

### **THBT college is overvalued.**

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#### **Editorial: You shouldn't need a college degree to have a decent life in America**

By Karin Klein, Los Angeles Times, 06/06/2021 (Note: This article has been abridged)

A young person who wants to go into hotel management typically needs a bachelor's degree. Or at least, that's true here. Not so in Switzerland, where a high school student would attend classes part time while also working at a paid apprenticeship for a hotel, take one more year of training after high school and be set in a well-paid career.

The University of California and California State University campuses bulge with more students each year.

Meanwhile, the cost of attending college surges upward, and there is pressure in Washington to spend a trillion dollars forgiving student loan debt. High school students find their studies irrelevant and unengaging while the workplace is rife with "education inflation," in which jobs that used to require a high school education and maybe a little bit more now require a four-year college degree.

The COVID-19 pandemic made clearer than ever the inequities in our education system, as some students learned online with the help of tutors and well-resourced parents while others lacked even reliable broadband. It laid bare the stresses of college students who couldn't afford their tuition and of graduates without the money to pay off their college debts.

What if the problem with college education isn't that we don't have enough of it, but that in some ways, we have too much?

The college-for-all movement began with the worthy goal of greater educational equity — more lower-income students, more Black and Latino students, attaining the same levels of education and opportunity as white and Asian students. Not everyone, regardless of race or socioeconomic status, wants or should need a four-year college degree. Education inflation not only leaves graduates (and even more, college dropouts) with crippling debt loads, but contributes to inequality and hampers the ability of many a bright student to enter the middle class.

The Swiss apprenticeship model is a particularly ripe avenue for exploration in California, which is unparalleled nationally in its public higher-education system, has many large employers in a wide range of fields, especially in technology and biotech, and where a progressive statewide culture could lend itself to broader public-private partnerships.

In order to do that, a few things would need to happen. Companies would have to stop demanding degrees that aren't strictly necessary. They would have to participate in the training of a workforce and know that if they do, it would be far more likely to provide them with employees who have the skills they seek. And California would need to put considerable effort into improving public education for all students, making major inroads on erasing the achievement gap for Black and Latino students. The reason many employers use a college degree as a proxy for skills is that they don't trust high schools to produce graduates who can read, do math and think.

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A Harvard Business School report on education inflation outlines how it harms American workers as well as employers.

"Degree inflation hurts the average American's ability to enter and stay in the workforce," the report says. "Many middle-skills jobs synonymous with middle-class lifestyles and upward mobility — such as supervisors, support specialists, sales representatives, inspectors and testers, clerks, and secretaries and administrative assistants — are now considered hard-to-fill jobs because employers prefer candidates who are college graduates."

It's a bad deal for employers in the end. They pay significantly more for college graduates, the Harvard report says, and then often find that less educated workers with relevant job experience do as good a job or better, while graduates leave those jobs faster, which then requires the time and expense of hiring and training someone new. Sometimes the nature of the jobs has changed, calling for more education. But often, it's the requirement that's been inflated, not the work.

Education inflation exacerbates social inequity because marginalized groups, such as low-income Black and Latino students, are less likely to attend or complete college. Certainly, it's important to make college more accessible so that all talented students have an equal shot at jobs in the professions. But to the extent that we fail to train students for good careers while they are still in high school, and require degrees that might say less about their ability to do a job than their apprenticeship experience does, we rob too many of the chance to enter fulfilling careers and the middle class.

Less than two-thirds of U.S. college students graduate within six years. Imagine the waste of educational resources, and the students' money and time, when they come out unable to qualify for a good job or work in the field they'd

chosen.

For that matter, education inflation doesn't just affect students at this level. More jobs that used to require a bachelor's degree now additionally require a master's degree.

Ironically, one of the reasons for the degree inflation was that more high school students were attending college, leading employers to feel that they no longer were hiring the cream by hiring college graduates. Some of the graduate degrees indicate crucial training, such as in specific engineering or healthcare-related fields. But they have been adopted more as requirements for jobs in public policy or international relations or working in a museum and so forth.

