Bellwether

An Investment, Not a Gamble

Creating More Equitable and Effective Postsecondary Pathways

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Beta BY BELLWETHER

ad·mis·sion
/ədˈmiSH(ə)n/
noun

the process or fact of entering or being allowed to enter a place, organization, or institution.

a statement acknowledging the truth of something.

Introduction

Completing a postsecondary education pathway like a two- or four-year college degree is widely considered a pillar of the American dream. But for too many Americans, particularly those from systemically marginalized communities, the postsecondary system isn't the sound investment in their future it's marketed to be. Instead, it's a high-stakes gamble. The U.S. postsecondary system faces challenges in degree completion, variable value, and cost and debt. It does not provide the information, navigation supports, or sufficient high-quality options required for individuals from systemically marginalized communities to exercise the power of choice that all people deserve (Sidebar).

The $1.76 *trillion* that Americans carry in postsecondary student loan debt generates regular headlines.[1] Yet even this astronomical figure underestimates the true price tag America pays for postsecondary education. It doesn't include $38 billion in direct federal grants to individuals,[2] $98 billion in annual state and local financial aid and subsidies to public colleges and universities,[3] or billions more dollars in foregone federal, state, and local tax revenues from the many tax advantages institutions enjoy due to their nonprofit status. It also doesn't include the enormous amount of money students and families spend on a postsecondary education or the money they borrow through private channels like home equity loans.[4] This spending and borrowing funds a collective $671 billion budget (as of 2019-20) across our conventional two- and four-year postsecondary system.[5]

The untenable cost of a postsecondary education is just the most visible piece of a larger problem. Millions of people pursuing conventional postsecondary pathways never complete their program of study, with no way to recoup the investment they put toward it or repay the debt they incurred along the way. Many others successfully complete a postsecondary education — and assume the burden of debt — only to discover that their education will not achieve a positive return on investment (ROI).

In short, our current postsecondary system fails to equitably and effectively provide pathways that enable individuals to achieve economic independence, fully participate in democracy, and gain the ability to pursue happiness as *they* individually define it.

This report is not a blanket indictment of the conventional U.S. system of higher education. A significant number of two- and four-year postsecondary pathways *do* provide value. But there are a significant number of conventional pathways that *do not* provide value, and that information is not transparent to individuals making a critical choice to invest in a pathway. This problem is becoming more magnified as the number and type of postsecondary pathways continue to proliferate.

Addressing these structural challenges will take time, creative thinking, and collaboration across the full range of stakeholders in the education sector.

Admission, a Beta by Bellwether initiative, explores how to create a more equitable and effective system of postsecondary pathways. A centerpiece of Admission, and a fundamental tenet of creating a more equitable system, is the ability for individuals to exercise choice. Choice is a power too often denied to people from systemically marginalized communities in many aspects of society, including the U.S. postsecondary pathway system (Figure 1).

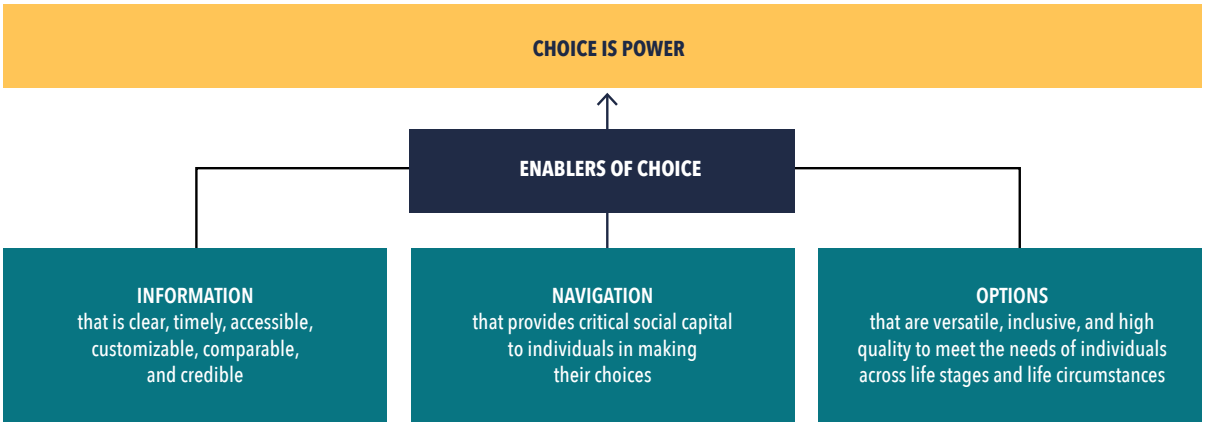
In this introductory report, we outline the challenges of postsecondary completion, the variable value provided by a postsecondary pathway, and the corresponding cost and debt. Together, these challenges create an inequitable, ineffective, and unsustainable U.S. postsecondary system that individuals are increasingly reluctant to participate in or return to.

Sidebar: Core Terms

- **What is the difference between a postsecondary pathway and a higher education degree?** We define a higher education degree as a conventional two- or four-year degree coming from one of the approximately 3,900+ public nonprofit, private nonprofit, and private for-profit institutions classically offering accredited degrees.[6] We define postsecondary pathways to include a broader universe of units of postsecondary value that include not only conventional two- and four-year degrees but also credentials, certificates, badges, assessments, apprenticeships, licensures, portfolios, etc. This definition includes a broad array of providers beyond colleges and universities to include other nonprofits, noncollege for-profits, government, and employers.

- **How is systemically marginalized defined in this analysis?** In Beta by Bellwether's Admission initiative, we define systemically marginalized communities as those students and families who are first-generation, low-income, and/or students who are Black, Hispanic, and/or Native American living in a range of urban, suburban, and/or rural settings. We refer to both Hispanic and Latino students depending on the terminology used by the sources we are citing.

Figure 1: Enablers of Choice



After exploring those challenges, we propose **three enablers of choice** that people from systemically marginalized communities too often don't have access to — and that could be the basis for transforming our postsecondary system:

1. **Information:** How does the U.S. postsecondary system provide individuals (and their network of support) with clear, timely, accessible, customizable, comparable, and credible information that helps them answer the questions of "What do I want to be?" and "Which postsecondary pathways maximize my chances of succeeding in that pursuit?"

2. **The social capital of navigation:** Navigating a complex postsecondary system requires a network of social capital that people with privilege commonly have and people from systemically marginalized communities often lack. How does the U.S. postsecondary system build access to a network of trusted, informed, culturally inclusive, and unbiased advisers?

3. **Versatile, inclusive, high-quality postsecondary pathway options:** How can the U.S. postsecondary system create a versatile, inclusive, high-quality set of pathway options that meet people across a range of life stages and circumstances? This system of options must be nonlinear and cyclical, with on-ramps and off-ramps for people to continually advance professionally, and with the ability for people to prioritize short-term needs and constraints without being denied long-term opportunities.

These enablers of choice are inextricably linked. Individuals need information and navigation support at all ages and stages of their journey: In high school and as working adults when considering a postsecondary pathway or changing an initial choice if it turns out not to be the right one, in a pathway and persisting to completion, in considering the transition out of a pathway and into a profession, and in a profession when considering the possibility of making a career pivot. Information is necessary, but for many, it isn't sufficient — the messenger is as crucial as the message.

Together, information and navigation create the agency for individuals to make a postsecondary pathway choice, but individuals remain limited if they only have a narrow set of poor-performing options to choose from. And while the rapid growth in new postsecondary pathway options is promising, it just adds more risk without information about which of these new pathways are providing value and for which student profiles.

These three enablers, working well and working together, offer a roadmap to a postsecondary system that is an investment instead of a gamble — one that delivers on its promises to students.

Traditional wisdom — the value of investing in a conventional college degree

Education leaders, families, and students operate on the assumption that a conventional higher education degree — in particular, a four-year bachelor's degree — is the key to unlocking economic mobility. And there is data to support this (Figure 2).

