

**The Agenda for Increasing Higher Education Attainment:
Preparation, Affordability, and Student Success**

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Higher Education Attainment: An Individual and National Imperative

A short article in the Wall Street Journal on July 17 neatly summarized the biggest challenge facing American higher education. The article, at the bottom of an inside page, described the difficulty banks are having in finding and hiring tellers. It seems that bank tellers have traditionally been high school graduates. It was the kind of solid, respectable job that could help support a middle-class family and that didn't require college. Until recently, banks expected tellers to be eventually replaced by technology – in this case ATMs – just like so many other similar low-skill jobs. But then a funny thing happened. Retail banking became very important to banks, and they discovered that their tellers are the front line of contact between the bank and its customers. Banks need tellers to listen and respond to what they hear from customers – suggesting an equity line of credit, for example, or referring the customer to financial planning services offered by the bank. In other words, banks need tellers to be able to take in information from a variety of sources, synthesize it, and make autonomous judgments about what to do with it. On top of all that, they need tellers to be articulate and able to work well with others. Banks are figuring out that people with only a high school diploma are simply not up to the demands of the job. It's important to note that it is not a specific set of technical job skills that the banks need. Rather, tellers need the kind of abstract reasoning, problem solving, and communication skills that a college education has traditionally supplied. According to the Wall Street Journal, banks are now looking to community colleges – not high schools – for their tellers.

This example describes in a nutshell a trend that is happening throughout the global economy – the consequences of which have become the focus of the Lumina Foundation for Education. The trend is that an education beyond high school has become central to the functioning of the economy and to the ability of individuals to participate fully in society. The transformation of work, that the example of the bank teller so aptly describes, is happening throughout the workforce in response to pressures to increase quality, value, and productivity. As Thomas Freidman made so clear, the marketplace for goods and services is now global, and the only way to survive – for either individuals or nations – is to increase skills and knowledge to compete in a dynamic environment. This means that we must increase the number of Americans who have access to – and are successful in – higher education.

The evidence of the need to significantly increase higher education attainment is very clear. The proportion of the U.S. population with two- or four-year college degrees has remained remarkably stable over the past 40 years at around 39 percent. Several decades ago, this level of higher education attainment was the highest in the world, and the U.S. still ranks first among the member states of the Organization for Economic Cooperation and Development in the proportion of adults between the ages of 55 and 64 who have a college degree. Unfortunately, however, this level of degree production is no longer sufficient to meet the levels of the developed countries in Europe, Asia, and the Americas that belong to OECD. Other nations are already reaching higher education attainment rates as high as 54 percent among their young adult population ages 25 to 34, compared

to a rate of just 39 percent in the U.S. This level of attainment means that the U.S. has fallen to tenth in the percentage of the young adult population with college degrees.

To close the gap and match the level of degree attainment of the highest performing nation, the U.S. would need to add an additional 7.2 million college degree holders in the adult population, an increase of approximately 30 percent over current levels. Since rates of college degree attainment are increasing in almost every OECD country faster than in the U.S., the gap will continue to widen unless the U.S. significantly improves rates of both college participation and completion.

The international data is pointing to a critical underlying trend that is affecting all industrial and post-industrial economies. Not only do bank tellers need more higher education, we're finding that similar demands for higher levels of skills and knowledge throughout the workforce. Lumina Foundation estimates that there will be a shortage of 16 million college-educated adults in the U.S. workforce by 2025 at current rates of production of college graduates. Some of the clearest evidence for this growing shortage of college graduates is that the value placed by the workforce on college attainment is growing, as shown by the growing gap in earnings based on level of education. Since 1975, the average earnings of high school dropouts and high school graduates fell in real terms (by 15% and 1% respectively), while those of college graduates rose by 19%. What is most important about this growing premium for a college education is that there is solid evidence that it reflects the actual skills and competencies developed by graduates while in college, and not just the credential.

Analysis of this international and workforce data is not just an idle statistical exercise. Just look at the case of Ireland, where it became national policy about 15 years ago to increase higher education attainment levels. In just a few years, higher education attainment has increased in Ireland from 16 percent of the older adult population to 40 percent of the young adult population between the ages of 25 and 34. In just 15 years, Ireland has changed from one of the poorest countries in Europe to one of the richest.

