

Getting More Bang for Our College Bucks

Anthony P. Carnevale, Georgetown University Center on Education and the Workforce

There is no question that investing in education infrastructure is one of the smartest decisions any nation can make. A strengthened education system ensures a secure future and economic prosperity. But while the benefits of this investment are numerous, our country is failing to cash in on this opportunity.

As our economy changes, our education system has failed to keep up with its increasing demands. We must make a greater investment in education infrastructure to bring our labor force into alignment with 21st century economic needs. This will certainly involve increasing the number of postsecondary degree holders, but it's also about helping students make smarter choices about what degrees will help them achieve the most success.

Since the eighties, the economic demand for workers with some form of formal learning after high school has been growing by three percent per annum, but the supply of postsecondary talent has only been growing by one percent per year. The result is a 74 percent wage premium for college credentials over high school degrees. This is on top of growing earnings inequality between college-haves and college have-nots.

The future promises more of the same. The Great Recession has hidden our underproduction of postsecondary talent by increasing both unemployment and underemployment among college graduates. But, underneath the dismal employment numbers, technology change is actually accelerating the ongoing structural shift from a high school to a college economy.

As the recovery limps along, it's clear many of the lost jobs that only required a high school education are gone—and they're not coming back. So long as we are distracted by attempts to gain back the high-wage high school jobs receding in our rear view mirror, we will be unprepared for a future economy that increasingly demands some form of postsecondary education.

By 2025 we will need another 20 million two-year and four-year college graduates. At current productivity rates in higher education, that will require at least another \$150-200 billion investment in postsecondary spending. But simply increasing the number of degree holders is not enough.

To meet our economy's increasingly changing demands, we need both more degree holders and more degrees in the fields that produce higher labor market outcomes. Greater alignment between postsecondary programs and careers will allow us to get more bang for our college education bucks.

A critical part of this equation will involve smarter choices by students about what degrees matter. Choosing a postsecondary program is the first big investment decision made by young people, especially those students who will finance their postsecondary programs with loans. These individuals need to understand the risks and rewards associated with their choice of college and field of study. As the costs of particular certificates and degrees grow, and the labor market returns shift, prospective students need more information to guide their choices and to ensure high returns on their investments.

In particular, students must understand that four-year degrees don't always equate to the most profitable careers. For example, individuals with only one-year certificates in fields like computers, electronics, and engineering earn more than a substantial number of people with associate and bachelor's degrees. Almost 30 percent of associate degree holders earn more than graduates with bachelor's degrees, and almost 40 percent of bachelor's degree holders earn more than the average person with a master's degree.

The good news is that the basic elements of a college and career information system already exist—we just need to connect the dots to ensure all students have the proper information before they decide on a

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college and career. The Department of Education has created a [College Navigator](#) to help students through the difficult college selection process, and Senators Ron Wyden (D-OR) and Marco Rubio (R-FL) have introduced the Student Right to Know Before You Go Act, which will help students estimate how much their degrees will cost and how much they might make when they graduate.

Aligning education more closely with careers is also the best way to encourage student success. People with some sense of where they are going are more likely to get there. A student's choice of career is the primary motivation for going to college. Helping students connect their college studies with their future careers captures this motivation and increases graduation rates.

The more tools and information we can give to prospective students, the more likely they are to choose career paths that will allow them to make the most out of their degrees. And when we prepare our younger generation for success, it is our future economy that profits.

Anthony P. Carnevale is the director and research professor of the Georgetown University Center on Education and the Workforce.

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