

ECON/PUBP 150: Economic and Policy Issues in American Higher Education

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We will use two “texts” in the class. I put texts in quotes because neither is a formal textbook. Both are introductions to the American higher education system geared toward general readers instead of academic professionals. Both are available in pixel form on Bb. No need to buy either of them unless you are a tactile reader, in which case they are fairly inexpensive on Amazon. The books for this class are NOT a driver of college cost ... ☺

1. Archibald, Robert B., and David H. Feldman (2017). *The Road Ahead for America’s Colleges and Universities*, Oxford: Oxford University Press.
2. Labaree, David F. (2017). *A Perfect Mess: The Unlikely Ascendancy of American Higher Education*. Chicago: University of Chicago Press.

Course Description – The higher education sector in the United States is unique among major developed nations. We have an extremely complex mix of non-profit and for-profit enterprises. The industry is heavily subsidized by governments (both federal and state) and by private philanthropy. Our system is very hierarchical. The elite and highly selective private institutions that garner most of the press coverage have immense wealth but serve only a tiny fraction of the nation’s post-secondary students. Most students attend open enrollment colleges or minimally selective institutions that have fewer resources to help them succeed. The higher education sector has developed over centuries, so a rich economic and political history has shaped today’s institutions. This history also conditions today’s policy options.

The higher education industry is embedded in an economy that is not static. Economic growth has profoundly affected how higher education is delivered and who “demands” it. The causal arrow also goes in the other direction. The surge in college going over the past seventy years has profoundly affected the American economy – which sectors have grown, where people work, and the overall standard of living. Declining birth rates are threatening to reverse the expansion in college attendance, and this “demographic cliff” has become a major topic of conversation in higher education circles.

Rising income and wealth inequality is one of the most salient economic facts of the last forty years. The gap between the top income percentiles and the bottom percentiles has widened substantially. Those changes are driven in part by the rising economic return to getting a college degree. Rising income inequality also influences the demand for higher education and the pricing model that many institutions use. Rising inequality also affects how students and their families finance paying for an education.

Other winds are buffeting the US higher education system, and the recent pandemic has accelerated the force of these winds. Changing technology has constantly forced higher education

institutions to react and adapt. Some commentators forecast that digital learning will cause the imminent demise of a substantial portion of the bricks-and-mortar segment of the industry. The term “disruption” is commonly used to describe this assumed transformation to come. Some contend that our recent mass experiment in remote learning, driven by the pandemic, will supercharge this transformation. The degree itself could become a relic of the past, replaced by online-earned badges representing specific marketable skills. These claims are part of the language of crisis that currently characterizes much of the public discourse about higher education. Is our system of higher education hurtling toward some existential crisis? Stay tuned – hint: probably not.

This seminar is a brief introduction to the complex stew of economic, political, and social forces I laid out in the paragraphs above. These topics open windows into a wide variety of policy issues currently under consideration and debate. Some of the rhetoric about higher education is strident and polemical, and not particularly rigorous. Some of the public debate is carefully executed and respectful of data and statistical methods. Most of it generates lots of controversy, and unfortunately (in my view) the most incendiary claims tend to get disproportionately more clicks. You’re shocked, I’m sure. We will spend some quality time thinking about how to distinguish rigorous arguments and good empirical work from the shoddy stuff that often dominates our public discourse. Do not trust most of what you find on the Internet. I will frequently ask you to read material that is poorly researched and weakly argued. Deconstructing bad logic and weak evidence is a skill, and that skill is quite relevant to your professional success. You will also need that skill to write most of our assignments!

This class concerns both “Economics” and “Public Policy.” We will take up many policy issues. I will also introduce you to how economists think about incentives and how we distinguish between correlation and causality. But this class has no prerequisites, and it is not credit toward an economics major or public policy major. This is a first-year seminar designed to teach critical reading and critical thinking. I will also work with you to improve your writing skills. One of your major pieces of work this semester is a team-produced policy brief. The other is an op-ed, which I like to say is the hardest short paper you’ll ever write! Now to the fuller description of what you will produce for me, and for your peers, during the semester ...

Assignments

You will have four types of graded assignment in this class. Your work will be double spaced, in 12-point font, and have normal margins. Do not exceed my space or word limits or your work may not be read. Well, I will probably read it, but I will be aggravated. The word or page limit I set for you does not include a reference section, if that particular kind of assignment needs one. PLEASE submit your work as a standard Word document, not as a PDF or some sort of Google-edited file.