It's been fine for employers and terrific for universities, which fill seats and rake in more tuition money. But it's been hard financially on students; professional degrees come with less financial aid so the net price is higher than for undergraduate school. And it cuts into their earning years.

The Swiss model might not translate perfectly to U.S. soil — a voluntary model would work better than Switzerland's tough testing system for college-prep track, and there would have to be strict monitoring to ensure that Black and Latino students are well-represented among those headed for college — but it shows us some of what we're missing in our educational system: Robust, quality public schools starting with preschool; a concerted effort to bring employers into the education mix; a college system that might enroll a smaller percentage of high school graduates but that grants far more of them a degree, and at low or no tuition cost; an apprenticeship system that gives high school studies more relevance and prepares students with empowering real-life skills for jobs that now require a college degree. Tech companies such as Apple already have shown themselves to be more willing to forgo a bachelor's degree; it makes sense for a company founded by a college dropout... What we're doing now — trying to push kids into all-college-prep courses that they may not want, divorcing education from their adult futures, and raising costs — isn't working well. Time to stop doubling down on the same model.

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## College Does Help the Poor

By Tim Bartik and Brad Hershbein, New York Times, May 23, 2019

Does college pay off for the poor?

Yes. But college by itself cannot fix income inequality. Other policies are also needed.

In our research, we find that people from low-income backgrounds who complete college, compared to those who complete only high school, increase their career earnings by 71 percent. That is a hefty return.

To put that 71 percent return in dollar terms: For the average college graduate from a low-income background (those who grow up with family earnings below 185 percent of the poverty line), lifetime earnings are about \$810,000. But for the average person from a low-income background with just a high school diploma, average lifetime earnings are about \$475,000.

That boost of \$335,000 vastly exceeds tuition costs and any foregone earnings from attending college instead of immediately working full-time after high school.

College pays off even more for people from higher-income backgrounds. In this group, who grow up with family income above 185 percent of the poverty line, the lifetime earnings of those with a four-year college degree average \$1.6 million, compared to \$661,000 for those with just a high school diploma — a difference of \$901,000, or 136 percent.

The evidence shows that college has limits as a solution to inequality. Obtaining a four-year degree does not equalize the lifetime earnings of people from different economic backgrounds. College graduates from low-income backgrounds earn far less than college graduates from higher-income backgrounds. Furthermore, both the dollar and percentage boost to college is much greater for those from higher-income backgrounds.

What explains these results? Part of the explanation is that people from higher-income backgrounds tend to go to more selective colleges.

Indeed, our research finds evidence that the very high returns to college for those from higher-income backgrounds is because of differential access to the highest-earnings jobs. If we were to rank all individuals by their lifetime earnings, the differences in college returns would be completely driven by people in the top quarter, and would grow especially strong for people in the top 5 percent. We also found that these differential college returns are much stronger for white men.

Our results fit a simple (and simplified) story: Some white men from higher-income backgrounds graduate from Harvard or Yale and get lucrative jobs on Wall Street. This is less likely for other groups.

Some say that this reality, combined with the high cost of college and the heavy burden of debt, means college is losing its value for the poor. But that conclusion is wrong.

While a college degree does not eliminate inequality, it still pays off for people from low-income backgrounds. And for some especially disadvantaged groups within a low-income background, the payoff can be even greater, in percentage terms, than for those from higher-income backgrounds.

For the poorest within our low-income group — those who grew up below the poverty line — the percentage boost to lifetime earnings from a four-year college degree is 179 percent. Among African-Americans from low-income backgrounds, the return is 173 percent.

Because college pays off for low-income groups, policies to boost college access and success make sense. In our recent evaluation with our colleague Marta Lachowska of a college scholarship program, the Kalamazoo Promise, we find that its boost to college graduation for lower-income groups has a benefit-cost ratio of over 3 to 1. The increase in future earnings from the students who benefit from such programs far exceeds the scholarship costs. To broaden economic opportunity, policies to increase college attendance are part of the solution. But they are not enough.

