**Attitudinal Trends in Alternative Postsecondary Learning**

John Vandivier

Traditional postsecondary learning in the United States consists in obtaining a four-year degree and is associated with increased earnings and employment. These benefits come at substantial public and private cost. Concerns about a public debt crisis are now common. Recent scholarship questions the return of educational expenditure. Alternative approaches to education represent a technological improvement which may allow for employability signal generation and skill development at a fraction of the price of the traditional process. Key bottlenecks to adoption of alternative learning approaches include limited public awareness, limited learner favorability, and limited employer favorability. This paper identifies explanatory factors in favorability, attitudinal changes over time, and actionable strategies to solve for limited awareness and favorability.

**KEYWORDS:** Education economics, alternative education, debt crisis, signaling

**JEL CODES:** D12, I21, I22, I24, I25, I26

1. **Introduction**

The concept of a student debt crisis has found durable academic and media coverage. In 1999, Roots called the student loan debt crisis a lesson in unintended consequences[[1]](#footnote-1). He identified the issue as attributable in large part to the Guaranteed Student Loan Program of 1965.

It was neither a new lesson at that time, nor a lesson finally learned at that time. Hansendn and Rhodes discuss the student debt crisis in 1988[[2]](#footnote-2). Van Dusen published a genuinely prescient paper, *The Coming Crisis in Student Aid*, in February 1979[[3]](#footnote-3). Forbes noted in 2019[[4]](#footnote-4) that “Student loan debt in 2019 is the highest ever…There are more than 44 million borrowers who collectively owe $1.5 trillion in student loan debt in the U.S. alone.”

Recent work has called into question both the social return and the individual return to spending on education[[5]](#footnote-5). Alternatives to the status quo in education present the opportunity for significant economic benefit. From 1989 to 2012, the average cost of a year of undergraduate education in the US rose 79%[[6]](#footnote-6). Over the same period, per pupil public expenditure for K-12 students increased 27%[[7]](#footnote-7). This indicates that postsecondary education presents a particularly valuable area of exploration.

From 1989 to 2012, K-12 student expenditure increased significantly and the cost of a year of undergraduate education grew nearly three times more quickly, but the adjusted average starting salary of a college graduate decreased. In real terms, the average starting salary of a college graduate decreased about 9%[[8]](#footnote-8). Additional temporal sampling from 1960 to 2015 indicate that the longer trend for education is modestly positive, with a real increase of about 6% over that period. It’s worth noting that the highest paying years for the degree were observed around 1970 in real terms, and salaries after the Great Recession have remained lower than the early 2000s.

Because the price of college is rising several times faster than the rate at which the salary of new graduates is increasing, the traditional degree is becoming a dynamically worse financial investment, even while current research shows it is already a relatively poor choice compared to investing in a standard fund. College might still be an optimal consumption choice if students demand higher education as a leisure good, but survey data indicates that this is not the case. Among a mix of prospective and first year college students from ages 16-40[[9]](#footnote-9), Rachel Fishman finds that the top three reasons to go to college are improved employment, making more money, and getting a good job. Over 90% of respondents affirmed at least one of these reasons.

Ryan Craig recently added to the large literature on alternative education and the disruption of traditional higher education. In *A New U,* Craig documents several faster and cheaper alternatives to college[[10]](#footnote-10). Craig establishes that many of these alternative education solutions are quickly growing in both supply and demand, but it is not obvious whether the programs Craig discusses representative of the broader ecosystem of alternative learning. Prior to Craig’s writing, Bryan Caplan argues for the signaling model of postsecondary credential value[[11]](#footnote-11). On Caplan’s view, the consumer of alternative credentials faces a signal composition problem which threatens the value of the credential. Traditional credentials may do a better job of signaling things like work ethic and conformity. Alternative education, however, may endow real skills at a better rate than traditional education. If employers can obtain better-skilled workers for lower cost, they would be expected to have some willingness to give on conformity.

