THE HIGHER EDUCATION MISSION:
TO EMPOWER INDIVIDUALS TO
LIVE FULLY IN THEIR TIME, FREE FROM
POVERTY AND PUBLIC DEPENDANCY
THE MISSION ENDURES, BUT TIMES CHANGE
More than 70% needed high school back in the 70s. Now, more than 60% of jobs require postsecondary education and training.
ULTIMATELY, LEARNING & EARNING IS KEY
The college wage premium—the difference between the average wage of college-and high-school-educated workers—has spiked since 1967. By 2007, that difference had reached 81% for men, compared to 37% in 1967. The story was similar for women, with the college wage premium rising from 54% to 81% over that time.

What is most remarkable of all, is that the average wage advantages for college workers over high school workers has doubled even though the number of college graduates has quadrupled.

Four-year college graduates make up 37% of the workforce and 57% of the labor value added in the economy.
GROWTH IN THE ECONOMIC VALUE OF COLLEGE HAS BEEN GOOD FOR GENERAL EDUCATION, THE LIBERAL ARTS, HUMANITIES AND SOCIAL SCIENCES

- The number of college degrees has increased from 13 million to 71 million in 2015.
- 60-70% of coursework for every degree has been in general education, including the liberal arts, humanities and social sciences.
80% of the growth in inequality since 1983 is due to differences in access to and success in college.

82% of new white students since 1995 have gone to one of the 476 selective colleges, while 68% of African American and 72% Hispanic students are going to one of the open-admission institutions.

70% percent of students at selective colleges are in the top socioeconomic status, 11% percent are in the 2nd quartile, 17% are in the 3rd and only 3% are in the bottom quartile.
HOW DID THE SHIFT IN VALUE OF POSTSECONDARY EDUCATION ACTUALLY HAPPEN? THERE ARE SIX REASONS

1. Americans got richer and demanded more and better products and services
2. Consumption shifted from less education intensive goods to more education intensive services
3. Most of the upskilling is accounted for by huge changes, not in what we consume, but in how we produce what we consume
4. Shift from producing low-cost, standardized goods and services to creating new kinds of consumer value
5. Technology change
6. To deliver on this new value mix, institutional structures shifted away from two dominant organizational forms in the industrial era
It turned out that making more and better products and services required more and better educated workers.

In the US, spendable wealth per person went up from $13,000 per person in 1947 to $27,000 per person in 1980 to more than $55,000 per person today.
• Goods consumption per person has almost quadrupled since the 70s.
• Between 1947 and 2007, consumption in goods dropped from 56% of family spending to just 27% of family budgets. Over the same period, spending on education intensive services increased from 45% to 74% of total household consumption.
#3 Most of the upskilling is accounted for by huge changes, not in what we consume, but in *how* we produce what we consume.

**The Food Recipe**

- **33%**: White Collar Service Workers
- **5%**: Farmers
Empowered consumers didn’t just want more standardized goods and more services provided at the least cost. They also demanded more quality, more variety, more customization, more convenience, and constant innovation as well as novelty.
Computer-based technology automates repetitive tasks, but leaves more difficult, non-repetitive tasks and higher levels of human interaction to workers.
#6 TO DELIVER ON THIS NEW VALUE MIX, INSTITUTIONAL STRUCTURES SHIFTED AWAY FROM TWO DOMINANT ORGANIZATIONAL FORMS IN THE INDUSTRIAL ERA
The signature organizational format was the vertically integrated, top-down behemoths of big business and big government.
THE SECOND IS THE FRAGMENTED DELIVERY STRUCTURES OF SERVICES LIKE HIGHER EDUCATION AND HEALTHCARE
Both the vertically integrated industrial hierarchies and the fragmented structures in service industries are being displaced by organizational networks governed by common outcome standards.
THE INDUSTRIAL ORGANIZATION OF HIGHER EDUCATION IS SHIFTING FROM A FRAGMENTED STRUCTURE TO LEARNING NETWORKS DRIVEN BY OUTCOME STANDARDS
GOAL: LIBERATING LEARNING
THE BASIC UNITS IN THE NETWORK ARE SHIFTING FROM INSTITUTIONS TO THE VALUE OF COLLEGE MAJORS AND FIELDS OF STUDY
OLD MODEL COSTS TOO MUCH
1. More education pays
2. What you make depends on what you take
3. Sometimes less is more
4. Employers are hiring 21st Century competencies
RULE #1: MORE EDUCATION PAYS

LIFETIME EARNINGS BY EDUCATIONAL ATTAINMENT (IN 2009$)

HIGH SCHOOL DIPLOMA: $1,304,000
AA: $1,727,000
BA: $2,268,000
PHD: $3,252,000
RULE #2: WHAT YOU MAKE DEPENDS ON WHAT YOU TAKE

PETROLEUM ENGINEERING: $128,000
SOCIAL WORK: $41,000

ANNUAL EARNINGS
Rule #3: Sometimes less is more

Computer Certificate: $72,500

Median BA: $54,300

Annual Earnings
RULE #4: EMPLOYERS ARE HIRING 21ST CENTURY COMPETENCIES
Today’s jobs use a variety of cognitive and non-cognitive skills at various degrees of intensity.
COMMON COMPLAINTS

UNIVERSITY

Cost
Completion
Equality
Employability
The new economic mission of higher education is not a descent from the ivory tower to the grubby marketplace below.
Already, virtually all graduate programs, 80% of BAs, half of AAs, and most certificates are tied to particular occupational clusters.
THE HIGHER EDUCATION MARKET HAS BECOME TOO COMPLEX AND NEEDS TO BE MORE TRANSPARENT
THE DEMOCRATIZATION OF POSTSECONDARY LEARNING IS CRUCIAL FOR MAINTAINING THE SOCIAL CONTRACT BETWEEN CAPITALISM AND DEMOCRACY
THANK YOU

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