We must also consider policies that will raise the earnings of all Americans, whether they have graduated from college or not. A good start would be replacing wasteful business tax incentives with more effective assistance that would help businesses create jobs — particularly manufacturing jobs, expanding the earned-income tax credit, and investing in collaborative job training programs between businesses and community colleges.

We should also help lower-income Americans better access the highest-paying jobs, for example through helping them attend more selective colleges. To reduce inequality, we should consider policies to help redistribute the extraordinary fortunes gained by those at the very top of the American income distribution.

But in the meantime, college still has a good economic return for most Americans, including the poor and other disadvantaged groups.

Tim Bartik and Brad Hershbein are senior economist and economist, respectively, at the W.E. Upjohn Institute for Employment Research, a nonpartisan, nonprofit research organization in Kalamazoo, Mich.

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## College costs have risen at nearly 5x the rate of inflation, report finds

By Erika Giovanetti, Fox Business, November 23, 2021 (Note: This article has been abridged)

A degree from a public four-year institution would cost about \$10,000 if college costs were consistent with inflation trends

College expenses have escalated in recent years, but the rising costs are even more notable when accounting for inflation.

The price tag of a college education has risen at about 4.6 times the rate of inflation over the past 50 years, according to a recent report from My eLearning World.

The report analyzed the average annual price for attending college including tuition, fees, room and board and books using statistics from the nonprofit College Board.

Today, public college costs between \$22,690 for in-state students to \$39,510 for out-of-state students. In 1971, the average cost was \$1,410 per year. For private schools, the costs have risen at an even higher rate.

The report estimates that if college costs rose consistently with inflation over the past five decades, students would be paying roughly \$10,000 per year to attend a public university and \$20,000 to attend a private university...

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## Why Has the Cost of College Outpaced Inflation?

By Douglas W. Green, EdWeek, April 18, 2019

While summarizing Guy Kawasaki's latest book, *Wise Guy*, I read that his Stanford tuition in 1972 was \$2,850 and that today it's \$62,000.

According to the Bureau of Labor Statistics CPI Inflation Calculator, if Stanford tuition increased at the pace of overall inflation, it would be \$17,007 today. That means that Stanford tuition has increased 3.64 times faster than general inflation. Other colleges are in the same boat more or less.

I suspect that few of my readers are surprised by this as it's in the news a lot. The reasons why are available, but I didn't find them neatly summarized in one place. They vary from one institution to the next, but the reasons below apply to all schools to some degree.

Let me know if I missed any.

**Less Money From the States:** According to Doug Webber at 538.Com, the single biggest driver of rising tuitions for public colleges by far has been declining state funding. As costs from things like health care and pensions increase, states have to find cuts somewhere to balance their budgets. State budget builders know that colleges can get away with steep increases, so college support has been slashed.

**Construction and Amenities:** When people from my era (late 1960s) visit our alma maters, we hardly recognize them. Specialized buildings of all kinds abound, and university fitness centers compete with the finest private clubs. Many colleges even sport climbing walls and lazy rivers. Bloated "student fees," which aren't included in tuition, may cover some of this academic bling. Such amenities attract students and professors, so colleges have to compete. Fancy research facilities are also necessary to attract top professors and nerdy students. If you want to attract top athletes, you need souped-up facilities as well that go far beyond shiny game-day venues. Don't be surprised if the athletic department has one or more large buildings all to itself. In 2017 alone, U.S. universities and colleges spent

\$11.5 billion on construction, an all-time high.

**Administrative Bloat:** Administrative staff including fundraisers, financial aid advisers, global recruitment staff, and many others grew by 60 percent between 1993 and 2009. This is 10 times the rate of growth of tenured faculty positions. We also have more in the way of services for things like counseling and academic tutoring. Gyms and other facilities need to be supervised, cleaned, and maintained.

**Student Loans:** Yearly student-loan originations grew from \$53 billion to \$120 billion between 2001 and 2012. Meanwhile, average tuition rose 46 percent in constant dollars during that same time frame. Since students can borrow enough to pay the higher costs, schools are less inclined to keep costs in line.

