

Ramona Schindelheim, WorkingNation editor-in-chief:

You're listening to Work In Progress. I'm Ramona Schindelheim, Editor-in-Chief of WorkingNation. Work In Progress explores the rapidly changing workplace through conversations with innovators, educators and decision-makers, people with solutions to today's workforce challenges. For many Americans, post-secondary education is expensive. While the net cost students pay is typically much less than the sticker price, many students, nearly one in four undergraduates, still need to take out loans to pay for their higher education.

The latest Lumina Foundation-Gallup State of Higher Education 2024 study shows concerns about college affordability are top of mind for Americans. Joining me to discuss are Courtney Brown, Vice President of Strategic Impact and Planning at Lumina Foundation, and Stephanie Marken, a senior partner at Gallup. Thank you both for joining me.

Stephanie Marken, Gallup:

Thanks for having us.

Ramona Schindelheim, WorkingNation editor-in-chief:

So I think this is a topic that is very important right now, the cost of higher education, and I think a lot of people are talking about it. Give me some of the top line findings and let's dive in from there.

Courtney Brown, Lumina Foundation:

So thank you again for having us. I mean, I think this is a really important topic. At a time where we have seen over the last decade enrollments declining in post-secondary education, at the same time, we need more talented people in our country, this is a problem. And so we have to dig into what are the barriers that students are facing, and we see over and over again that cost is a huge barrier.

But unlike what we hear in the media, people do value a degree or a credential beyond high school. We see over and over again that they say having some credential after high school is extremely or very valuable. That includes a certification, a certificate, or a degree. And 75% of students who were previously enrolled say that it's extremely valuable, so even the people that have not completed.

So I think it's really important that we understand that people value it, they just can't access it. And cost, as you said, was the number one barrier that we're seeing. They don't think that they have access to quality affordable education. Stephanie, do you want to share some of that data?

Stephanie Marken, Gallup:

I think one of the most important parts of this research and what really excites me and where I think it's really differentiated from other research that's being conducted around the cost of college and the student experience is that in this research, we're interviewing individuals who are currently enrolled in a two-year, four-year certificate or certification pathway.

We're also interviewing people who've stopped out maybe temporarily or permanently from a post-secondary pathway, again, whether that be a two-year or a four-year certificate or certification pathway. And then we have people who've never enrolled in post-secondary education before. So it's a really neat combination of individuals who have some or very little or no experience at all in post-secondary education.

We very intentionally interview people who don't have a degree or credential because we want to understand their attitudes towards and experiences with post-secondary education pathways, whatever

that pathway might be. So in that process, we're able to understand costs not just from the currently enrolled student perspective, although we know it's a challenge to remaining enrolled and completing on time.

About a third of students who we interviewed reported that cost is a major barrier to continuing enrollment. We asked individuals if they considered stopping out in the past six months. We found about a third said that they had struggled to remain enrolled over the past six months. They'd considered stopping out, and cost was the major reason for that. Cost was third only to mental health and emotional stress issues as students reported they were facing.

So we know cost is challenging for the enrolled, but it's also a major barrier to those who are considering a post-secondary pathway. So we found that over half of those who we interviewed who were not currently enrolled reported it was a very or somewhat important reason as to why they were not currently enrolled. So it's important for currently enrolled students. It's a challenge in getting people through post-secondary education.

But it's really the most important barrier to those who are not currently enrolled by far above and beyond every other reason they're not currently enrolled. So in that question, we asked individuals all the reasons they might not be enrolled. We asked about work responsibilities, elder care, child care. We also asked about issues of their job. Do they have enough flexibility to enroll in the first place?

We also asked about perceived value. Do you think it's not valuable and that's why you're not enrolled? And that wasn't the case. They said that cost was their most important barrier. So I think that's a really good important reminder amidst all this other research and discussion about perceived value of post-secondary education. We don't find perceived value as a barrier. We are finding that cost is the actual barrier.

Ramona Schindelheim, WorkingNation editor-in-chief:

One of the things that I mentioned at the top was students don't pay the sticker price. And some of those sticker prices are shocking. We've seen up to \$100,000 per year, so that's \$400,000. And again, some jobs require degrees, but there are plenty of jobs out there you don't need those degrees.

So what is the option for someone who sees that sticker price, they want to get the education because they value it, as your study has found, but what are the options out there? How do we get the message to those people that there are options and what are they?

Courtney Brown, Lumina Foundation:

Well, first of all, the schools that charge \$100,000 a year are very few and far between and attract a very small population. And so the majority of the institutions we have are public institutions. They're two-year and four-year institutions within our states. While they are not inexpensive, they are much less inexpensive than the \$100,000 a year.