This paper tests the hypothesis that employers are willing to give on conformity by analyzing attitudinal trends over time. While the managerial attitude is of key interest, the structure of the survey allows for the investigation of many interesting secondary relations.

This paper presents findings in a novel data set on attitudes related to the use of alternative credentials. The first section gives the organization of the paper, the motivation, and the main and secondary hypotheses. The second section adds contextual information to the hypotheses in the form of basic prospective theory. The third section presents findings.

1. **Theory**

\*another motivation is pay equity and education access; minorities and non-traditional learners (remember that women aren’t a minority) are benefited thru this

\*it’s worth thinking through other alternative education options: 1) outside of higher ed 2) hybrid higher ed solutions and alt path to traditional cred, 3)considerations with online learning, 4) what about just picking a cheap 4 year school? 5) vocational?

1. **Findings**

Previous research found student indifference toward debt[[12]](#footnote-12) on the part of undergraduate students. The present paper replicates and extends such findings by identifying generalized youth antagonism to alternative credentials. The young people I surveyed include young people both within and without college, meaning it is a genuine youth effect and not simply the observation of selection bias among those undergraduates who have already selected into college education and the associated debt. Contrary to the stereotype of the innovative youth against the in-their-ways elderly, my research indicates alternative credentials are better marketed to the elderly. Plausible reasons include the fact that those with a college degree realize how little they obtained in the way of skills and career or life success attributable to that degree, while the youth realize a combination of risk aversion, lack of skin in the game, and a longer time horizon for repayment. Parents of college aged children may think twice before spending such a large chunk of change and grandparents and older generations may remember a time when such a credential wasn’t needed and society seemed to work quite well.

1. <https://heinonline.org/HOL/LandingPage?handle=hein.journals/swulr29&div=22&id=&page=&t=1556581085> [↑](#footnote-ref-1)
2. <https://www.sciencedirect.com/science/article/abs/pii/0272775788900751> [↑](#footnote-ref-2)
3. <https://eric.ed.gov/?id=EJ198251> [↑](#footnote-ref-3)
4. <https://www.forbes.com/sites/zackfriedman/2019/02/25/student-loan-debt-statistics-2019/#5a7501b9133f> [↑](#footnote-ref-4)
5. A recommended recent example Caplan, Bryan. *The case against education: Why the education system is a waste of time and money*. Princeton University Press, 2018. [↑](#footnote-ref-5)
6. This represents a price increase from $11,862 to $21,222 in constant 2016 dollars. This price includes tuition and fees and room and board rates charged for full-time students in degree-granting postsecondary institutions. <https://nces.ed.gov/programs/digest/d17/tables/dt17_330.10.asp> [↑](#footnote-ref-6)
7. This represents an increase from $8,654 to $11,011 in constant 2014 dollars. <https://nces.ed.gov/programs/digest/d15/tables/dt15_236.15.asp> [↑](#footnote-ref-7)
8. From 1989 to 2012, a decrease of $4,385 from $49,487 to $45,102 in constant 2016 dollars is observed. (4385/49487) = .089. From 1960 to 2012 an increase from $47,442 to $50,219 is observed. <https://www.naceweb.org/job-market/compensation/salary-trends-through-salary-survey-a-historical-perspective-on-starting-salaries-for-new-college-graduates/> [↑](#footnote-ref-8)
9. Rachel Fishman, “College Decisions Survey: Deciding to Go to College,” New America Foundation, May 28, 2015, https:// [www.newamerica.org/education-policy/edcentral/collegedecisions](http://www.newamerica.org/education-policy/edcentral/collegedecisions) [↑](#footnote-ref-9)
10. <https://www.amazon.com/New-Faster-Cheaper-Alternatives-College/dp/1946885479> [↑](#footnote-ref-10)
11. See *The Case Against Education* [↑](#footnote-ref-11)
12. <https://www.sciencedirect.com/science/article/abs/pii/0167487096800146> [↑](#footnote-ref-12)