**College Sports:** The Chronicle of Higher Education recently estimated that college athletics is a \$10 billion marketplace. With very few exceptions, most colleges and universities rely on what the NCAA calls “allocated revenue.” This includes direct and indirect support from general funds, student fees, and government appropriations. In other words, most colleges subsidize their athletics programs, sometimes to startling degrees.

There are a few institutions that make money off their sports programs, but for the vast majority, sports are a loser. This includes “Olympic” sports like rowing, fencing, and sailing. If your school has elite sports, your students are subsidizing them. I suspect that you will find few poor students indulging in these country-club-style activities. Polo anyone?

**Textbooks:** Here is another significant cost not included in the tuition. While the price of recreational books has dipped in the past 15 years, the price of textbooks has increased nearly twofold. A reason for this is the oligopoly in the higher education publishing industry. Four major publishing companies control more than 80 percent of the market, and professors, who are less price-sensitive, pick the books.

The average cost has risen four times faster than inflation over the past 10 years. That has caused 65 percent of students to skip buying required texts at some point. Many textbooks are bundled with internet “access codes” that expire at the end of the semester. This forces students to buy books at retail prices at campus bookstores that are worthless in the resale market.

**Compensation:** Presidents lead the league. As of 2015, average pay for private-college presidents in the United States surpassed \$550,000, with 58 presidents taking home more than \$1 million a year. The average salaries for full professors at top public institutions have risen 12 percent in excess of inflation since 2000. While schools might pay \$250,000 for a famous professor, top coaches make millions. The top dog (Nick Saban, football coach at Alabama) makes \$11-plus million not counting outside income.

**Soak the Rich:** According to Adam Davidson, “A school that charges \$50,000 is able to offer a huge range of prices to different students. Some might pay \$10,000, others much more.” Most don’t pay full price, but those that do are one reason tuition goes up so fast. Rich people don’t think twice about writing a fat check each year. This includes rich people from other countries and states that pay even more. David Feldman, economics professor at the College of William & Mary, tells us that “A college’s sticker price is set by its wealthiest students’ ability to pay.”

### **Conclusion**

If only students could boycott colleges to keep costs in line. College presidents, trustees, and politicians should feel some shame as they are the leaders in this cash grab. Perhaps the fact that the college population is likely to decrease will put some pressure on schools to control costs. One forecast predicts that there will be 10 percent fewer college-going students by 2029.

American colleges and universities are one of your nation’s greatest assets, but they have been burdened with unsustainable cost increases. We all need to raise our voices and tell our leaders to stop this madness. If New York state can cap taxes for public schools at 2 percent, why can’t we expect colleges to do the same?

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## **Beyond social mobility, college students value giving back to society**

By Marcela G. Cuellar, Alicia Bencoma Garcia, and Kem Saichaie, *The Conversation*, January 13, 2022

### **The big idea**

Students who are the first in their family to attend college tend to see it as a means to improve their personal lives and as an opportunity for social mobility. That contrasts with the main message students get from policymakers and universities that largely emphasize career growth.

This is the main finding from interviews we conducted with 21 undergraduate students at the University of California, Davis interested in education as a possible career. Eleven of the students were first generation. The rest were what we call continuing education students; that is, people whose parents went to college. They were all either sophomores, juniors or seniors.

Our aim was to understand how first-generation students view the role of higher education in their lives and in society.

Students tend to hear from parents, educators and policymakers that a college degree should mainly be thought of as a ticket to a better career path.

But in the interviews, we found that students weigh many goals when pursuing a college degree – ones that frequently shifted from primarily social mobility to other, broader goals. These include professional development, learning for the sake of intellectual growth, pursuing careers with a purpose beyond earning potential, and contributing to society.

Most of the first-generation students we interviewed focused on social justice efforts like giving back to their communities and disrupting systemic inequities.

For example, one student majoring in Chicana and Chicano studies and minoring in education said that even though teachers do not make a lot of money, her college education will allow her to help kids in low-income communities. Students whose parents went to college typically said they see education as a way to help them become better citizens and critical thinkers.