Still out of touch for far too many Americans, but we're talking less than \$20,000 a year at most of those, and much less in some. So I think first of all, understanding that just because somebody is saying we've reached \$100,000 a year is not the reality. The second piece is that you're right, the sticker price and the actual price people pay are not the same. Rarely, if ever.

And so that's what some of the information that we dug into to talk to people about. Do they understand what the sticker price is? And then based on that, how much did they think? How much would they actually think they would pay? And Stephanie, do you want to cover some of that data?

Stephanie Marken, Gallup:

That was the neat part about this research too, is because we have multiple years, we've allowed the research to really build upon itself. So over the course of the last few years, we've continued to report costs as a major concern, cost as major concern, and it led us to wonder as researchers, well, are people just misestimating the cost? Because we know there's a lack of transparency when an average student or a prospective student or even a parent or family member looks into a specific institution.

It's very difficult upon first-rate to understand what you would pay as an individual student attending that institution. We wanted to really test that out this year. So we actually asked individuals to imagine a state institution within their state if they were to enroll in that college or university. We told them what the sticker price was and we said, "What do you think an average student would pay," because not every student pays the sticker price. So we actually asked them to estimate. So we gave them a little bit of a grounding of a number.

They weren't asked to come out of this number out of nowhere. So actually that would've been a really interesting spirit because I think people would've been even more off. But when we asked them to estimate within that range, we found most people were having a hard time estimating even within \$5,000 of the sticker price. A lot of people were underestimating. A lot of people were overestimating. Only about a quarter got within \$5,000 of actual cost of attendance at that institution.

And you might say, "Well, a lot of people are underestimating, but they're still saying cost is a major issue." Even in underestimating the cost of attendance, the majority of those who underestimated the cost of attendance also said that cost is a major reason they're not enrolled. So it's a good reminder that even for those who are saying it's less expensive than what they'll actually pay, they're still saying it's too expensive for them.

Ramona Schindelheim, WorkingNation editor-in-chief:

Potential students, current students, they see the value in their career. Is it paying off? Is there a return on that investment?

Stephanie Marken, Gallup:

That's a good question. So we've asked the same question over the course of the last five years. We've asked really consistently, to what extent do people think that education and training beyond high school is important in order to obtain a good career? And we really grounded around career because what we know qualitatively, so when we ask individual students, why did you enroll in post-secondary education, when we ask those who are not currently enrolled, why would you enroll, it's all related to employment-based reasons.

People really report that that is the major reason they've considered a post-secondary pathway in the first place. So when we ask about the extent to which they think education and training beyond high school, whether that be a two-year or four-year degree, is important to obtaining a successful job or successful career, we find that the majority say it's as or more important than it was 20 years ago that you have education and training beyond high school in order to have that successful career.

So I think that really in some ways debunks this myth that people are not enrolling in a post-secondary pathway because they don't see the value. We actually don't find that. In our research, we find that there is real confidence, I think, in the value and the outcome of a degree or a pathway. I think the problem is that most people feel like it's inaccessible to them. So when we asked about whether or not quality affordable education was available to the majority of US adults, most people felt that wasn't the case.

Most people felt it was out of touch, out of reach for all the reasons we've been talking about today, cost really being principally among them. And that tracks well with other research we've conducted at Gallup, looking at confidence in higher education as an institution. This is a longstanding trend that we've asked over the course of the last 20 or so years. We've asked individuals in the US the extent to which they have confidence in a particular institution, whether that be Congress, the presidency, small business, big business.

In 2015, we added higher education as an industry and as an institution to see what extent they have confidence in that institution. And what we've seen since 2015 is that confidence has really declined, and it's declined rather consistently across all groups. Now, it declined more among Republicans when we measured in 2015. But among all groups, we've seen our most recent 2023 measurement that people are feeling less confident in higher education as an institution.

A lot of people say, "Well, how can it be that people see value in their degree, but you're reporting that they don't have confidence in the institution?" We know that you can lack confidence in an institution, but have confidence in the output or the outcome of the institution. So people are still feeling rather confident about the value of a post-secondary pathway, but they're lacking confidence in the institution that's really responsible for providing that, which I do think has long-term consequences.

If we were to think about this 10 years from now, we might find that that lack of confidence in the institution could really negatively impact perceived value of a degree. So we have to figure out how to really inspire more confidence in institution of higher education to make sure that doesn't somehow really start to depress enrollment rates more systematically.

Courtney Brown, Lumina Foundation:

Let me double down on something. It goes more than perception. So it's not just that people perceive that it's a value. It is a value. So we've also partnered on some of the research education that looked at a number of factors, almost 50 different factors that is a value of post-secondary education. So it's not just income and good jobs, it's having a purpose in your job.

