



Insight

The Value of a College Education

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The value of a college education has been called into question with much fanfare of late. Most prominently, by co-founder of PayPal and financial forecaster, [Peter Thiel](#). He writes:

A true bubble is when something is overvalued and intensely believed. Education may be the only thing people still believe in the United States. To question education is really dangerous. It is the absolute taboo. It's like telling the world there's no Santa Claus. Like the housing bubble, the education bubble is about security and insurance against the future. Both whisper a seductive promise into the ears of worried Americans: Do this and you will be safe. The excesses of both were always excused by a core national belief that no matter what happens in the world, these were the best investments you could make. Housing prices would always go up, and you will always make more money if you are college educated.

Is Thiel right? Is there a higher education bubble that is about to burst? While Thiel's observation was made without much statistical data, there are some findings that seem to support his thoughts. According to the Center for College Affordability and Productivity, 8 out of 10 college graduates moved back home after graduation in 2009, and more than 40% of students enrolled in a four year institution do not graduate in six years, according to the National Center for Education Statistics (NCES).

Thiel's recommendation to fix the problem? The entrepreneur is offering 20 students \$100,000 scholarships, over two years, to leave school to become entrepreneurs themselves and start a company rather than start college.

In California, where Thiel resides, the University of California system is facing a \$500-million reduction in Governor Jerry Brown's budget proposal. And Sunday, [Gene Block](#), the Chancellor of UCLA, wrote in the Los Angeles Times to encourage policy makers to put tax extensions on the ballot in June, allowing voters to decide on tax extensions that would prevent further reductions to the UC system. Though it is difficult to say whether or not an impending burst is going to destroy the temple of American higher education, it is prudent to consider alternatives to merely raising the costs of tuition or taxes. If most students who start school are not finishing school and are not being helped by their degrees to find jobs even after they finish, should we consider other alternatives to expensive subsidies for 4-year college educations?

[Bill Symonds](#), the Director of Harvard Graduate School of Education's *Pathways to Prosperity* Report, recently spoke at the American Action Forum's Education Event and discussed this very issue:

The push to get young people to attend four-year colleges has convinced many Americans that a four-year degree is essential in 2011. But the jarring fact is that even in 2011, MOST jobs in America do not require a four-year college degree. In fact, last summer the Georgetown Center on Education and the Workforce published a study that found only one third of the jobs being created right now require a four-year degree or higher. Meanwhile, another 30% of jobs require some college, but less than a four-year degree. These are the so-called middle-skill jobs. Many of them pay enough to enable people to become solid members of the middle class. Yet they are often overlooked in our obsession with the four-year degree. While the United States has been pushing young people into four-year colleges, other countries have taken a broader, more holistic approach to education and youth development. Our report benefitted greatly from the OECD's effort to conduct the most sweeping review of vocational education in history. Their study, called Learning for Jobs, examined vocational education across 17 countries, including the U.S. The study found that in most countries in central and northern Europe - including Switzerland, Germany and Denmark - vocational education is a mainstream form of education. Unlike the U.S., it is not reserved for those who can't cut it in college prep classes. Rather, it is viewed as the preferred route for most teenagers. In Switzerland, for instance, two out of three "upper secondary" students are involved in vocational education. The OECD found that this embrace of vocational education has enormous benefits. First, they found strong evidence

that many teens learn more in settings that combine work and learning. Yet in the U.S., we believe that the best way to teach teens is to keep them in classrooms all day. The OECD work also suggests that Europe's "multiple pathways" approach is a key reason why many of these nations are leapfrogging us in high school and college attainment. Finally, the OECD study found that high-quality vocational education - and especially the apprenticeship system - helps young adults enter the workforce more easily.

In addition to considering the reform of college costs, now is the time to more seriously consider the reform of academic and educational programs and how effective they are in helping students meet their educational and career goals.

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