### **Why it matters**

For over a century, scholars and policymakers have debated the purposes of college.

Increasingly, these conversations have emphasized social mobility, viewed as a private benefit, along with a combination of public goals, such as training workers and preparing citizens. Surveys show that more students are entering college to make more money, compared with the 1960s, when students sought a higher education for more holistic reasons, such as seeking a meaningful purpose in life.

Other scholars suggest that students have not fundamentally changed in what they expect. Rather, they say the way that colleges are funded has changed, with more of the cost falling on students and their families.

Our study confirms that some students still seek purpose above financial wealth.

### **What still isn't known**

Our study may not reflect the views of students with other career interests or areas of study beyond education. Most of the first-generation students were also Latina or Latino. The perspectives of first-generation peers from other racial backgrounds may differ.

Also, we only captured students' views at one point in time. Their thoughts about their college education and what they hope to gain from it may continue to evolve, even after they graduate and enter the workforce.

### **What's next**

In future studies, we plan to explore students' expectations about what a college education provides at different points of their studies. We also will consider how students' goals may differ by their major or the type of institutions they attend. As more institutions seek ways to best support first-generation students, understanding what students expect and value from college, and throughout college, remains important to examine further.

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## **'Degree inflation': How the four-year degree became required**

By Kate Morgan, BBC Worklife, January 28th, 2021 (Note: This article has been abridged.)

How did a four-year degree become compulsory for nearly every job – and could the need to reboot the economy help tackle this problem?

Eleven years ago, Allie Cornett realized she wasn't ready for college, and had lost interest in the geology degree she was pursuing at a university in Hawaii. She left school, and went to work in the hospitality industry as a tour guide. For the next decade, she found herself repeatedly running into the same wall.

"I have been told multiple times that I have a great resumé, and lots of experience, but no degree... so no potential for upward movement," says Cornett, 33. At the last company she worked for, she applied for open managerial positions constantly over five years, "only to not get them because someone with less experience, but who had a degree, did".

Cornett is a victim of a phenomenon called 'degree inflation': the rising demand for bachelor's degrees in jobs that didn't always require one, and probably don't actually require one now.

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### **Same jobs, new competencies**

Degree inflation is most evident in what [Harvard Business School Professor Manjari] Raman calls "middle-skills jobs" – those requiring more than a high school diploma, but less than a college degree. Many listings for such positions now ask for a four-year degree, which only a third of American adults have. Globally, it's even more stark. Less than 7% of the world's population holds a Bachelor's degree.

Experts who study the phenomenon say it's due, at least in part, to the widening role of technology. "The seeds for degree inflation were planted as the nature of jobs was changing," says Raman. "More and more automation created jobs that are called the same thing but require different competencies."

She gives the example of a lineman working for a utility company. "Two decades ago, you were talking about somebody shimmying up a pole. You needed to be physically strong and able to work in all weather conditions, and that's what made you successful," she says. "Now, that job is very different. You're in a pneumatic machine. You use a smart device to connect with the central headquarters to figure out the problem. You're still using your hands,

but also a lot of data inputs coming at you through technology.”

The people currently doing the work don't have degrees, but as they retire or leave their positions, their replacements will be expected to

A version of this shift is present in just about any other industry you can name. “As more automation came in, there was more demand on these workers to display social skills. What you now needed was someone who could talk to a customer, who could articulate the problem and problem-solve,” says Raman. But rather than look for candidates with those specific qualifications, “many companies took the easy route of using the four-year college degree as a proxy: ‘I know if they have a degree, they’ll be able to use an iPad. They’ll be able to use Excel.’”

Those positions then become difficult to fill, because even middle-skill workers with experience are excluded by automated application tools that cut out those without degrees. “Many middle-skills jobs synonymous with middle-class lifestyles and upward mobility – such as supervisors, support specialists, sales representatives, inspectors and testers, clerks and secretaries and administrative assistants – are now considered hard-to-fill jobs because employers prefer candidates who are college graduates,” according to the Harvard Business School paper.