It's participating in your community. You tend to be healthier. You tend to volunteer more. So there are all these other outcomes, positive outcomes that are not just perceptions, but real outcomes that we see with people that have credentials after high school. And so it is a value. But as Stephanie said, people don't think it's accessible to them. They want it, they need it, but they're losing confidence because higher ed is confusing.

They don't really understand how you apply. The pricing makes absolutely no sense. They can't figure out how much it's actually going to cost them. And even if they know, it's still inaccessible because it's still far out of the reach for what most people have saved or what they're able to borrow to pay for that.

Ramona Schindelheim, WorkingNation editor-in-chief:

That's a problem. I mean, we do know that's a problem. So how do we solve it? I'm not expecting you two to just have the magic answer there. But for some people having one or two jobs, two or three jobs, having child care, all of these things that come around life in general, especially for the older learner or the continuing learner. So is there thoughts on how to make it more affordable, to make it accessible?

Courtney Brown, Lumina Foundation:

I mean, one of the things that we think about with... Some community colleges, when you just look at tuition, it may not look like that much, a couple thousand dollars maybe. But if you consider that the majority of students, so 60% of students work, 40% of students work full-time. Many students have

children of their own that they have to take care of. The cost is on them. They don't have parents paying for it.

So when you think about all these things, the opportunity cost is hard to stop working to go to school, also they have to think about child care, also they have to think about rent, also they have to think about putting food on the table. So there are all these other expenses that come up. It's not just a tuition of paying for those credits at their local community college or their local four-year institution.

So institutions, first of all, need to become more student-centered and focus on the students they're serving, today's students, who are older and they're working and they have all of these multiple responsibilities. How could they provide child care, food banks, resources to help the students move forward? And they have to be more transparent about what the actual cost is so that people can better plan.

You know, Ramona, right now we have over 40 million people in the United States who started college and for whatever reason stopped out. And we see in these data that to get those people to come back, cost is the main issue. It's one of the issues they cannot return because they can't afford it and they can't afford the opportunity cost of stopping their job to go back and pay those tuition costs.

So we have a lot we need to do, but we have to focus on who today's students are. We have to be transparent. We have to get costs under control or else we're going to continue to see these enrollment declines.

Stephanie Marken, Gallup:

And the affordability piece is really important for immediate enrollment, but the incredible costs some people have expended in order to obtain a degree or credential or even enroll for the first time, it's also having huge consequences on their well-being, their quality of life.

One of the questions that we asked this year in the survey for the first time was the extent to which student loans that individuals had borrowed had delayed them from achieving major milestones in life, whether that was buying a car, buying a home, having children returning to post-secondary education for those who had stopped out temporarily and who had initially borrowed some amount of student loans in order to obtain their degree in the first place.

And what we found was a majority, 71% of those who had borrowed a dollar or more to obtain their post-secondary credential degree or take those initial courses, reported that it was the major reason that they had delayed one or more life events, whether, again, that be buying home, starting a family. So it's really keeping them from achieving important milestones that we would say is a life well-lived, that these are goals a lot of people have.

They want to achieve one or more of them. So we have a lot of people who are delaying those experiences because of those student loans. And of course, as Courtney mentioned, it's a huge barrier to re-enrolling if you have large amounts of student loans and then you're facing taking on even more debt. It's also a psychological factor for a lot of people who are considering re-enrolling.

Debt we know has huge impacts on how people live their lives, and it's outside of just financial well-being. It impacts your purpose well-being, your community well-being, your social well-being. It changes the type of job you can take. It changes the types of relationships you can have in your free time. So we have to address debt not just because of immediate enrollment concerns, but also because of the long-standing emotional scar that debt can have on individuals long into their future.

Ramona Schindelheim, WorkingNation editor-in-chief:

You mentioned mental health earlier in the conversation. Long-term stress, that mental health, it takes away from the quality of life if you're worrying about that enormous amount of debt.

Stephanie Marken, Gallup:

Yeah, and we've been tracking well-being and mental health issues and really positive and negative affect as we define them at Gallup for decades now. What's interesting is a lot of people think, well, we're more stressed, people have more anxiety, more worry, more loneliness because of the pandemic. It's easy to blame the pandemic. But a lot of those trends were coming long before the pandemic. We were tracking increased negative affect, decreased positive affect long before the pandemic.

And it really just exacerbated what was already going on, not just in the US, but also globally. We know that through our Gallup World Poll data. And in this research and partnership with Lumina, what we find and what we find to an even greater extent over the last two years in particular is that mental health, emotional stress are the two most commonly reported reasons that students have considered stopping out in the past six months. It's really significant. It's rare when we track these issues year over year to see tremendous changes, right?