Based on global trends and workforce demands, at Lumina Foundation we believe that rates of college attainment must increase to at least 60 percent of the U.S. population by the year 2025 – an increase of 16 million graduates above current levels of production. Frankly, I'm not sure even this lofty goal will be enough. Governor Jim Hunt says that on a recent visit to Korea, officials there told him that they have set a goal of increasing college attainment to 100 percent of the population. Other countries have already passed the 50 percent level and show no signs of slowing down, while we remain content with higher education attainment in the 38 to 40 percent range.

Reaching the levels of college attainment demanded by the workforce will require us to find ways to assure that all residents have the opportunity to succeed in higher education. Of course, there is a particular challenge and responsibility to increase attainment for those groups who have been traditionally underrepresented in higher education. We all know that educational opportunity in the United States is not equally available to all Americans. While more than 30 percent of White, non-Hispanic American adults have at

least four years of college, only 18 percent of African Americans and 12 percent of Hispanics have reached the same level of attainment. Because the average income of Americans with a four-year degree is \$43,000 per year, compared to \$27,000 for those with just a high school diploma, this chronic gap in educational attainment contributes to the disparities in income between racial and ethnic groups in the U.S. This issue is of growing importance as the proportion of the population from groups traditionally underrepresented in higher education grows rapidly. While the U.S. is projected to become a “majority minority” country by 2050, already this trend is already having a large impact on the U.S. One in 10 U.S. counties today are “majority minority,” and of the total U.S. population growth of 56 million between 2000 and 2020, 46 million will be members of minority groups.

Higher education attainment has become the only reliable route to the middle class. This has implications beyond just earnings potential – almost 95 percent of college graduates have employer-provided health insurance, while only 77 percent of high school graduates have coverage. Likewise, 90 percent of college graduates have employer-funded retirement funds, compared to 81 percent of high school graduates and 53 percent of high school dropouts. The consequences of not succeeding in higher education are increasingly dire, and it is a fact that these consequences fall disproportionately on members of groups underrepresented in higher education.

The Agenda for Increasing Higher Education Attainment

It is one thing to say that higher education attainment must increase, but it is quite another to say how the task can be accomplished.

Producing this result will require very large-scale changes in both higher education policy and practice. The focus on the specific and measurable goal of increasing higher education attainment by 50 percent not only frames the public policy issues around college access and success, but also suggests a clear agenda for higher education institutions to improve their performance. This policy and practice agenda has four parts.

Prepare All Students for Postsecondary Education

The first is that all potential students must be prepared for success in education beyond high school. This is a big change from our strategy in the entire postwar period, which focused on encouraging all students to graduate from high school, and preparing for college only those that opt into a special college prep track. This approach is clearly and unequivocally inadequate for the world today. Our first step in preparing all students for college ought to be to make the college prep curriculum the default high school curriculum, as Indiana, Texas, and a few other states are doing. Of course, it is not enough to simply rename courses and to make them sound like they are aligned with college readiness – standards must be raised to meet real college expectations, and students must be expected to perform at much higher levels. Fortunately, the work of the Gates Foundation to develop college-ready high schools, and our own McCabe program have shown that it is possible for all students, regardless of their life circumstances, to

meet college-readiness and standards and success in higher education. One very promising approach is to bring college directly into the high school, through advanced placement, dual and concurrent enrollment, and other such approaches. However, these accelerated learning options must be made available to all students. It is also essential that all students and families know what it takes to be prepared for and successful in college. This is the objective of Lumina's *Know How 2 Go* initiative – co-sponsored by the Ad Council and the American Council on Education. One challenge already identified by our work in this area is that college readiness must be better defined and understood by students and parents early in school. This is a much bigger challenge than it sounds, because the extreme autonomy of American higher education institutions – a source of considerable strength – makes it difficult to define a single set of standards and expectations that can be readily communicated to schools, parents, and students. Higher education has a responsibility to do more to make its readiness standards clear and understood, and to work with schools to align curriculum to them.