At a population level, students get significant value from earning a higher education degree; median lifetime earnings increase by nearly $1.2 million between a high school degree and a bachelor's degree (or a $400,000 increase if completing an associate's degree).[7] Based on 2018 data, bachelor's degree graduates working full time had a median of $24,900 more in annual income compared to high school graduates, paid $7,100 more in taxes, and took home $17,800 more in after-tax income.[8] This group experiences a range of nonmonetary benefits that extend beyond income. People of working age who earn a bachelor's degree report better health and have a higher rate of voting (as one measure of participating in a democracy).[9]

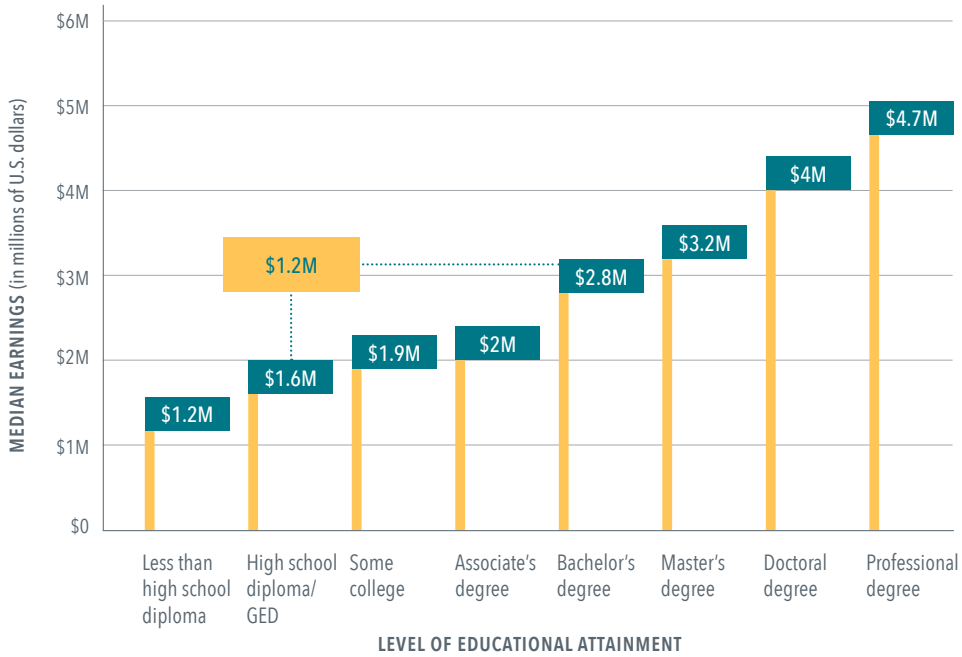
However, the value that comes from completing a conventional postsecondary pathway is not consistent or equitably distributed, leaving our postsecondary system and the students it serves with three challenges:

1. Inequitable completion rates.
2. Variable and opaque value from completing a pathway.
3. Overwhelming cost and debt for some students — particularly those from systemically marginalized communities.

Challenge No. 1: inequitable completion rates

Recouping ROI from a postsecondary pathway starts with completing the pathway — something many students never do. While overall college-going and college-completion rates have increased in the U.S., only 51% of students who began a four-year degree in 2012 completed a degree *within eight years* at that institution. And only 30% of students who began a two-year degree in 2012 completed a degree *within eight years* at that institution (though an additional 29% transferred out).[10] There are now 39 million Americans who began to pursue a postsecondary pathway but stopped before completing (a number that increased by 3 million from 2019 to 2020 due to the

Figure 2: Median Individual Lifetime Earnings Increase By Educational Attainment in U.S.



Source: Anthony P. Carnevale, Ban Cheah, and Emma Wenzinger, "The College Payoff," Georgetown University Center on Education and the Workforce (CEW), 2021

COVID-19 pandemic).[11] Overall, while college-going is heavily promoted and perceived to be ubiquitous, as of 2022, only 38% of Americans ages 25 and older hold at least a bachelor's degree, while just 11% earned an associate's degree.[12]

Looking beneath the surface exposes disparities in college-going and completion rates across several dimensions.

Income: Seventy-nine percent of dependents ages 18-24 in the top family income quartile have matriculated into college, compared to 48% of those from the lowest quartile (Figure 3).[13] The disparities become even more acute when looking at bachelor's degree completion, with 59% from the top quartile completing a bachelor's degree by age 24, compared to only 15% for the lowest quartile (Figure 4).[14] While overall postsecondary graduation rates rose over the last 50 years, the gap based on income actually widened.

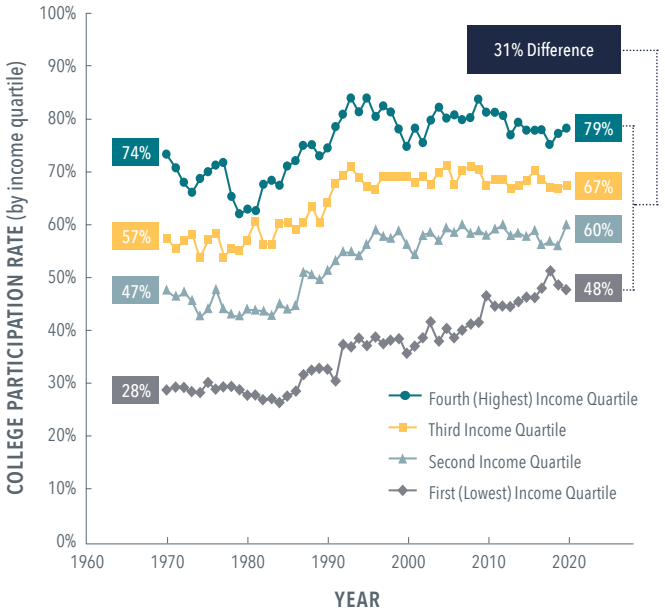
Race and ethnicity: As of 2021, 36% of white Americans ages 18 and over had either an associate's or a bachelor's degree, compared to 26% of Black Americans ages 18 and over and only 22% of Hispanic Americans ages 18 and over (Table 1).[15] An estimated 44% of Americans who began but didn't finish postsecondary pathways are Black, Hispanic, or Native American, although these student groups represent just 34% of the total U.S. population.[16]

First-generation college-goers: Only 20% of first-generation college students attain a bachelor's degree, compared to 49% of continuing-generation students (though a higher proportion of first-generation students complete an associate's degree or credential) (Table 2).[17]

This uneven completion rate is also driven by uneven performance across postsecondary institutions — meaning that exactly where a student pursues a postsecondary pathway matters to their chances of completion.

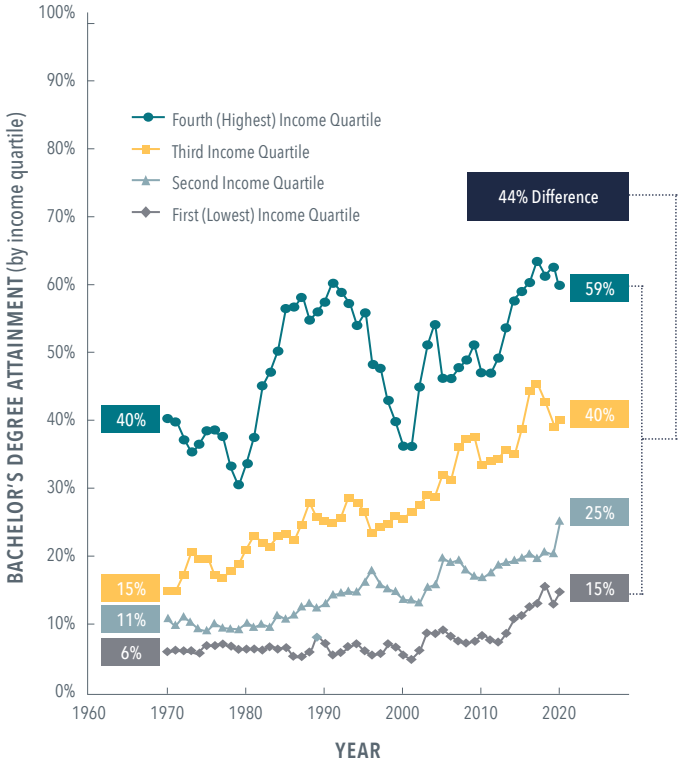
A Third Way analysis of the completion rate of students in private four-year colleges notes that "a typical four-year private, non-profit college graduates only 55% of full-time freshmen within six years of enrollment… at 74% [of schools], less than two-thirds of all full-time students earn a degree within six years of enrolling as a freshman."[18]

Figure 3: U.S. College Participation By Income, 1970-2020



Source: Margaret W. Cahalan et al., 2022 Equity Indicators Report, Pell Institute

Figure 4: U.S. Bachelor's Degree Attainment By Income, 1970-2020



Source: Margaret W. Cahalan et al., 2022 Equity Indicators Report, Pell Institute. Note: for dependent students by age 24

Table 1: U.S. Demographic Rates of Degree Attainment, Ages 18 and Over

Demographic	Rates of degree attainment
Hispanic	22%
Black	26%
White	36%

Source: National Center for Education Statistics

Table 2: U.S. Postsecondary Attainment Rate

Postsecondary Attainment	First-gen	Continuing-gen
Bachelor's degree	20%	49%
Certificate or associate's degree	24%	11%
No credential	56%	40%