Responses – I will ask you to write three short responses over the course of the semester. These will give me writing and thinking samples, which I will helpfully cover in red ink 😊. Please take my writing critiques seriously. If you repeat the same writing problems in each assignment you will find that that isn’t a recipe for success! The response questions will be posted, and you’ll turn them in on Bb before the relevant class period. The other (ulterior) motive for responses is to help you connect with the course readings and make our class discussions more interesting and more productive. Each response

paper should be in the neighborhood of 600 words, or 1-2 typed pages using the standard 12-point font and normal margins I mentioned above. Two typed pages is roughly 600-700 words.

Case Study – You will choose one college or university not named William & Mary and write a 750 word essay on its origins, development, and position within the American higher education system. You will use David Labaree’s *A Perfect Mess* (chapters 1-6) as your theoretical template for this exercise. You can and should bring other relevant readings to bear (readings assigned by me or found independently by you). This essay should NOT be a dry description ... “Gryffindor College was founded in 1646— by so-and-so. They then did this in 1888 and added this program in 1973.” Boring! Labaree’s book gives you a framework for thinking about the interesting mix of causal processes and sheer accident that have shaped our system of higher education. Talk about your chosen institution as an individual example within a complex and messy historical process of change and growth in the state, region, and nation. Some institutions fit his framework like a glove. Others do not. That gives you something interesting to talk about! You will do this assignment fairly early in the term, after we have completed our unit based on Labaree’s book.

Op-Ed – I will ask you to write an [op-ed](#). This “paper” is a 750-word opinion essay that might help you think about your policy presentation, though you are NOT obligated to write your op-ed on the same topic. Like the responses, it is a writing sample, which I will helpfully decorate with substantive and stylistic commentary. Are you catching the theme here? ☺ You will submit your op-ed twice, once in draft form and once as a final version. Redrafting is a key self-improvement technique for aspiring writers. Please do more in the second draft than patch up the sentences I tear apart. The second draft is an opportunity to rethink the entire structure of your argument, to add new substantive material, and to cut away ideas that take up space but which do not contribute much value. There is much more on this assignment on our Bb page under the Op-Ed tab. We’ll also discuss the assignment in class. Writing a good op-ed is a lot harder than it seems. Persuasive writing can easily degenerate into an opinionated rant or a boring and didactic explainer. Neither of those is the goal here. You will learn to distinguish those two mistakes from the characteristics of a truly persuasive essay.

Team Policy Brief & Presentation – We will discuss the policy landscape throughout the class. This will help get you thinking about the “problems” of the higher education system and about what sorts of policy changes or tweaks might productively alter incentives to improve outcomes in measurable ways. I will randomly place you in groups of 3-4. We want 4 group presentations. You should start talking with the other people in your group **right from day one**. I have helpfully created a discussion forum tab in Bb for people to initiate discussion threads with their partners. I will look into those threads to help steer your conversations. If people want to change groups, you can ask me. I will be more amenable if group size doesn’t change – for instance, if you have found another person who wants to switch with you. Groups will remain 3-4 people. Two doth not a group make. And five is right out.¹

We will spend some quality time talking about how to craft a policy brief. A good brief introduces readers to the existing institutions and to the policy environment they operate under, to the relevant history of the institutions and policies under study, to the goals and outcomes of existing policy, and to the effects of potential policy changes. Policy briefs are rooted in theory and evidence. They are

¹ Monty Python and the Holy Grail (1975). Holy Hand Grenade speech. Oh, go look it up ... ☺

not angry polemics or airy philosophical statements, though a clear discussion of values may be a component of the analysis. A good brief pays careful attention to building a causal argument using a reproduceable and transparent method. Although this class has no prerequisites, I will introduce you to causal inference without all the statistical scaffolding. We all know the adage, “correlation isn’t causality.” You need to understand when to assert that some relationship may be causal, and when not to.

Your group will give a formal presentation to the class (20-30 minutes, with Q&A). You will submit a group-authored paper in advance, which I will post. The write-up should not exceed five pages of text plus supporting charts, figures, tables, and references. I will assign “reviewers” who will post written questions for the group.

