

<https://www.vox.com/2014/10/27/7072505/college-costs-baby-boom>

Baby boomers broke the social contract in American higher education — can we fix it?

By Kevin Carey | Oct 27, 2014, 7:20am EDT



When the first Millennials were born in the early 1980s, the American economy was in the midst of rapid and profound transformation. Good blue-collar jobs were melting away in the face of globalization, mechanization, and de-unionization. They were replaced by new and very different jobs in the nation's sprawling white-collar economy: banking, insurance, healthcare, education, IT, the management of complex systems and organizations.

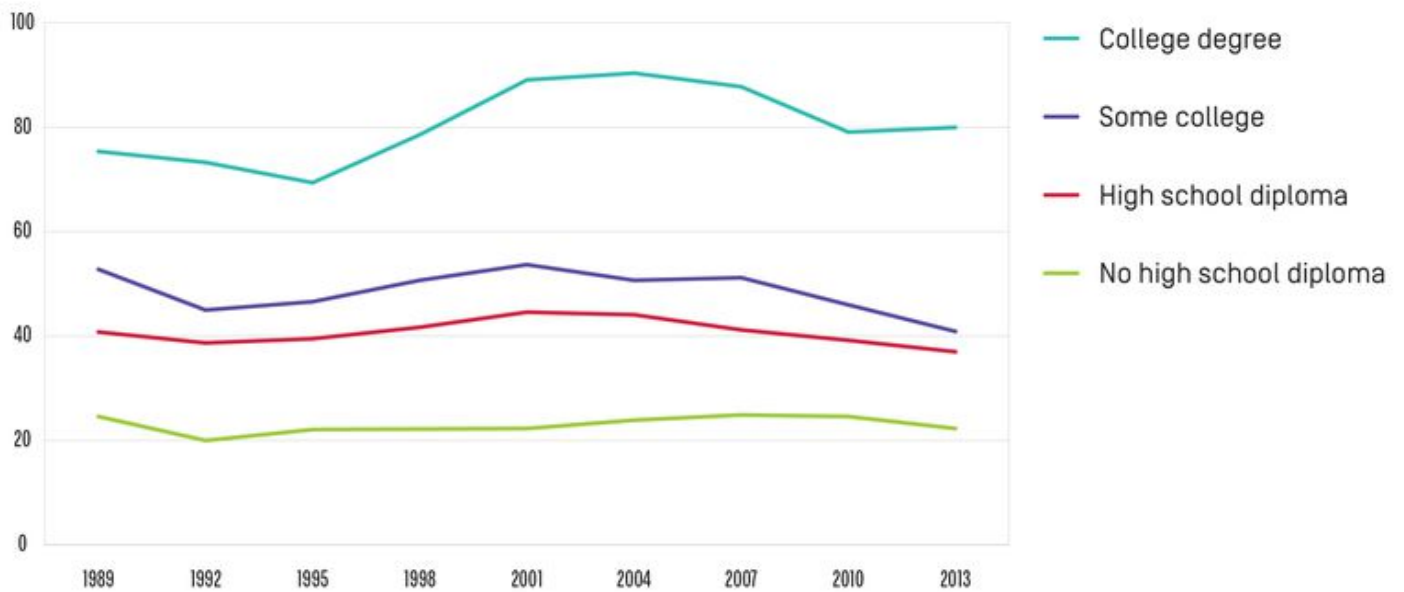
So when this generation reached adulthood two decades later, the best path forward was blindingly obvious: go to college, get a degree, and lead a good life. True, college had been **getting more expensive**. Outstanding college debt had **risen to over \$200 million**, within shouting distance of total credit card balances owed. Borrowing to get a bachelor's degree was becoming the norm.

But the difference in earnings between people with college degrees and high school diplomas had also been widening quickly. College cost more, but it returned more, and it still didn't cost that much. State governments, flush with cash from the 1990s economic boom, had been generous. **By 2001**, state spending per student on higher education was greater than it had ever been.

Millennials responded by going to college in record numbers. The percentage of young people who immediately enrolled after graduating from high school **rose** from 49 percent in 1980 to 70 percent in 2009. Apostles of the new economy promised that American college grads would use cutting-edge technology to design and market cool high-value things like iPhones, which would be manufactured cheaply overseas, flung along the global supply chain, and sold for a lot of money to highly-paid American college grads.

Some of those promises came true, sort of. But the obvious, inevitable millennial path through college has been marked by more pitfalls and disappointments than almost anyone imagined at the time.

Median Before-Tax Family Income, by Educational Attainment, 1989-2013



Source: Board of Governors of the Federal Reserve System, "2013 Survey of Consumer Finances," 2014.

The 2001 recession was followed by a weak recovery and then disaster in 2008, just as the wave of baby boom-echo children entering college was reaching its peak. Those finishing school entered a crippled job market while those just arriving were faced with recession-induced tuition increases that topped 50 percent in states like California. While borrowing of nearly every other kind contracted in the face of declining income and tighter credit standards, outstanding student debt soared past the \$1 trillion mark and continues to rise, along with the number of people defaulting on their loans.

Meanwhile, the payoff for all that time and debt became less certain. The college wage premium stopped its rapid growth around the turn of the millennium and has stayed **relatively flat** since. Both **international comparisons** and **domestic studies** suggest that, lofty global reputations notwithstanding, American colleges don't do a very good job of helping students learn. The research showed that learning was closely tied to the intensity of academic work — yet other **studies found** that college students were spending substantially less time on academics than they did in previous generations. Tuition and debt were rising even as the education was getting worse.

In fairness, this college crisis narrative sometimes crosses into hyperbole. While more students are borrowing more money to go to college than ever before, the six-figure loan balances often found in newspaper article ledes are atypical. The federal government has devoted enormous new resources to the Pell Grant program over the last six years while putting in place generous income-based repayment programs to help students manage their debt. Yet college debt aggrievement has become so integral to certain kinds of generational self-image that when the Brookings Institution published a sound, data-backed analysis earlier this year suggesting that student loans haven't really become harder to repay, the typical response was less sober rebuttal than **howl of righteous anger**.

The Great Recession was terrible for many people, those without college degrees most of all. Degree-holders were less likely to lose their jobs during the crisis and more likely to get lost jobs back. The blue-state, creative-class metropolitan areas where today's college graduates like to congregate have become low-crime centers of cultural enlightenment. According to the Bureau of Labor Statistics, job categories requiring college education will continue to grow **faster** than others, and **some economists believe** the government numbers systematically underestimate the likely growth in college jobs. Historically, college graduates forced to tend bar during recessions have **done well in the long run**.

But that doesn't change the fact that ever since the millennial generation first arrived *en masse* outside the gates of higher education, pretty much everything about college has been stagnant or gotten worse. The newly-created minefield of predatory for-profit colleges represents yet another barrier for this generation to navigate on their way to the good life. Meanwhile, traditional colleges have remained sheltered behind barriers of public subsidy, regulatory protection, and vast reserves of cultural capital, unwilling or unable to use information technology to become better or cheaper in any discernible way.

The promise of millennial higher education has been a disappointment. It will be up to them to build something better for the next generation to come along.