Source: Center for First-generation Student Success

The authors then note that "no bar exists whatsoever to trigger any form of intervention or scrutiny from the federal government — even schools that graduate students in the single digits. **Instead, these schools are able to operate without consequences and have no obligation to provide consumers with notification of their poor completion rates."**[19]

Another driver of low completion rates is the fact that our conventional postsecondary system is designed for a "traditional college student" that doesn't represent most students (and most people from systemically marginalized communities). American society promotes the ideal of graduating high school and immediately pursuing a full-time, four-year bachelor's degree on a residential campus. We glorify it in culture and entertainment as the traditional pathway to prosperity, and it's the pathway most people with wealth pursue. But the definition of that traditional college student as someone under age 25 who enrolls directly from high school, attends full time, is supported by their parents, and doesn't have major life and work responsibilities is outdated at best and elitist at worst.[23] Too few institutions are designed and resourced to support the diverse range of students they serve today — especially those who are first-generation or low-income (although it's important to acknowledge that many institutions try and that this support is costly). **Postsecondary pathways can't be a way *out of poverty* if they aren't designed to support people while they are *in poverty*.**

The post-traditional student

The National Center on Education Statistics estimated that 74% of students in 2011-12 were nontraditional (or "post-traditional") because they didn't proceed directly to a postsecondary pathway from high school and/or didn't have a traditional high school diploma, were financially independent from parents, were themselves a caregiver or parent, were attending school part time, and/or were employed full time. Today, most students — 84% — now live off campus, 64% work while in college (40% work full time), 22% are parents, and 38% are attending school part time.[20]

A fall 2020 survey of more than 195,000 students across 202 two- and four-year colleges and universities revealed that nearly three in five students face basic needs insecurity, 39% of community college students faced food insecurity, and 29% of four-year students did as well. Forty-eight percent of students surveyed faced housing insecurity, and 14% faced homelessness. The rate of basic needs insecurity — based on one or more of the factors above — was 54% for white students versus 64% for Hispanic students, 70% for Black students, and 75% for Indigenous students.[21]

Amid the pandemic, 13% of students surveyed had lost a loved one to COVID-19, with Hispanic students more than twice as likely as white peers to have had a loved one die.[22]

Challenge No. 2: variable and opaque value from completing a pathway

Even when students complete a two- or four-year degree, there's a risk that they won't achieve a return on their substantial investment — or even know the true odds of achieving a strong ROI before choosing a pathway.

By a fundamental monetary measure — the ROI for pursuing a postsecondary pathway — a high number of conventional pathways are a bad investment.[A]

A 2022 Georgetown University Center on Education and the Workforce analysis indicated that for 30% of colleges, more than half of enrolled students earn less than their high school peers 10 years after graduation (though this includes those who enrolled and didn't complete as well as those who did complete).[24]

A 2021 Third Way analysis demonstrated that 65% of the 25,691 bachelor's degree programs in its sample paid back their net cost to students within 10 years (and 41% in under five years). However, 25% of programs did not allow students to break even within 10 years, and 10% of programs would not ever achieve an ROI (Table 3).[25]

With a focus on graduation, the analysis doesn't include the subset of the 39 million students discussed on Page 5 who began a postsecondary pathway but left before completion — which would paint an even grimmer picture of pathways and the outcomes they deliver for the total population of students who initially enroll.[26]

The chances of achieving ROI can vary by type of pathway.[27] Only 48% of for-profit college graduates achieve break-even within 10 years, and 40% never achieve a positive ROI. While private schools fare better, only 62% of their graduates break even on their investment within 10 years (Table 4).[28]

Further complexifying the postsecondary landscape, future earnings vary substantially by field of study. For example, the median salary for a petroleum engineer ages 25-29 is $136,000, compared to $39,000 for an early child educator of the same age range.[29] In addition, College Scorecard data reveals that students with identical fields of study who graduate from different postsecondary institutions have wide variation in their earnings.[30]

Table 3: Years to Recoup Net Cost of Postsecondary Pathway

Programs						
Years	0-5	5-10	10-20	20+	NO ROI	Total #
Bachelor's degree-granting	41%	24%	14%	11%	10%	25,691
Associate's degree-granting	64%	7%	4%	4%	21%	7,882
Certificate-granting	48%	4%	2%	3%	42%	4,524
Students in this set of programs						
Years	0-5	5-10	10-20	20+	NO ROI	Total #
Bachelor's	51%	24%	13%	8%	5%	1,483,844
Associate's	58%	9%	6%	6%	21%	361,381
Certificate	34%	6%	3%	5%	53%	373,126

Source: Michael Itzkowitz, "Which College Programs Give Students the Best Bang for Their Buck?," Third Way, 2021

A *There are many ways of calculating both the numerator (earnings) and denominator (costs) of an education ROI, and there are different perspectives on what the actual target performance should be in quantifying success. For a deeper discussion on this, please see Dollars and Sense: Measuring the Value of Postsecondary Pathways.*

Table 4: Years to Recoup Net Cost of Postsecondary Pathway (All College Programs By Sector)

Programs						
Years	0-5	5-10	10-20	20+	NO ROI	Total #
Public	56%	17%	8%	6%	13%	24,151
Private	31%	25%	17%	14%	12%	10,510
For-profit	29%	11%	7%	7%	46%	3,436
Students in this set of programs						
Years	0-5	5-10	10-20	20+	NO ROI	Total #
Public	57%	19%	10%	6%	8%	1,306,668
Private	39%	23%	14%	11%	13%	440,213
For-profit	36%	12%	6%	7%	40%	471,470

Source: Michael Itzkowitz, "Which College Programs Give Students the Best Bang for Their Buck?," Third Way, 2021

In a more equitable and effective system, students pursuing a postsecondary pathway should have access to this information — not just specific to the institution they are considering enrolling in but also to individual degree programs within it — to understand their likely earning potential for different fields of study (along with labor market demand). Students should also have access to the same information broken down by demographics so they can see how a specific pathway has performed in supporting people from similar backgrounds.

Accessing and understanding this information is a challenge for professional researchers — it's out of reach for most individuals trying to choose which postsecondary pathway to pursue. And it only gets more complicated as postsecondary pathways proliferate in number and type, as outlined below.

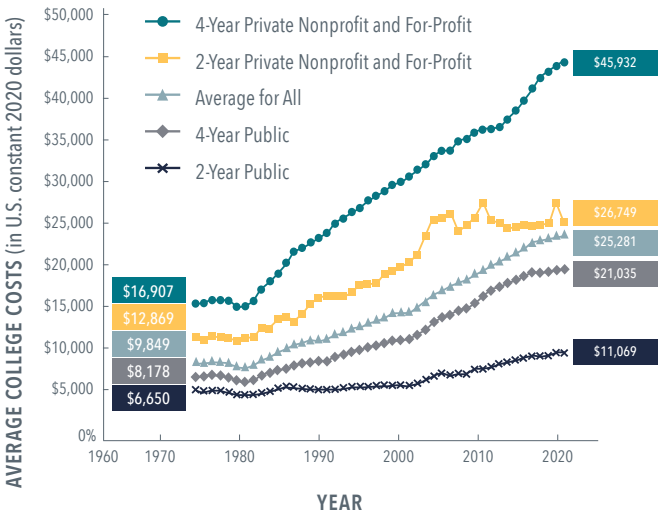
Challenge No. 3: overwhelming cost and debt for some students

The two challenges above make the more well-known challenge of skyrocketing postsecondary cost and debt even more concerning. Students can suffer life-altering financial consequences when they fail to complete a postsecondary pathway they've invested in, or when they complete a pathway that provides a negative ROI.