### **Unreliable signals**

This focus on degrees creates exclusionary conditions, the “worst-case scenario” of which, says Ray Bachan, a senior lecturer at the University of Brighton’s Business School, “is a lack of intergenerational mobility. It all has social connotations”. Less affluent parents are less likely to have children who go to college, he explains. And when those children struggle to find jobs, the result is a generation failing to be more successful than the one before it. Crucially, degree inflation has a significant impact on populations that are less likely to graduate from a four-year programme. In the United States, black and Latino students are conferred just 11% and 14% of annual Bachelor’s degrees, respectively.

And all these socially detrimental practices don't even result in a better-performing workforce. When people who do have degrees end up in middle-skill jobs that don't actually require the specialisations they studied, they tend to be under-productive and quick to become “disenchanted”, says Raman. “There’s high turnover, because they were not happy doing what a middle-skill worker could and should be doing.”

Turnover adds to companies’ costs. Add to that the fact that employers pay college graduates as much as 30% more, and it’s clear a system of degree inflation benefits neither worker nor employer.

In fact, the only ones who do seem to benefit from degree inflation are the world’s academic institutions, which saw enrolment more than double between 2000 and 2014. In the UK, where degrees are ranked based on academic performance, there’s another dimension to inflation. Not only have universities there increased the overall number of diplomas by five times since 1990, but the students leaving school with first-class honours (the highest-rated degree) skyrocketed from 7% in 1997 to 30% in 2019.

### **‘Stop doing that’**

“It’s almost a no-brainer once you point it out,” adds Raman. “The first thing CEOs do is call their HR person and say, ‘Are our job postings slapping on a four-year college degree? And if they are, stop doing that.’ There are very strong financial reasons for right sizing. It’s not just salary – you reduce the cost of turnover, increase productivity, increase retention. These are important for companies, and they understand this. They’re seeing that by following degree inflation they’re only hurting themselves.”

Raman notes that mammoth corporations, including Amazon and Walmart, recognised the issue long before the pandemic. Amazon launched a \$700m (£512m) programme in 2019 to provide education and training to its existing degree-less workers, with the idea that it’s more cost effective to train incumbent workers for management positions. (Walmart started a similar programme in 2017). Raman says those companies, and others, have also begun removing arbitrary degree requirements from middle-skill jobs.

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## **Postsecondary Education Linked to Volunteerism, Better Health**

By Jeffrey M. Jones, Gallup, August 30 2023

- U.S. adults with postsecondary education far more likely to donate, volunteer
- Americans with higher educational attainment report having better physical health
- Education found to have a meaningful link to 50 of 52 positive outcomes

WASHINGTON, D.C. -- Americans with at least some formal education beyond high school are far more civically engaged than those with no postsecondary education, in terms of both volunteering and giving money to charity. Charitable giving rates are higher at each successive level of educational attainment, rising from 38% of those with no more than a high school degree to 77% of those with a graduate degree. Volunteerism nearly doubles between non-college-goers (14%) and those with at least some postsecondary education (27%) or who have an associate degree (27%). It increases further to 38% among those with a bachelor’s degree and 47% with a graduate degree.

### **Higher Levels of Education Linked to Better Physical Health**

In addition to showing much higher levels of civic engagement, Americans with education beyond high school also

report having better physical health.

Sixty-one percent of bachelor's degree holders rate their health as excellent or very good, compared with 43% of U.S. adults who have not pursued education beyond high school. The education-health link is apparent even after controlling for other factors that are related to health, such as age, gender, race and ethnicity.

These are a few of the notable findings from the Lumina Foundation-Gallup "Education for What?" report. The report seeks to quantify the potential holistic benefits of postsecondary education beyond those that are obvious and well-documented, like higher incomes and increased cognitive ability. Gallup employed a variety of existing data sources, primarily Gallup surveys and the U.S. Census Bureau's Current Population Surveys, to analyze the effect of education on a range of outcomes in the domains of work and income, physical and mental health, civic engagement, social capital, and cognitive ability, among others.