Grading – The Response Papers are collectively worth 24%. The Case is worth 15%. The op-ed is worth 25%. Your team policy presentation and paper are together worth 30% (5% presentation and 25% paper). Participation, which includes attendance, is worth the remaining 6%. If you’re not in class, you’re not participating!

Participation – I will periodically assign students to present certain key ideas from the readings. I may also ask students at random to outline some big points or to compare ideas across readings. You should be prepared for this. I also value spontaneous questions and ideas directed at me, at the literature we’re reading, and at the ideas your fellow students propose. This is what makes a seminar class come alive.

Schedule of Topics

I. Introduction to the Seminar and to the US Higher Education System

Some Basic Facts about very Basic Questions

- Who goes to college? Where do they go? How well do they do? How much does it cost? Who pays?
- What is the “college bundle?” Should we “unbundle?”
- An exercise using data: Where do Ph.D.’s get their undergraduate degree? And other things ...

Chapters 1-3 of *The Road Ahead*

II. How to Think like a Social Scientist? How to Find Information for your assignments.

- Library Resources: Jessica Ramey from Swem will pay us a visit (February 5th)
- Cause and Effect: why measurement and testing are important ... and difficult to do well.
- Selection and statistical “bias.” How to avoid drawing bad conclusions in ignorance.
- Example: Complete College America Policy Brief: Does Taking More Credits Make You More Likely to Graduate?

The Dark Art of persuasive writing (Policy Brief and Op-Ed)

III. How to Write a Policy Brief and an Op-Ed: With Examples

- Examples of Policy Briefs and Op-Eds on a variety of issues
- Some “How To” manuals of best practices in writing a brief and an op-ed
- Some basic information on good style in writing (read all the writing tips on Bb)

The Development of the American Model of Higher Education

IV. A Brief History of the Unlikely Rise to Prominence of American Higher Education

- A System Without a Plan, Driven by Market Forces.
- The 19th Century Rootstock – “Ragtag Liberal Arts Colleges.”
- The Development of the American Research University.

Chapters 1-6 of *A Perfect Mess: The Unlikely Ascendancy of American Higher Education*

Policy Choices and Policy Processes

V. Title IV, The Basic Framework of Contemporary Higher Education Policy

- Pell Grants and Student Loans
- FAFSA & CSS ... the needs analysis system
- Reforming the Pell: Simplification, Enlarging, Ending ...

Chapter 11 of *The Road Ahead*. Yes, the last (chapter) shall be close to first ...

VI. Free College and No Debt

- Pros/Cons
- Political Environment

VII. Accountability

- Existing Framework of Accountability
- Theory and Practice of Accountability
- For-Profit higher education

Big Issues in the Economics of Higher Education (cost, price, value, funding, mode of delivery)

VIII. Why Does College Cost So Much?

- Cost versus price: a crucial distinction

- Technological reasons why college cost rises more rapidly than inflation
- Frills and fancy or meeting a need: mission creep and gold plating versus standard of care.
- Institutional inefficiency: Tenure?

Chapter 4 of The Road Ahead

IX. What is the value of higher education?

- Private and “social” benefit.
- Monetary and non-pecuniary benefit.
- How much does your major matter?
- Does College Enhance Social Mobility, and what might we mean by that term?

Chapter 5 of The Road Ahead

X. Changes in the American Income Distribution

- Income Distribution and Tuition Discounting
- Federal Policy: The Bennett Hypothesis
- Social mobility: access & success.

Chapter 6 of The Road Ahead

Equality of Opportunity Project (Raj Chetty): <http://www.equality-of-opportunity.org/college/>

XI. The State Budget Environment

Chapter 7 of The Road Ahead

State Higher Education Executive Officers Organization (SHEEO)

XII. Is the sky falling? Will technology reshape higher education

- Online Education: Savior or Destroyer of Worlds ... (actually, neither)
- The history of disruptive new technologies
- The evidence about online education

Chapter 8 of The Road Ahead

- Strengths of the college bundle, and an evolutionary possibility
- Hierarchy, and the bifurcation of American higher education

Chapter 9 and 10 of The Road Ahead

XIII. Other Topics if time permits ...

- Community Colleges: the stepping stone?

- So, you want to go to law school?

Student Policy Briefs: Presentations on the final two class periods