People always overestimate the extent to which we'll see a significant increase or decrease in a particular question that we ask. In this case, we saw significant increases from 2020 to 2024 in the percent of students reporting emotional stress and mental health are the major reasons they've considered stopping out. It's also a major reason students or prospective students are saying they're not currently enrolled.

They're also reporting emotional stress and mental health as a major reason they haven't enrolled for the first time or re-enrolled in post-secondary. So it's not just a problem for currently enrolled students, it's also a problem as we think about bringing more people into a post-secondary pathway.

Ramona Schindelheim, WorkingNation editor-in-chief:

We talked about the perception that college is out of reach. And for one in four undergraduates, they are taking out loans to cover these costs. If the higher cost of higher education isn't addressed, what's the impact on those institutions that are providing the education?

Courtney Brown, Lumina Foundation:

It's huge. So as we said, enrollments are declining. We're seeing more and more schools having to close because the enrollments are declining. So that becomes a problem. That also becomes a problem for the communities those institutions are in because they're probably one of the number one employers in those communities. So there's this cascading of effect when enrollments start to decline. And most importantly, we're not going to have thriving communities.

We're not going to have a nation that can compete economically, socially with others around the globe. So it is a big problem that we have to address. I always tell people that when they're applying, no matter what, make sure you apply for the FAFSA. Fill out the FAFSA. Fill out the FAFSA. And of course, this year we're also combating the problems with the FAFSA. The department was trying to create an easier, more accessible form so that more people would have access to funds.

And then it just got delayed and delayed. And now far too many students don't know if they're going to get those grants or be able to even get loans or work study and other things, which is going to create this other problem where we may see enrollments decrease even more this year just because far too many people are still in the dark about not just the cost, but then what else they can get to help pay for it.

Ramona Schindelheim, WorkingNation editor-in-chief:

So Courtney, what other things are creating barriers for students to enroll?

Courtney Brown, Lumina Foundation:

Well, as Stephanie said, we have seen emotional stress as the number one reason why people are considering stopping out or why many people are not enrolling in the first place. What we have tried to do over the years is begin to dig into that a little bit more because we know stress is lots of things. It's about cost. It's about taking care of others. It's about working. All these things are going on.

And other things that we noticed were new policies that states had started implementing new policies with regard over the last few years divisive issues, reproductive rights, gun policies. And so we also asked this year for the first time or last year we actually asked about reproductive rights. We have two years of data there, but we also this year asked about gun policies to understand how are these policies that states have impacting where you may attend an institution.

And so we asked about these three policies and said, if an institution is in a state that has one of these laws, how likely would that impact your desire to go to school in that state? And we saw that the majority said, many said yes. And so of those people that said yes, we asked which way. And Stephanie could speak more specifically to the data, but what we saw was across gender, age groups, and party affiliation, people want less restrictive reproductive rights.

They're more likely to go to a school in a state that has less restrictions on reproductive rights, and they're less likely to go to a school in a state that has less restrictions on gun policy. So they want tighter gun policies and they want less restrictions on reproductive rights. So these are just other things that students are thinking about when they're thinking about whether they're going to enroll or where they're going to enroll.

Stephanie Marken, Gallup:

And as Courtney mentioned, Ramona, we also know there are a lot of students that can't switch states. A lot of students have to study in the state in which they're currently living, but some students are able to leave their state and to go to another college in another state that they're excited about.

So for those students who are considering leaving their state, we just know that these topics around legislation, around divisive topics, whether or not faculty can teach those topics freely, issues around gun control and campus, the extent to which students can carry concealed weapons on campus, and the extent to which reproductive healthcare policies are being regulated in that state, all of those things are weighing on people's decisions and where they'll go.

So it's important to track that long-term to see, is this just self-reported? Are students saying this is important to them, but it won't really influence their decisions? Right now they're saying it will influence their decisions, so that's all we have to go with. So it's really a leading indicator that that could impact enrollment patterns throughout the US over the next few years.

Ramona Schindelheim, WorkingNation editor-in-chief:

It's fascinating. It sounds like cost is very important, but all of society is important when somebody makes a decision when it comes to post-secondary education.

Courtney Brown, Lumina Foundation:

Absolutely. They want to attend a place where they feel like they belong and that they're safe, and they can get a quality credential that's going to lead to a good job and a good life.

Ramona Schindelheim, WorkingNation editor-in-chief:

I want to thank Courtney Brown, Vice President Lumina Foundation, Stephanie Marken, a senior partner at Gallup for talking with me about the Lumina Foundation-Gallup State of Higher Education 2024 Report. Thank you very much for joining me.

Stephanie Marken, Gallup:

Thanks for having us.

Ramona Schindelheim, WorkingNation editor-in-chief:

I'm Ramona Schindelheim, editor-in-chief of WorkingNation. Thank you for listening.