The sticker cost (i.e., the cost of a program before discounting or financial aid) of full-time undergraduate enrollment increased *2.6 times* between 1974-75 and 2019-20 (Figure 5).[31]

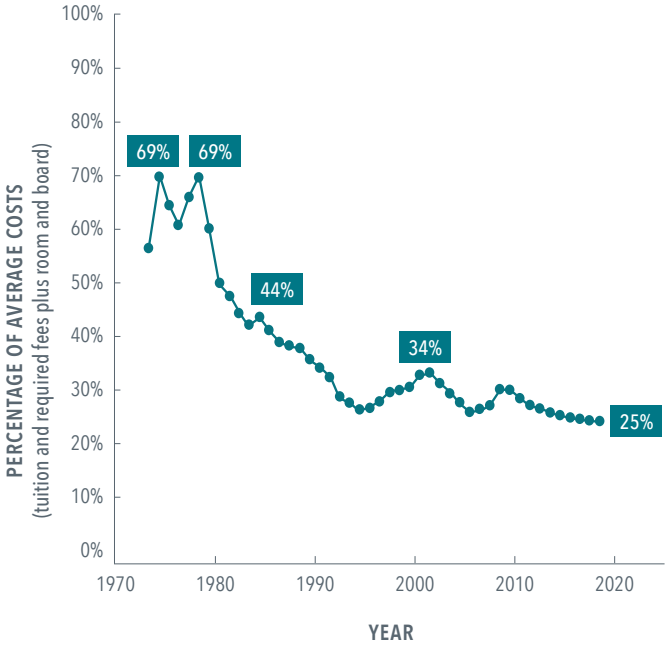
In contrast, median U.S. household income grew only *1.3 times* in the same time frame.[32]

Figure 5: Average College Costs Charged to Full-Time Students in Degree-Granting Postsecondary Institutions (1974-75 to 2019-20)



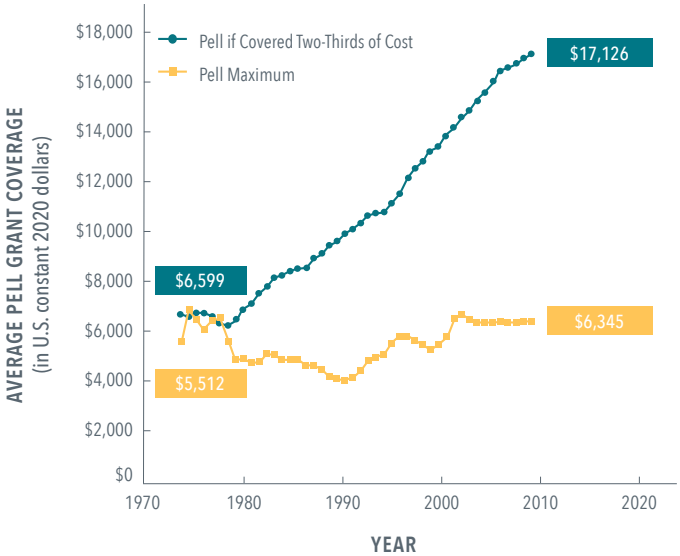
Source: Margaret W. Cahalan et al., 2022 Equity Indicators Report, Pell Institute

Figure 6: Percentage of Average Costs Covered By Maximum Pell Grant (1974-75 to 2019-20)



Source: Margaret W. Cahalan et al., 2022 Equity Indicators Report, Pell Institute

Figure 7: Size of Pell Grant Required to Continue to Cover Two-Thirds of Average "Sticker" Cost of College (Compared to the 2019-20 Maximum Pell Grant)



Source: Margaret W. Cahalan et al., 2022 Equity Indicators Report, Pell Institute

At the same time, policy tools designed to offset these costs, like Pell Grants, a system of federal need-based grants for qualifying students, haven't kept pace with rising postsecondary cost (Figure 6). The amount of average full-time tuition covered by Pell Grants declined from 69% to 25% from 1980 to 2020.[33] To keep pace in 2019-20 with the amount of average tuition Pell Grants covered in 1974-75, the Pell Grant would need to have grown 170%, from $6,345 in 2019-20 to $17,126[34] (it is currently $7,395 for the coming 2023-24 school year) (Figure 7).[35]

This growing disparity between cost and federal financial aid is a big reason the amount of student debt nationwide has risen more than $1 trillion from 2008 to 2022 (from $676 billion to $1.76 trillion as of Q3 2022).[36] This $1 trillion represents a wide variety of circumstances,

Measuring the value of a postsecondary pathway

One way to measure value from a postsecondary pathway is to look at monetary earnings. As we will explore in subsequent Admission analyses, money isn't everything in measuring value, but for many people (and especially for those who've experienced poverty), it's significant — 73% of students report that being "able to make more money" was "very important" in deciding to go to college. That number rises to 88% for those attending a historically Black college or university.[37]

Different individuals have different monetary and nonmonetary goals, which speaks to the complexity of how to measure the value of a pathway without reducing human potential to mere economic potential. In the same survey, 75% of students noted a reason they pursued a bachelor's degree was to "gain a general education and an appreciation for ideas."[38]

Money isn't *everything* in measuring the value of a postsecondary pathway — but it's *something*. And for many, it's important, as we discuss a companion to this report, *Dollars and Sense: Measuring the Value of Postsecondary Pathways*.

and not everyone who incurs debt struggles to repay it. But beneath the top-level number are some disturbing trends that are often overlooked. Of this total, an estimated $280 billion debt burden is being held by the 39 million individuals who pursued but did not complete a pathway.[39]

Debt repayment is a lifelong challenge for many who don't complete a degree — but also for many who do (Appendix). Repayment rates on debt are a particular challenge for non-completers. By one measure — making even $1 in repayment of principal within five years — only 41% of students who do not complete a degree *begin* to pay off their debt within five years (not finish, but put even a single dollar into repayment of principal). However, even for those who complete a degree, only 67% have begun repayment within five years (Table 5).[40] And *even lower* repayment rates exist for for-profit and public two-year schools — which serve a disproportionate amount of systemically marginalized students — compared to other options for non-completers and completers alike.[41]

This debt can last a long time; the best estimates suggest it takes approximately 20 years for the average student to fully repay their student debt.[42] Having debt is its own obstacle to repayment.[43] It can only rarely be dismissed through bankruptcy; [44] if necessary, the federal government will garnish Social Security payments to pay off college debt.[45]

Table 5: Rates of Repaying Even $1 of Loan Principal Within Five Years of Repayment Window

Type of Institution	Non-completers	Completers
All	41%	67%
Public two-year	37%	66%
Public four-year	54%	79%
Private, nonprofit four-year	54%	80%
For-profit	26%	43%

Source: College Board, "Trends in Student Aid 2019," 2010-11/2011-12 data

In 2022, $380 billion in college debt was held by adults ages 50 or older.[46] Once in default, borrowers lose access to additional aid programs and face limited employment options due to a suspended driver's license, professional license, or security clearance. These borrowers may also face significant new, additional collection agency fees even as the interest continues to compound.[47]

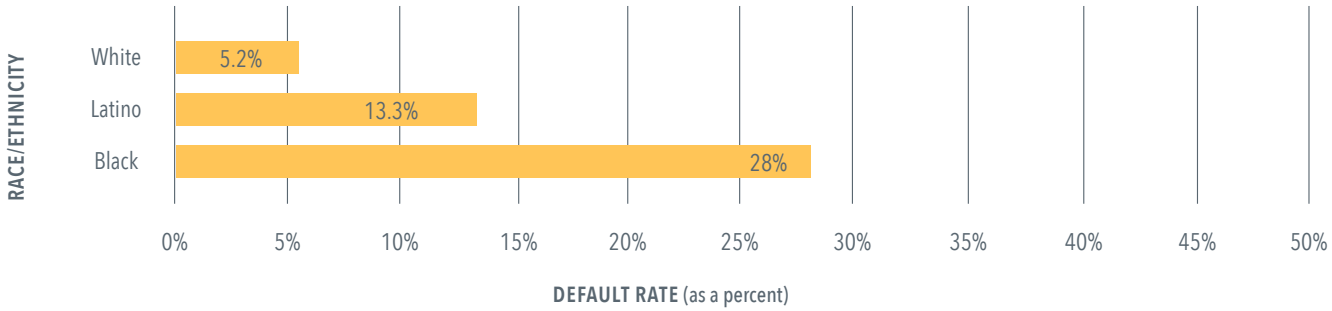
As with so many other challenges in the postsecondary system, debt burdens disproportionately affect Black and Hispanic students.

An analysis by the Bureau of Labor Statistics, which tracked those who completed a degree and those who left college without a degree over 15 years from a 1997 cohort, found that "on college exit, Black college-goers reported 85% more debt than their white counterparts, and this disparity more than doubled in the decade after they left college. Put differently, Black young adults have more debt a decade after they leave college than white people do when they leave college and before they start repaying their debts."[48]

The authors further observed that "the sociologists Louise Seamster and Raphaël Charron-Chénier call this large and growing debt gap an example of 'predatory inclusion.' That is, over the past several decades, Black youth have gained greater access to postsecondary institutions, but they have made these gains on exploitative or unequal terms — terms that thrust Black youth deep into the red relative to [white youth]."[49]

Overall, the chances of loan default are 35% for low-income graduates, 49% for Black graduates, and 35% for Latino graduates, compared to just 20% for white graduates.[50] A 2020 report by The Education Trust reveals that while 5.2% of white four-year, full-time college graduates are in default within 12 years of graduating, 28% of Black graduates are in default, as are 13% of Latino graduates in that same time period (Figure 8).[51]

Figure 8: U.S. Student Loan Default Rate (By Race/Ethnicity)



Source: Andrew Howard Nichols and Marshall Anthony Jr., "Graduation Rates Don't Tell the Full Story: Racial Gaps in College Success Are Larger Than We Think," The Education Trust

Students and employers are growing skeptical and demanding something new and better

Given these variable postsecondary outcomes and growing cost and debt, it should be no surprise that prospective students are skeptical about the value of existing college degrees and desire a more flexible, diverse, and higher-performing system of postsecondary pathways.