In all, Gallup tested the relationship between education and 52 separate desirable outcomes. In 50 of these areas, there was a meaningful statistical relationship between educational attainment and the outcome, after taking into account the effects of other demographics. Education had the largest effects on cognitive ability, a measure of persistence (respondent reports of whether some of their achievements required years of preparation), self-reports of having a job that fits with a person's talent and interests, and voting, volunteerism and health ratings.

Additional analysis found that the educational effects were generally similar among different racial, ethnic and age groups.

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## **No college degree? No problem. More companies are eliminating requirements to attract the workers they need**

By Susan Caminiti, CNBC, April 25, 2022

The tech industry has been plagued by chronic talent shortages for years. Some estimates show that there are now more than 450,000 open cybersecurity jobs alone.

That has been further exacerbated as the gap between available positions and those seeking new jobs has grown even wider. There were 11.27 million job openings in February, compared to the 6.27 million counted as unemployed, leaving a record 5 million more openings than available workers, according to the Job Openings and Labor Turnover Survey.

Solutions for erasing this supply-demand imbalance have included upskilling and reskilling existing employees, doing quicker background checks (especially onerous for public sector jobs), and recruiting workers from other industries.

Now many companies are trying something new: eliminating degree requirements for jobs.

A growing number of companies, including many in tech, are dropping the requirement for a bachelor's degree for many middle-skill and even higher-skill roles, according to a recent study from Harvard Business Review and Emsi Burning Glass, a leading labor market data company. More than 51 million jobs posted between 2017 and 2020 were analyzed for the study.

This reverses the so-called "degree inflation" trend that picked up steam after the Great Recession where many employers began adding degree requirements to job descriptions that hadn't previously needed them — even though the actual jobs hadn't changed.

In place of four-year-degree requirements, many companies are instead focusing on skills-based hiring to widen the talent pool.

For example, the study looked at job postings across a number of different companies for the position of software quality-assurance engineer. It found that only 26% of Accenture's postings for the job contained a degree requirement. At IBM, just 29% did.

In fact, 50% of IBM's U.S. job openings do not require a four-year degree, according to Nickle LaMoreaux, the company's chief human resources officer.

Even the U.S. government is rethinking its approach. In January 2021, the White House announced limits on the use of educational requirements when hiring for IT positions. Looking predominately at college degrees "excludes capable candidates and undermines labor market efficiencies," the executive order states.

Skills and experience count

If a four-year-degree is less likely to be the first hurdle for people to get in the door, what are companies looking for? It turns out many are leaning more heavily on demonstrated skills and competencies.

Accenture launched an apprenticeship program in 2016 and has since hired 1,200 people, 80% of whom joined the company without a four-year-degree. Earlier this year it expanded the program with the goal of filling 20% of its U.S. entry-level roles — everything from application development and cybersecurity to cloud and platform engineering — from apprenticeships.

"A person's educational credentials are not the only indicators of success, so we advanced our approach to hiring to focus on skills, experiences and potential," says Jimmy Etheredge, CEO of Accenture North America. The program,

started in Chicago, has since expanded to more than 35 U.S. cities.

Okta, a company that provides tools to allow secure access to business applications, did away with a college degree requirement for a number of its sales positions last year to get access to a wider talent pool. The company's focus is now on "motivation, skills, and experience," says Rachele Zamani, who runs Okta's business development associates program.

To get the talent it needs, Dell Technologies last year expanded its definition of university recruitment and developed a program focused on hiring from community colleges. Jennifer Newbill, director of emerging talent at Dell, says the company's goal is to redefine what it considers to be recent graduate talent to include associate degrees, apprenticeships, and certificate programs.

"We're always looking for ways to bring broad and diverse perspectives into our workforce," she says. So far, the graduates hired through this expanded program are working in cybersecurity, engineering, tech support, tech sales, and marketing.