Make Higher Education Affordable for All

The next item on the policy and practice agenda is to assure that higher education opportunities are available and affordable for all. This is the focus of a major Lumina initiative called Making Opportunity Affordable. The challenge is enormous and strikes at the heart of the higher education system. The capacity of the higher education system must be expanded to serve many more students, but we simply cannot do so with the current cost structure. The U.S. already spends much more per student and per capita on higher education than any other nation in the world, and we are already asking parents and students to pay a much larger share of higher education costs than many of them can afford. The answer to this challenge will be multi-faceted, but it will certainly include expansion of the role of America's community college system to serve students more effectively. Community colleges are a great success story of American higher education, but they have an Achilles' heel – too few students who enroll in community colleges successfully complete programs of student and fewer still successfully transfer to four-year institutions. Improving this record is the focus of Lumina's first and largest initiative – Achieving the Dream; which is working with community colleges in nine states to improve the success of their students. Time to degree must be shortened, and technology can be used more effectively to reach students. The flow of students between institutions, particularly from community colleges to four-year institutions, must be made much easier and more predictable. We should also be thinking outside the box about using all available capacity and expanding opportunities while lowering cost. Private providers of higher education can and should play an expanded role in meeting higher education needs, including for-profit providers, employer-based programs, and the military. Likewise, financial aid – particularly need-based aid should be expanded to support the access and success of more students, including those who attend more than one institution, part-time students, and low income adults. However, I will not mince words – the productivity of American higher education must be improved significantly and quickly. We define this to mean that the cost of higher education to both taxpayers and students must be reduced, at the same time that quality is enhanced and access is expanded. Many will tell you – as they have told us – that this is an impossible task.

Without a complete rethinking of the way higher education is structured and delivered, it may well be. But nothing short will meet our nation's needs for the future.

Focus on Student Success

The next item of the agenda is to sure that more students are successful in higher education. It may surprise you to know that the U.S. still has one of the highest college-going rates in the world, at the same time that our ranking in the percentage of college graduates in the population is falling. The reason is that the U.S. has one of the lowest rates of college completion in the world. You heard me right – a lower percentage of students complete college in the U.S. than in practically any industrialized or post-industrial country in the world. In fact, if we simply graduated the students we enroll, we would go a long way toward meeting the competitive challenge of increasing the higher education attainment rates of the U.S. to the levels they need to be. Like the other items on the policy and practice agenda, this one is multi-faceted. First, the significant gaps in access and success for minority, low-income, and first-generation students must be closed. We can no longer tolerate large numbers of students having to take remedial course to obtain skills and knowledge that should have been mastered in high school. We should reward colleges and universities for graduating students, not just enrolling them, and we must do a better job of understanding higher education's outcomes and assuring that they are aligned with workforce needs.

Meet the Needs of Adult Learners

The final item on our policy and practice agenda is to make sure that the needs of adult learners are met by the higher education system. One of the key implications of the global movement toward a more knowledge-based economy is that higher education will never again be a “once and done” proposition. It is time for this country to get serious about developing a comprehensive system of postsecondary education for adults that fosters individual opportunity and meets the nation's economic and workforce needs. It is important that state and institutions assure that all policies and practices are appropriate to and aligned with adult learner needs, because adults differ from traditional students in many important ways. Likewise, delivery systems must be re-engineered to make learning opportunities available to meet the wide range of needs among adult learners.

An Agenda for Policy and Practice

The changes needed to increase higher education attainment represent an ambitious agenda for both higher education policy and practice. From a policy standpoint, to accomplish these necessary changes states must have a strong capacity to act strategically to improve their higher education systems. Whether it through official governmental channels or a less formal public roundtable process, states need to have some mechanism through which they can involve key stakeholders in the higher education system, business and industry, community groups, and policymakers. Through this process, states can and should define their higher education needs, set priorities for the higher education system, and define both performance indicators and measures of success.

To drive change in practice, states should also create higher education accountability systems based on data on higher education performance. State data systems should have the ability to track students from their K-12 systems through higher education and thence into the workforce. In order to give an accurate picture of the ultimate success of students in and from higher education, state data systems should be developed in such a way as to allow the tracking of students and graduates across states. These data systems should provide comparable data across states and as much as possible should align with international data systems. Lumina Foundation has found that data on student success can be a powerful tool to help higher education institutions improve, in part because they can help engage faculty, trustees, and leadership in a constructive dialog about how to improve the performance of colleges and universities for students.

The agenda to change higher education policy and practice to raise higher education attainment in the U.S. to the levels demanded by global competitiveness and workforce needs is very ambitious. But there does not appear to be any alternative. The world has changed and is continuing to change, and higher levels of educational attainment are essential to the nation's ability to maintain its current standard of living, much less improve on it. The consequences of failure – both for individuals and societies – are growing. But there is not one single item on this agenda that is not proven and already happening in many communities and institutions around the country. With a sense of urgency and the necessary will, these efforts can be scaled up to meet the needs of the nation.