Even pre-pandemic, an increasing number of students were questioning the importance and value of a traditional college degree — and enrollment was declining. In 2017, a joint Strada-Gallup poll revealed that approximately one-third of students believed they would graduate from a four-year institution with "the skills and knowledge to be successful in the job market (34%) and in the workplace (36%)," and only 53% believed their major would "lead to a good job."[52]

A 2019 Gallup poll found that the number of U.S. adults who considered a college education "very important" dropped from 70% in 2013 to 51% in 2019, with the starkest decline in young adults ages 18-29, from 74% in 2013 to 41% in 2019.[53]

At the same time, higher education was already facing substantial enrollment pressure as a result of demographic changes. Undergraduate enrollment had declined from a high of 18.1 million students in 2010 to 16.6 million students in 2019,[54] with a further reduction expected as the number of annual high school graduates in 2030 is projected to fall 13% from 2007 rates due to birth declines coming out of the last recession.[55]

EY-Parthenon estimated that in 2019 there were as many as 3 to 5 million unfilled seats in the U.S. higher education system, costing between $27 billion and $51 billion in spending on excess capacity by higher education institutions.[56] In the fall of 2019, a survey of 292 colleges and universities found that 60% missed their enrollment goals and 67% missed their net-revenue goals.[57]

COVID-19 deepened this enrollment decline. In the first two years of the pandemic, the postsecondary system experienced an additional significant enrollment decline, losing 1.3 million undergraduate students from spring 2020 to spring 2022.[58] Enrollment declines from 2019 to 2020 were particularly stark for first-time students over age 24, with a drop of 30%.[59]

COVID-19 exacerbated a decline in confidence among students and families — and employers, too. The pandemic's challenges laid bare a growing frustration with the status quo that put corresponding pressure on conventional postsecondary pathways.

A 2020-21 series of ECMC surveys found that, of Generation Z (Gen Z), "Their likelihood of pursuing a four-year degree has diminished substantially over the past eight months with only slightly more than half of Gen Z teens now considering it."[60] This is also true of their parents.

A December 2020 Carnegie Corporation of New York and Gallup poll discovered that even if there were no obstacles to college-going (like money), 46% of parents would still prefer their children pursue an alternative to a four-year degree immediately after high school.[61]

Meanwhile, a 2020 survey of employers by the American Association of Colleges and Universities revealed that "just six in ten employers believe that college graduates possess the knowledge and skills needed to succeed in entry-level positions, and just over half (55%) believe they possess the knowledge and skills required for advancement and promotion."[62]

Employers like Google, General Motors Co., Microsoft, and Apple,[63] and the states of Maryland,[64] Utah,[65] and Pennsylvania[66] are increasingly dropping a bachelor's degree requirement for many jobs (in the case of Pennsylvania, for 92% of its state jobs) in favor of a focus on skills.[67] Employers are also exploring their own postsecondary pathway innovations in response to a constrained labor market of college graduates. Innovations include building proprietary online training programs for prospective candidates to develop company-recognized credentials, apprenticeship programs, and an increased emphasis on on-the-job training and ongoing on-the-job education advancement opportunities.[68]

Students, families, and employers are growing wary of gambling on a postsecondary system that has poor odds.

What would improve the odds of postsecondary pathway success for systemically marginalized students?

As an author team, it was impossible to approach this topic without reflecting on personal experience. Mirroring broader societal dynamics, some of us benefited from privilege, while others had to overcome adversity. Some of us had ample information to guide choices, while others struggled to access information and avoid misinformation. All of us had very different access to social capital to navigate pathway choices and a range of postsecondary options based on distinct personal priorities and constraints, including the amount of debt we were willing to incur or the resources some of us had available to avoid debt entirely. The range of personal experiences impacted transitions from a pathway to a profession (or to an advanced degree). Each of us had different experiences based on our abilities or limitations in making choices.

Fixing an inequitable postsecondary system starts with the power of choice

Choice is power. People from some segments of American society can easily exercise that power, while people from systemically marginalized communities too often are denied agency. This reduces choice to a privilege even though it should be accessible to all.

Creating a more equitable and effective post-secondary pathway system requires addressing the disparity of choice — and starts by recognizing that choice for many people is not linear and one-time. A more equitable postsecondary pathway system must be designed to support people who need to make new choices multiple times, in multiple, nonlinear cycles.

Choice is typically thought to occur in a simple, linear, one-time sequence (Figure 9). People choose a **pursuit** (based on their interests, aptitudes, priorities, constraints, etc.) that guides their choice of what to study and then their employment. Pursuit is critical as

an individual's "why" — the passion and priorities that form their identity and make investing in education compelling. Then they choose a **postsecondary pathway** (be it a conventional college degree or a variety of other pathways that deliver any combination of academic skills, technical skills, "21st century" skills, and social capital). Coming out of a postsecondary pathway, they **choose a profession** in terms of specific, actual employment. This point of view has significantly influenced the design of our postsecondary pathway system as well as the U.S. K-12 and workforce systems — and it's the most common sequence for people with wealth and privilege.

However, in reality, many people need to make these choices in a nonlinear order and will want or need to repeat this choice cycle as they advance throughout their lives. An equitable and effective postsecondary system is one that is designed to enable people to make their own choices in the sequence and combination that their life requires (Figure 10).

Some individuals may need to pursue a profession out of high school before investing in a postsecondary pathway. Maybe they aren't sure what they want to get out of a pathway and need to learn through experience. Maybe they need to immediately work to put food on the table or support their family. Maybe they had a negative K-12 experience and aren't ready or convinced of the need for additional education.

Others may begin a pathway and, over time, choose a new pursuit, which may lead to a change in their selected pathway. Some may exit without completing a pathway to work because of life constraints or because pursuing a pathway becomes unaffordable; they need the option to return to this cycle later, choosing the previous pathway or a new one.

Even those completing a pathway and choosing a profession may return to a pathway to upskill and advance. Others may desire or be required to seek a new pursuit as individual interests, individual circumstances, and/or economic conditions change, returning to this choice cycle.

Figure 9: Conventional Thinking – Choice Is a One-time, Nonlinear Process

Figure 10: The Reality – For Many People (Particularly From Systemically Marginalized Communities), Choice is Nonlinear and Cyclical

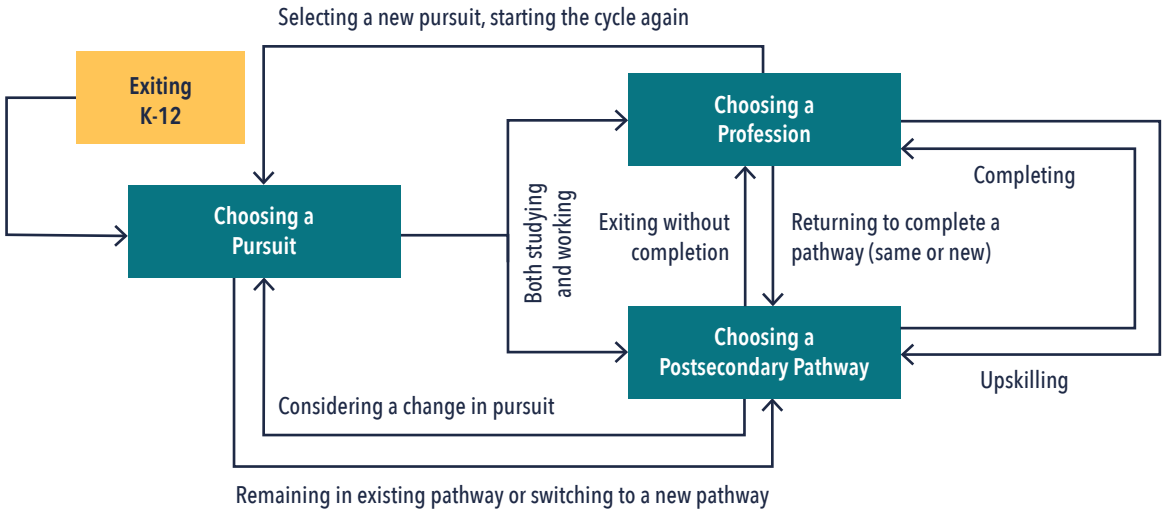
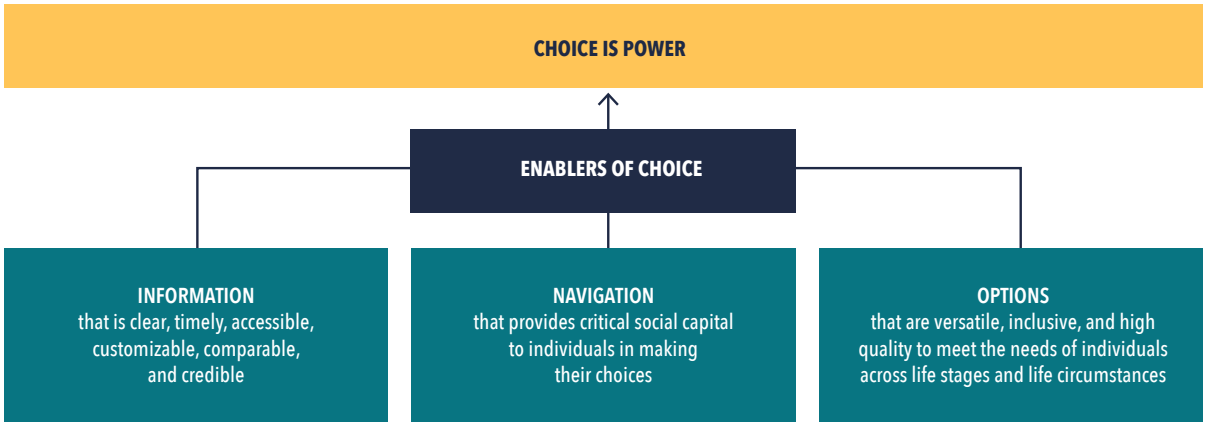


