**Attitudinal Trends in Alternative Postsecondary Learning**

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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.

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. In addition, as alternative credentials become more widely accepted, any stigma or nonconformity costs from pursuing alternative education is expected to diminish. Additionally, prior research has yet to establish magnitudes and dynamic trends on those magnitudes for many of these important effects.

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**

The data presented in the subsequent section focuses narrowly on the suitability of alternative credentials for employment in an entry level career role. This is a narrow subset of the wide research area of alternative education. Alternative education can be thought of as a supergroup of three smaller groups: Alternative credentials, alternative pedagogy, and alternative pathways. Each of these alternative entities is defined by the negation of their traditional counterpart.

Traditional credentials in the context of the US include the high school diploma, the accredited undergraduate degree, and an accredited graduate degree. While traditions change over time, for the past 20 or more years, the strictly modal pattern of educational attainment would be for an American student to obtain a diploma, enroll in an accredited bachelor’s degree program, and never complete that program.

In 2016, for example, the percentage of students enrolling in college in the fall immediately following high school completion was 69.8%[[12]](#footnote-12), but in 2016 the percentage of the adult population with a bachelor’s degree or higher was 33.4%[[13]](#footnote-13) for “the first time in decades of data.”

While the above describes the strictly modal pattern, enrollment plus noncompletion does not describe the state of being desired by those who enroll. The ideal would be college graduation. Therefore, when speaking loosely, the traditional credential in current times is attainment of the accredited four-year degree. Notably, even that attainment typically takes more than five years. Another caveat is that many years ago, perhaps before the GI Bill, the traditional course would have simply been the high school diploma, and there was a time before that in which even the diploma was atypical or nonexistent.

\*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[[14]](#footnote-14) 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. Grandparents and older generations may remember a time when such a credential wasn’t needed, and society seemed to work quite well.

1. **Applications**

There are several important microeconomic applications of the present research. Key applications include individual application during the interview process, individual application in the context of corporate politics, firm application in competitive analysis, and individual application while facing the education consumption decision.

During the application process, an individual who has received alternative education should bear in mind the preferred model of alternative education favorability. The employment candidate will have opportunities to observe interviewers who will interview on behalf of the employer and contribute to an employment decision. The candidate can strategically communicate their educational history by observing interviewers and roughly calculating their favorability to alternative education.

In the context of corporate politics, an individual may already be employed and may be seeking to garner consensus within the organization for a policy change. An example of a desired policy change might be to eliminate the requirement for a traditional degree from certain job requisitions, or to allow specific alternative credentials to substitute for that requirement in some cases. Many corporations offer thousands of dollars per employee in tuition assistance. A second example of a desired policy change might be to modify tuition assistance to target CLEP testing, so that recipients would be able to more quickly and cheaply obtain college credit, and potentially reduce assistance outlays from the employer. Bearing in mind the preferred model might assist a change advocate in identifying those individuals best predisposed to agreement with the change, facilitating consensus building and execution of that change.

For both above scenarios, a key rhetorical strategy is to ask a person about whether they are familiar with alternative credentials. If they are not, talk a bit about them. After ensuring the concept is familiar, proceed to ask whether the person thinks these will soon become conventional. This is a key non-observable factor which is extremely explanatory in the model, but when asked in conversation it comes across in a non-technical, comfortable way. Handled properly, this question can be a good ice breaker and help the person asking the question to understand their audience without giving away the views of the person asking the question. The findings in the present paper indicate that people are receptive to alternative credentials even if they aren’t familiar with the topic, and that they become more favorable as they learn more[[15]](#footnote-15). Outside of formal processes, these positive effects may indicate that conversation around alternative credentials is generally positive, and it might be applicable as ordinary leisure conversation material, which might eventually contribute to wider social acceptance by word of mouth.

Regarding competitive analysis from the firm perspective, particularly in the case of labor competition, firms already know that alternative education is important. People often learn about alternative learning providers through their employer. This is reflected in the findings from the present research in that unemployed status has a highly significant association with lack of knowledge about alternative learning providers[[16]](#footnote-16). While employers are already driving alternative learning adoption, this kind of learning is typically used as a layer of professional learning, upskilling, or continuous education on top of a prior traditional degree.

The competitive trend is the tendency to allow that learning to substitute for the degree. This improvement to the prior human resource process allows access to a larger pool of qualified candidates who tend to accept offers at lower salary. Google was in early on this trend. In 2013, Laszlo Bock, Senior Vice President at Google, was interviewed by Adam Bryant of The New York Times. He stated that Google’s data at that time indicated that on the job performance was insignificantly related to GPA or test scores after 2-3 years, and the proportion of people without any college education at Google was increased over time[[17]](#footnote-17). Years later, in 2018, a well-known salary aggregator called Glassdoor reported on 15 major companies, including Google, which no longer required a degree[[18]](#footnote-18). Glassdoor stated, “Increasingly, there are many companies offering well-paying jobs to those with non-traditional education or a high-school diploma.”

Alternative learning providers are also a key approach to improving workforce diversity[[19]](#footnote-19). In order to align with other industry-leading firms, drive down labor cost, and improve workforce diversity, the present findings suggest a best practice policy is to marginally reduce traditional educational requirements in as many professional positions as feasible for a given firm.

Facing the education consumption decision includes at least two sub-scenarios. In one scenario the consumer is the student, and in another scenario the consumer is financing a third-party student. Typically, a financier would be a parent paying for their child to receive additional education, but there are many non-parental cases of third-party financing. Employers are a key example of non-parental education financing.

The important takeaway from the findings for individuals facing education consumption choices is that most people are favorable to the idea that alternative credentials

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 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. Caplan, Bryan. *The case against education: Why the education system is a waste of time and money*. Princeton University Press, 2018. [↑](#footnote-ref-11)
12. <https://nces.ed.gov/fastfacts/display.asp?id=372> [↑](#footnote-ref-12)
13. <https://www.census.gov/newsroom/press-releases/2017/cb17-51.html> [↑](#footnote-ref-13)
14. <https://www.sciencedirect.com/science/article/abs/pii/0167487096800146> [↑](#footnote-ref-14)
15. Technically, `reg voi cprovider1` indicates that when a person doesn’t know of any alternative learning providers, there is still a constant of 6.4 in the simple linear regression, indicating positive favorability to the variable of interest. In addition, cprovider1 itself has a significant, positive effect, indicating that informing a person about an alternative learning provider is expected to have a positive impact to the variable of interest, which is alternative credential favorability. [↑](#footnote-ref-15)
16. Technically, `reg cprovider1 isunemployed` identifies a linear effect of unemployed status on learning providers knowledge with a p-value of about 0.000 and a considerable magnitude of -.6. [↑](#footnote-ref-16)
17. <https://www.nytimes.com/2013/06/20/business/in-head-hunting-big-data-may-not-be-such-a-big-deal.html> [↑](#footnote-ref-17)
18. <https://www.glassdoor.com/blog/no-degree-required/> [↑](#footnote-ref-18)
19. <https://www.cio.com/article/3250634/want-a-more-diverse-workforce-hire-bootcamp-graduates.html> [↑](#footnote-ref-19)