

COST, COMMITMENT, AND ATTAINMENT IN HIGHER EDUCATION

An International Comparison

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Executive Summary

Public policy debates regarding postsecondary education in the United States increasingly use international comparisons to set goals and measure performance. To help clarify and inform these debates, this report compares and analyzes data on three key indicators of tertiary education in countries belonging to the Organization for Economic Cooperation and Development (OECD):

- *Cost*: The amount that countries spend on tertiary education per student;
- *Commitment*: The share of GDP a country spends on tertiary education; and
- *Attainment*: The share of working-age adults holding a tertiary education degree.

One objective of this report is to examine the extent to which a country's attainment rates correlate with high cost levels and/or financial commitment to higher education. It also identifies the strategies that various OECD countries have been adopting to increase their attainment rates sustainably with respect to both cost and commitment.

This report, following the lead of a number of recent reports, moves away from the more traditional approach of comparing countries on the basis of higher education participation (entry) rates—typically measured as the percentage of an age group that enrolls in a postsecondary program—and focuses instead on attainment rates. The greater emphasis on attainment shifts the focus of higher education debates from access *or* success to access *and* success. In recent years, a growing number of policymakers have taken on the issue of student success, even as they maintain their traditional concerns about increasing access and improving equity. It is also important that they consider what will be necessary to achieve higher attainment levels given the constraints of both cost and financial commitment.

Industrialized countries can be categorized on a number of dimensions regarding their higher education systems, based

on a series of data that are regularly collected and published by the OECD from its thirty member nations. This analysis, based on OECD's *Education at a Glance 2008*, confirms that there is considerable variation as to which OECD countries rank highest on these three parameters.

Where the United States Ranks

An examination of the most recent OECD data shows that the U.S. ranking on the variables of cost, commitment, and attainment varies.

For education and total spending per student in 2005, the United States ranks highest among OECD countries. The United States also has the greatest financial commitment to higher education as reported by OECD, with a much heavier reliance on private sources of revenue than any other country. It also has the second highest level of Bachelor's degree attainment for all adult workers (aged 25-64) of any OECD country, and is sixth among the youngest group of workers (aged 25-34).

However, the United States ranks average to below average on a number of other key dimensions. For example, on research-related activities it spends much less per student than the OECD average: 15th out of 25 countries reporting on this measure. And although its overall financial commitment remains the highest in the world, its share of GDP devoted to higher education coming from public resources (15th) is slightly below the OECD average. The U.S. attainment rate for sub-Bachelor's degrees also is average for the OECD (9th) and the U.S. rank has declined over time, which is a principal reason why the overall U.S. attainment rate is no longer in the top rank and thus a subject for concern. The United States is also among the lowest ranking of OECD countries in the difference in attainment rates between the youngest and oldest workers, reflecting the fact that it has a mature universal system of higher education.

WHERE THE UNITED STATES RANKS ON COST, COMMITMENT, AND ATTAINMENT AMONG OECD COUNTRIES

COST	EDUCATION	RESEARCH	TOTAL
Higher Education Spending per Student, 2005	1st	15th	1st
COMMITMENT	PUBLIC	PRIVATE	TOTAL
Higher Education Resources as a Percentage of GDP, 2005	15th	1st	1st
DEGREE ATTAINMENT	BACHELOR'S	SUB-BACHELOR'S	TOTAL
Attainment Rates, Workers Aged 25-64, 2006*	2nd	9th	3rd
Attainment Rates, Workers Aged 25-34, 2006*	6th	11th	10th
Attainment Rates, Workers Aged 55-64, 2006*	1st	5th	1st
Difference in Attainment Rates Between Workers Aged 25-34 and 55-64, 2006*	30th	18th	29th

Source: *Education at a Glance 2008* * U.S. attainment rates are revised to correct error in *Education at a Glance 2008*

Strategies for Increasing Attainment

Recent U.S. history and trends among OECD countries suggest three approaches that the United States should consider to achieve higher attainment at sustainable levels of costs and commitment.

Focus more resources and attention on community colleges.

One effective way for the United States to economize in higher education, while at the same time becoming more productive, is to shift public resources toward less costly sub-Bachelor's programs in community colleges, while ensuring that these programs lead more students to successful outcomes, including credentials and degrees of value in the labor market.

Pay more attention to developing and implementing strategies to improve completion rates at both two-year and four-year institutions. Degree-completion rates—the proportion of entering students who finish their education programs—have traditionally been low in the United States, relative to many

other OECD countries. While U.S. degree-completion rates at community colleges are especially low, the rates at four-year institutions also are below average among OECD countries. A sustained U.S. effort at improving degree-completion rates at all postsecondary institutions and levels would bring cost, commitment, and attainment more in line with one another.

Consider increases in enrollments as a means for moderating costs per student and improving productivity. Discussions of costs per student in many countries and states tend to be static, virtually ignoring the effects that enrollment changes can have on revenues and costs per student. Thinking about how enrollment levels are managed—both at the system level and by individual institutions—may help raise productivity by driving down spending per student while maintaining attainment at high and increasing levels.

SUMMARY OF STRATEGIES OECD COUNTRIES USE TO INCREASE THEIR ATTAINMENT RATES*

In drawing lessons for U.S. policymakers, this review of OECD-reported statistics and a consideration of the experience in countries with high levels of growth in attainment provide clues regarding how and why their attainment rates may have grown more rapidly than others. These comparisons also suggest which strategies may have been most effective in achieving increases in attainment in sustainable ways.

STRATEGIES	COUNTRIES
Increasing graduation rates	Australia, Denmark, Iceland, Israel
Reducing time to degree	Australia, Iceland, Japan, New Zealand, Sweden, United Kingdom
Expanding sub-Bachelor's programs	Belgium, Canada, Finland, Japan, Spain
Maintaining a high level of public commitment	Denmark, Finland, Norway, Sweden, Switzerland
Relying on the private sector to foster growth	Japan, South Korea, Spain, United States
Increasing enrollments in universities	Denmark, Iceland, Netherlands, Norway
Increasing tuition fees in the public sector	Australia, Canada, Israel, New Zealand, United States
Recruiting more students abroad	Australia, Austria, Ireland, New Zealand, Switzerland, United Kingdom

* Including Israel, an associate member of the OECD

Cost, Commitment, and Attainment in Higher Education was commissioned by Jobs for the Future to provide an international perspective on the productivity agenda of *Making Opportunity Affordable*, a multiyear initiative focused on increasing productivity within U.S. higher education, particularly at two- and four-year public colleges and universities. The aim is to use dollars invested by students, parents, and taxpayers to graduate more students. The initiative relies on partner organizations working within various states to develop, promote, and implement policies and practices that will help achieve this goal.

To download *Cost, Commitment, and Attainment in Higher Education* or for more information on *Making Opportunity Affordable*, go to:

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