Figure 1: Enablers of Choice (repeated)



An equitable and effective postsecondary system enables people to make informed choices in the sequence and combination that their lives require. What is required to make this aspiration a reality? People need three enablers of choice: 1) information, 2) the social capital of navigation, and 3) versatile, inclusive, high-quality postsecondary pathway options (Figure 1, repeated).

1. Information

How do we provide individuals (and their network of support) with clear, timely, accessible, customizable, comparable, and credible information that helps them answer the questions of "What do I want to be?" (a question individuals should be able to revisit throughout their lives) and "Which postsecondary pathways maximize my chances of succeeding in that pursuit?"

There are two categories of information that are needed to drive choice — pursuit (i.e., what do I want to be and what information will help me make that choice?) and pathways (i.e., how can I get there and what information will help me make that choice?).

Figure 11 breaks the first category down into five specific elements of information that enable people to develop their identity, answer the question of "Who am I?" (or, "Who am I right now?"), and select a pursuit (for the first time or as a change).

This information is used by individuals to make this choice of pursuit through the filters of their:

- **Interests and passions** — What they enjoy, are inspired by, and find meaning in.
- **Strengths/aptitudes** — What they are good at doing, be that academic strengths, technical skill strengths, and/or environments and ways of working they excel at. These are assets each person has that they may want to leverage (although this does not preclude people building new strengths over time).
- **Life goals and ambitions** — What they want to accomplish in life, be it achieving some level of financial success, reputational success, a lifestyle, experiences, social impact, and/or fulfillment.
- **Life constraints** — Necessities, obligations, and limitations that shape an individual's choices.
- **Academic readiness** — The level of study an individual feels they are ready to engage in.
- **Cost, debt, and risk profile** — How much they can afford to spend and how much they can and are willing to borrow to pursue a pathway.

Once an individual makes their choice of pursuit (or the choice of a new pursuit), the second category of information informs an individual in understanding what postsecondary pathway(s) are most likely to help them achieve that pursuit (Figure 12).

Figure 11: Ten Elements of Information (Part 1)

What do I want to be (Pursuit), and what information will help me make that choice?

→

What Pathways are most likely to get me there, and what information will help me make that choice?

1. Self-Awareness	• Understanding by an individual about their aptitudes and strengths, their interests and passions, and their priorities that collectively shape their personal choices
2. Exposure and Affirmation	• Exposure to a broad range of professional possibilities • Affirmation demonstrating that individuals from all backgrounds can succeed in a profession
3. Skills and Education Requirements	• The academic, technical, and/or "21st century" skills required to succeed in a profession • The need for continuing or advanced education over time for success in a profession
4. Labor Market Demand	• Demand for a given profession (i.e., is it growing, where is demand located, and how durable is that demand over time)
5. Value and Progression Within a Given Profession	• Short- and long-term monetary earning potential as well as non-monetary measures of value, and "option value" of professional advancement over time

Figure 12: Ten Elements of Information (Part 2)

What do I want to be (Pursuit), and what information will help me make that choice?

→

What Pathways are most likely to get me there, and what information will help me make that choice?

6. Admission to a Pathway	• The set of potential pathways that an individual should consider • The processes that need to be successfully navigated for admission; if it's a competitive pathway, how an individual can be competitive in applying
7. Financial and Time Investment of a Pathway	• The full true cost and debt required to complete a pathway • The length of time it will take to complete a pathway; the time commitment while in a pathway, and how that impacts the ability to meet other commitments (such as family and work)
8. Experience and Support Provided by a Pathway	• The inclusive and affirming supports a pathway provides; the flexibility in learning modes provided (in-person, virtual or hybrid; live, offline or hybrid; variety of times, places) • The academic skills, technical skills, "21st century" skills, and social capital assets a pathway provides; the experiential learning opportunities a pathway provides
9. Completion Rate of a Pathway	• The likelihood of an individual from a given demographic profile completing a pathway
10. Value of a Pathway if Completed	• The likelihood of employment, economic returns, and other measures of value for an individual from a specific demographic profile as a result of completing a pathway

Table 6: Conditions That Information Must Meet To Be Valuable to an Individual in Making Choices

Conditions	Definition
Created	• Does the desired information **exist**?
Connected	• Are key pieces of information **combined together** and/or **connected longitudinally** (e.g., K-12, postsecondary, and workforce information) in ways necessary to provide key understanding and insights?
Accessible	• Is information made **available** to key stakeholders – like the public – in an **easy-to-find** location? Is it accessible on **mobile devices**? Is it translated into a **broad range of languages**?
Timely	• Is this information **updated with the frequency** necessary for it to be actionable for those using it in making choices?
Disaggregated	• Is this information **disaggregated by income, race, and gender** so individuals can assess postsecondary pathways based on how well they serve students with similar backgrounds?
Actionable	• Is this information in a **clear visual format** for those who may not have a lot of experience in data analysis? • Is it **easy to customize/personalize** based on an individual's priorities and the choice(s) they are making? • Is it **easy to make comparisons** so that an individual can critically evaluate their options?
Credible	• Is this information from a **trusted source**? Do people have **high confidence** in its accuracy? Is it **transparent** where the information comes from, who is included (or excluded), and how it is compiled and quantified?

This ecosystem of information is complex, given the nuanced conditions that information must meet to create value for individuals (Table 6). As we'll discuss in a subsequent Admission analysis, significant barriers exist to providing students with many of these elements of information, although there are encouraging pockets of innovation. There has been substantial progress in increasing federal information collection, though gaps remain — particularly in disaggregation by demographics. Many additional actors are exploring ways to make this information more accessible and usable. Some states are building longitudinal information systems. A growing number of nonprofits and some for-profits are combining federal- and state-level information systems with their own proprietary information on the students they serve to build platforms that meet many of these conditions.

2. Social capital of navigation

For some, having this information may be sufficient. For others, information is significantly limited without interpretation. The social capital of navigation is an essential lever in making postsecondary pathway choices. **The messenger is as important as the message** — be that a person, a technology platform, or a combination of the two. Further, **without the messenger, the message might never be delivered and understood in the first place**. Individuals with privilege often have a wealth of social capital navigators to guide them throughout their journeys, from choosing a pursuit to choosing a pathway to choosing a profession, often repeatedly over the course of their lives.

An equitable postsecondary system requires creating a social capital network of navigation support for systemically marginalized communities. A single strong navigator can profoundly impact an individual's life, but too few students have access to one.[69]

Navigation support can come from parents and family, peers, teachers, people serving as dedicated advisers, community leaders, and people in prominent and influential roles in our society. It can even come from the examples shared by strangers who inspire and inform.

