can get into—broad and open-access institutions—places that *do not* reject the majority of students who apply, which would weed out the flagships and weed out the privates,” I think you’d actually see public opinion go in a different way. The willingness to tax, to me, is all about how it’s been framed.

David Labaree: I think it’s easier to make the case for community colleges. But the framing is going to be difficult.

Sara Goldrick-Rab: It’s also hard when community colleges are falsely cast as if they really do a bad job, right? So, there are those who will say, “We’re paying for nothing—what are we paying for, it’s low quality.”

David Labaree: They do a great job. I was very impressed by my fellow teachers when I taught at community college. They were teachers. They were well educated. The students got a really good experience there. The students were highly motivated because going there was not an easy, natural thing. They had to commute, and they had to manage a life while they were doing it. That’s very different from the sort of prototypical, I’m-on-campus-for-four-years kind of student.

I think the place where we’re going to disagree probably the most, though, is on the topic of elite education.

I’ve experienced the system at all levels. I taught at a community college. I’ve taught at a state. I’ve taught at an open-access, private university. I taught at a land-grant school. And then, Stanford. The thing that surprised me was that I began making a defense of elite private education and its value. Think about the hierarchy of higher education, where you have broad access at the base with community college, and very limited access at the very top at places like Wisconsin or Berkeley, and even more so at the private research universities. If you’re talking about promoting social mobility, those institutions are promoting social inequality. They are preserving it. They’re institutionalizing it. And they allow people to come in as people who were born well and they graduate as people who are suddenly anointed as being smart and

having academic merit. It's kind of a laundering process for social class to turn it into individual merit.

On the other hand, providing social mobility is not what these institutions do. They provide other public benefits. In a democratic society, you still need highly trained elites. The research universities are not really focused on undergraduates; they don't care that much about undergraduates except for the fact that they subsidize the graduate students. That's not their mission. I had one provost say, "You know what, you can get a good undergraduate education a lot of places. We have a good system here, but that's not who we are. We're a graduate school, and we prepare researchers and people who are going to end up becoming leaders in their professional fields." So on the personnel, the human capital side, that's what they're doing, and you need people who are well prepared.

The other side is the research side. These are the institutions that are the kind of engines of knowledge production and also economic development, and they provide a huge public benefit by doing that. And so why not spread it out? Why not have the Cal States do this and not just the UCs? Why concentrate it? Well, if you put together a particularly high concentration of highly qualified faculty and strong students, and massive amounts of funding, you can have a kind of research production operation that is incredibly effective. It makes it easy for funders to say, "We need somebody who can really do this—who can do that? Those guys could do it because they've got all the guns." That's not to say they're better institutions in other ways. But for that purpose, it actually makes sense. In a way, places like Harvard and Stanford maybe have their place. Perhaps then they can justify their public subsidies, the main one being through income tax deductions for donations.

Sara Goldrick-Rab: Isn't that the question? To be perfectly honest, I don't think anybody is asking whether or not such elite institutions should exist. I think the question is about whether they should get the public subsidies that they now receive. And I certainly would say that if they want the public subsidies, they need a broader understanding of what constitutes "excellence" than to suggest that excellence can only come from the kinds of people who can currently get into those places.

We should question the allocation of federal subsidies. And I also question people like Mike Bloomberg. I do not think Mike Bloomberg did this country the great good that he thinks he did by giving a massive amount of money to Johns Hopkins. I don't. I understand it's his money, and he can do whatever he wants. But he can't run for president claiming that he did these amazing things for affordability, frankly, or for social mobility. If that was the goal, he should have given to Baltimore Community College, or the University of Maryland, Baltimore County.

David Labaree: So where does this conversation leave us?

Sara Goldrick-Rab: Well, I think it's clear that economists have too much control in this country. I meet very few economists who will go with me on this intellectual journey of a conversation. The natural conclusion for them is that higher education is a private good, and so we are using loans as financial aid and, oh, that's just the rational thing to do. Sociologists just have another version of the world that's, as economists

see it, frankly simply not right. In the end, I don't want a Council of Economic Advisers anymore. I want a Council of Scientific Advisers. I want sociologists on there, and historians too. Frankly, I do consider history a science. I don't know why that's even questioned. You draw on important methods, and you ask questions in rigorous ways. I think we need to restructure the power and the decision-making so that economists are not the sole drivers of policy. I think that would begin to effect real change.

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