Christie Gragnani-Woods, senior vice president for external community partnerships at Bank of America, says the company no longer requires college degrees for the majority of its entry-level jobs. To expand its talent pool even further, the company launched its Pathways program in 2018. It works with nonprofits and community colleges with the goal of hiring 10,000 people from low- and moderate-income neighborhoods by 2023. The bank exceeded that number two years ahead of schedule and committed to hiring an additional 10,000 individuals by 2025.

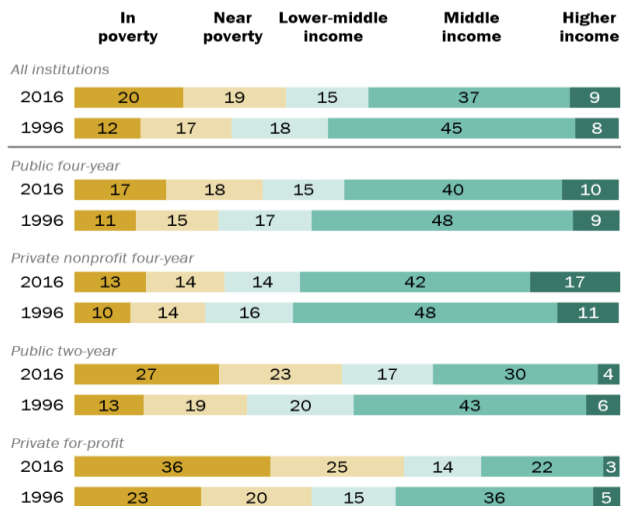
The program allows the bank "to go out into the community and highlight that you don't need a degree to earn a sustainable wage and have long-term career potential," she says. Hiring managers focus instead on specific skills needed to succeed in a job, which don't necessarily coincide with a four-year degree. The people hired through the program, Gragnani-Woods says, are working across the bank in sales, operations and software development. Companies have long used a college degree as a proxy for job competency and career readiness. The Covid-19 pandemic labor shortage — and the sheer magnitude of technology's reach into every aspect of life — is forcing companies to rethink the prerequisites for a successful hire and the kinds of employees they really need to help them succeed in the years ahead.

## A Rising Share of Undergraduates Are From Poor Families, Especially at Less Selective Colleges

By Richard Fry and Anthony Cillufo, Pew Research Center, May 16, 2019

### Growth in poor dependent undergraduates was highest at public two-year and private for-profit colleges

Income distribution of dependent undergraduates (%)



Note: Income categories are based on the dependent student's family income-to-poverty ratio. Federal poverty thresholds used vary by family size. See text for category definitions. Figures may not add to 100% due to rounding.

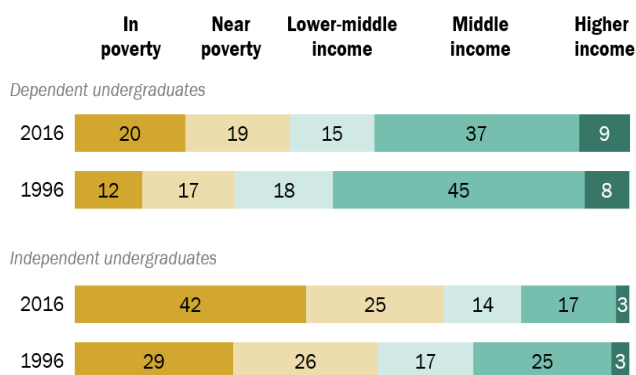
Source: Pew Research Center analysis of 1996 and 2016 National Postsecondary Student Aid Study (NPSAS), National Center for Education Statistics.

"A Rising Share of Undergraduates Are From Poor Families, Especially at Less Selective Colleges"

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### A much larger share of undergraduates are in or near poverty than in 1996

Income distribution of undergraduates (%)



Note: Dependent student's income-to-poverty ratio is based on the income of the student's parents. Independent student's ratio is based on the student's income. Federal poverty thresholds used vary by family size. See text for category definitions. Figures may not add to 100% due to rounding.

Source: Pew Research Center analysis of 1996 and 2016 National Postsecondary Student Aid Study (NPSAS), National Center for Education Statistics.

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