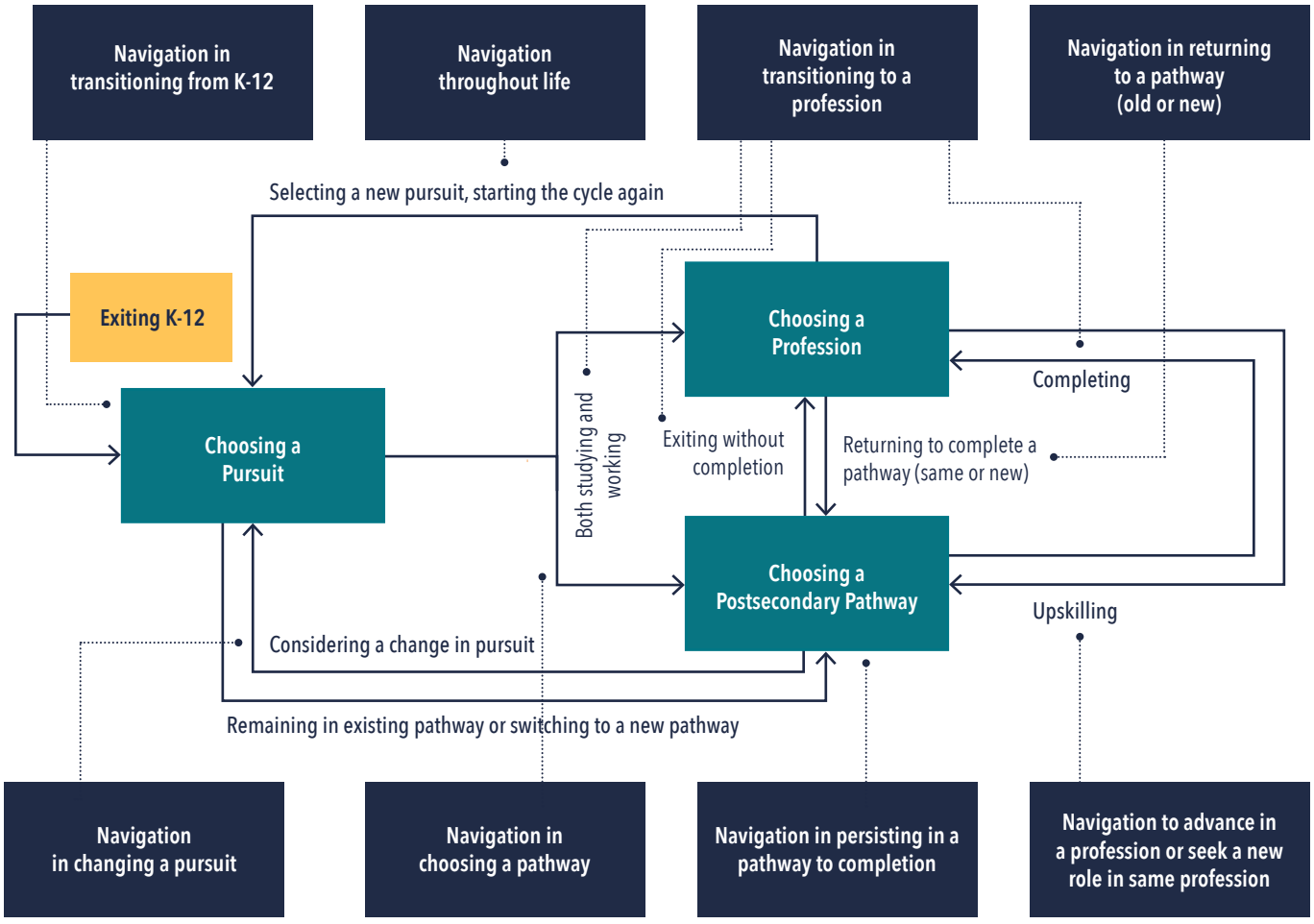
Beta by Bellwether's Admission initiative approaches navigation with the assumption that all students need one or more trusted advisers. But being trusted isn't

enough. We heard from leading organizations in the postsecondary advising space **that individuals need trusted, informed, culturally inclusive, and unbiased advisers to provide the effective social capital of navigation.**

Unfortunately, students from systemically marginalized communities frequently lack access to formal, unbiased advising resources. When they do have access, they often face the challenge of receiving advice that may track them into specific pathways and professions — not based on their specific needs, ambitions, and assets, but based on their race, income, and/or gender. And bias can also manifest from a well-intentioned adviser knowingly or unknowingly imposing their own value system on an individual's choice. Advising can at times be as much about what the adviser's life experience has been and the limits of information they have as it is about the circumstances and identity of the individual they are advising. Good navigation support equips navigators with access to all elements of information.

The power of choice reemerges amid the balancing act of advising that is supportive and influential without being imposing. As one postsecondary adviser explained to us, "Our role is to ask the questions they [her advisees] don't know to ask — but not to answer the questions for them." Another leader in postsecondary advising echoed this, noting that the purpose of advising (from any source) should not be to make the choice for an individual but "to build an individual's agency and power to make their own choices, which includes building their strength in going out to get information and use it *themselves* so they ultimately aren't dependent on us."

Figure 13: Postsecondary Pathway Individual Choice Process (expanded)



Like information, the social capital of navigation needs to be available throughout the choice cycle (Figure 13).

Technology can help. An increasing number of platforms support navigation for students while also equipping people providing navigation with the information they need. People and platforms are not mutually exclusive and must reinforce one another. Platforms can reach students who select that channel and help extend the capacity of the scarce resource of people. People can in turn leverage technology platforms to provide navigation support and build the capacity of the students they advise in leveraging the power of information platforms directly.

3. Versatile, inclusive, high-quality postsecondary pathway options

Information and navigation create agency for individuals to exercise their power in making postsecondary pathway choices — but those individuals still need high-quality postsecondary pathway options to choose from that can meet their individual goals and life circumstances. Otherwise, choice is constrained to a set of low-quality options.

This requires a versatile and inclusive system of postsecondary pathways that meets people where they are in order to get them where they want to go. This system of options needs to be nonlinear and cyclical, with on- and off-ramps to continually advance both professionally and personally and to ensure that people who make short-term choices are not excluded from later pursuing long-term opportunities. **To advance people out of poverty, the postsecondary system must be designed to support them while they're living in it.**

Think of a postsecondary pathway as a form of currency — a medium of exchanging value between students and employers set by their judgment of what benefits a given pathway provides (employability for students and a competitive workforce for employers). Under this frame, the value of large segments of the existing currency of higher education is overinflated.[70]

At the same time, the U.S. is in a period of incredible innovation and proliferation in postsecondary currencies that provide new options: credentials of various lengths, certificates, badges, assessments, apprenticeships, licensures, and/or work portfolios. There are now almost 1.1 million of these currencies — inclusive of two- and four-year degrees as well as these new educational options — with a net addition of more than 109,000 in just the last year, offered by nearly 60,000 different providers.[71] Excluding the approximately 234,000 associate's, bachelor's, master's, and doctoral degrees, there remain almost 843,000 *other* postsecondary pathway currencies available for students to consider, provided by nonprofits, for-profits, government entities, companies directly to current or potential employees, and conventional two- and four-year colleges and universities seeking to expand and innovate their offerings.[72]

Some of these new currencies focus on high school students. Others focus on opportunity youth (ages 16-24 disconnected from school and work), those in the workforce who have yet to pursue a pathway, those who have tried but exited without completing a pathway, or those who have completed a different postsecondary pathway and are now looking to upskill or reskill. Some of these currencies cater to all of the above.

Many of these new currencies experiment with a more versatile set of learning modalities. Some remain grounded in classroom work (live, virtual, or hybrid). Some focus on asynchronous learning (fixed pace or competence-based and self-paced). Some focus on experiential learning in school, while others focus on experiential learning in the workplace (or both). Some offer multiple combinations of the above modalities as they seek to confer the value of academic skills, industry-specific technical skills, "21st century" skills, and social capital.

Reducing these to "alternative pathways" connotes a value judgment that they are to be pursued only when an individual doesn't succeed in a conventional two- or four-year higher education setting, which is an outdated message for today's postsecondary students. But what if some or even many of these pathways are as good or better at delivering value for some students as conventional two- and four-year pathways? Why should they be relegated to a Plan B when it might have more value than what conventional wisdom and marketing would have students and families believe is the traditional "right" Plan A?

Ideally, these pathways should compete with and complement conventional two- and four-year degrees as individuals seek more flexible, inclusive pathways where every unit of education has a value, transfers, and stacks toward a larger educational achievement, like a degree.

These new currencies are also an increasingly necessary set of pathways for individuals to reskill or upskill, either by choice or by necessity, as the nature of their work, the continued evolution of technology, and the change in labor market demand require. A February 2021 Strada Education Network survey shows that 40% of working adults have completed a nondegree credential, including 47% of those with a bachelor's degree or higher.[73]

All these new currencies exist alongside the approximately 3,900[74] conventional institutions of higher education — a $671 billion[75] industry in the U.S. educating 15.9 million undergraduate students[76] (and holding $691 billion in endowments)[77] — many of which are trying to improve the value of their existing two- and four-year degrees while also innovating by offering new types of pathways.

But if we don't have good information on which of these new postsecondary pathway currencies add value for specific types of students, we're not expanding choice; we're creating more games of chance. Returning to Third Way's analysis, 47% of nondegree programs didn't break even within 10 years of completion. Unfortunately, 61% of students pursuing a certificate were enrolled in those poor-performing programs.[78]

What about more money?

Providing more money to students would contribute to greater choice. Institutions and policymakers must explore levers to make postsecondary pathways more affordable to reduce debt. But even if successful, without additional systemwide changes, serious limitations remain.

Pursuing postsecondary pathways should be more affordable, and more financial aid could help students with reduced cost and debt. However, the value of more financial aid could be diluted if postsecondary pathways continue to become more expensive (a fundamental problem of vouchers without price controls). Pathway providers may not use those funds to address completion challenges (e.g., focus on food and housing insecurity and open educational resources for textbooks versus dining halls). The problems of equity and effectiveness aren't solved if more money only enables more people to complete degrees that still don't have value while expending their one bite at the Pell Grant (or equivalent financial aid) apple.

Conclusion

If we can provide the three enablers of choice to everyone pursuing a postsecondary pathway, we can significantly improve their odds of success.

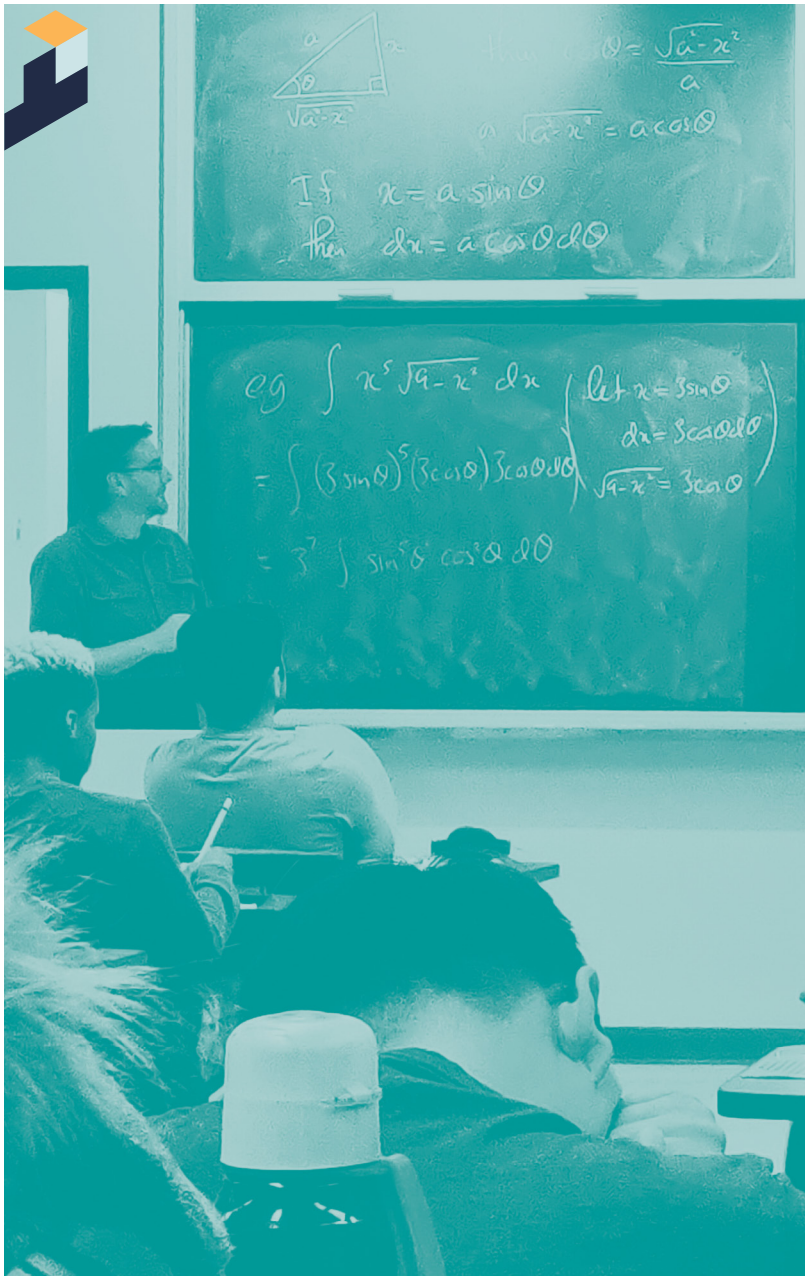
Unfortunately, many well-intentioned education programs, policies, and philanthropic programs contain implicit and explicit bias about the very communities they seek to serve and their abilities to make choices. Without high-quality information, navigation, and options, people are limited in their abilities to first define for themselves what constitutes a "good" choice and then make it — because the system is explicitly limiting them, not because of any inherent limitations they possess.

Individuals have their own definitions of value and happiness that drive their choices. If we don't begin by asking each individual what their definition of happiness is — about a postsecondary pathway or life — it's almost inevitable that we'll impose our own.

And choice isn't just about individual choice — it's also about the choices institutions and policymakers who hold them accountable must make to improve equity and effectiveness. Postsecondary institutions have the responsibility to candidly examine the performance of their pathway programs and make choices about what they should keep, change, sunset, or add to best meet students' needs. Policymakers should ensure that credible postsecondary information exists for individuals and institutions while acknowledging what is and isn't creating value from public funding (and where public funding needs to make new investments), where accountability needs to be strengthened, and where policy can evolve to support the growth of promising pathways that are meeting the needs of students and employers.

There is no foolproof formula or one-size-fits-all solution for postsecondary success. Beta by Bellwether's Admission initiative will explore what is required to incorporate each of the three enablers of choice into a more equitable and effective postsecondary system that improves the odds of positive outcomes for *all* students. While these three enablers alone would not address all the inequities in the current postsecondary system, they would create a dramatically more level playing field.

Improving information, navigation, and options in postsecondary pathways is the beginning of a journey to understand and evolve our collective thinking and to answer fundamental questions about what's required to build a more equitable and effective system. Admission will work with postsecondary stakeholders to develop a learning agenda of what we need to better understand and drive change, an action agenda of changes stakeholders can take individually and collectively, and an advocacy agenda to shift institutional policies and unleash innovation at scale. ✦



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Beta
BY BELLWETHER

Beta by Bellwether is an initiative to jump-start bold solutions to structural problems in the education sector. Beta moves beyond imagining a new sector by bringing together viewpoint- and experience-diverse teams from across education to create blueprints and tools for leaders around the United States. Our goal is to help build an education system that better serves all young people — particularly those from systemically marginalized communities — and models a new way forward for the sector. For more, visit **bellwether.org/beta**.

Bellwether

Bellwether is a national nonprofit that exists to transform education to ensure systemically marginalized young people achieve outcomes that lead to fulfilling lives and flourishing communities. Founded in 2010, we work hand in hand with education leaders and organizations to accelerate their impact, inform and influence policy and program design, and share what we learn along the way. For more, visit **bellwether.org**.

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Appendix

Authors' note on the topic of debt

The total amount of student loan debt across the country represents a variety of individual circumstances. Some borrowers are financing a graduate school education, many with the intention of accessing higher-income professions, and with the presumption that this in turn enables them to pay off their graduate debt.

Although we have not found exact figures on how much of the $1.76 trillion in outstanding postsecondary debt paid for graduate school, we do know that 38% of the debt from the federal government is held by people who owe $100,000 or more[1] and that an estimated 56% is held by people with an advanced degree.[2] We also know that 48% of federal loans in 2021 were taken out for graduate degree programs[3] (this does not include significant private loans available for some graduate programs). In addition, a disproportionate amount of overall student loan debt — 58% — is held by people who earn income in the top-two quintiles.[4]

However, that 38% of federal debt held by people owing more than $100,000 constitutes only 7% of the borrower population.[5] In contrast, 75% of U.S. postsecondary borrowers hold outstanding federal loans under $40,000.[6]

And even if people from the bottom quintiles of earnings hold a minority of debt, it does not lessen their burden if they are unable to pay down their loans and continue to face accruing interest — or even default. The incidence of student loan default is an inequitable and pressing public policy issue: 90% of defaulters had a Pell Grant, 50% never completed a degree, and 28% of Black borrowers default within 12 years compared to 5.2% of white borrowers.[7]

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