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The Great College Degree Scam

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By [Richard Vedder](#)

With the help of a small army of researchers and associates (most importantly, Chris Matgouranis, Jonathan Robe, and Chris Denhart) and starting with help from Douglas Himes of the Bureau of Labor Statistics (BLS), the Center for College Affordability and Productivity (CCAP) has unearthed what I think is the single most scandalous statistic in higher education. It reveals many current problems and ones that will grow enormously as policy makers mindlessly push enrollment expansion amidst what must become greater public-sector resource limits.

Here it is: *approximately 60 percent of the increase in the number of college graduates from 1992 to 2008 worked in jobs that the BLS considers relatively low skilled—occupations where many participants have only high school diplomas and often even less.* Only a minority of the *increment* in our nation's stock of college graduates is filling jobs historically considered as requiring a bachelor's degree or more. (We are working to integrate some earlier Edwin Rubenstein [data on this topic](#) to give us a more complete picture of this trend).

How did my crew of Whiz Kids arrive at this statistic? We found some obscure but highly useful BLS data for 1992 that provides occupational/educational attainment data for the entire labor force, and similar data for 2008 (reported, to much commentary, [in this space](#) and by CCAP [earlier](#)). We then took the ratio of the change in college graduates filling these less skilled jobs to the total increase in the number of college graduates. Note I use the word "increase." Enrollment expansion/increased access policy relates to the margin—changes in enrollments/college graduates over time.

To be sure, there are some issues of measurement, judgment, and data comparability. With this in mind, I had my associates calculate the incremental unskilled job to college graduate ratio using different assumptions about the data. Even with alternative assumptions, a majority of the increased college graduate population is doing jobs that historically have been filled by persons with lesser education.

The exact numbers in the initial calculation are broken down as follows: In 1992 the BLS reports that total college graduate employment was 28.9 million, of whom 5.1 million were in occupations which the BLS classified as "noncollege level jobs" while in 2008 the BLS data indicate that total college graduate employment was 49.35 million, with 17.4 million in occupations classified as requiring less than a bachelor's degree.

An example or two from specific occupations is useful. In 1992 119,000 waiters and waitresses were college degree holders. By 2008, this number had more than doubled to 318,000. While the total number of waiters and waitresses grew by about 1 million during this period, 20% of all new jobs in this occupation were filled by college graduates. Take cashiers as well. While 132,000 cashiers possessed college degrees in 1992, by 2008, 365,000 cashiers were college graduates. As with waiters and waitresses, 20% of new cashiers since 1992 are college graduates. (The sources for all of these data are Table 1 of the Summer 1994 *Occupational Outlook Quarterly* and the Employment Projection Program "Occupations" tables on the [BLS Web site](#))

Six quick observations on these numbers:

First, the push to increase the number of college graduates seems horribly misguided from a strict economic/vocational perspective. It is precisely that perspective that is emphasized by those, starting with President Obama, who insist that we need to have more college graduates.

Second, the data suggest a horrible decline in the productivity of American education in that the "inputs" used to achieve any given human capital (occupational) outcome have expanded enormously. More simply, it takes 18 years of schooling (including kindergarten and the typical fifth year of college to get a bachelor's degree) for persons to get an education to do jobs that a generation or two ago people did with 12-13 years of education (graduating more often from college in four years and sometimes skipping kindergarten).

Third, a sharp rise in the dependency ratio—those too old or too young to work relative to the work age population is coming because of the aging of the American population. This means we need to increase employment participation in younger ages (e.g., 18 to 23) where participation is low today because of the rising college participation rate. The falling productivity of American education is aggravating a serious problem—a shortage of workers to sustain a growing population of those unable to care for themselves.

Fourth, all of this supports the notion that credential inflation arises from a perceived need by individuals to demonstrate potential employment competence through a piece of paper, i.e. a college diploma. Employers are using education as a screening and signaling

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device, at a low cost directly to them (although not costless because of the taxes they pay to sustain much of this), but at a high cost to the perspective employees and to society as a whole.

Fifth, this shows that the current problem of college student employability is not a new, and merely temporary, problem.

Lastly, I am saddened that this is happening. Many of those advocating more access are well meaning and have pure motives, but they are ignorant of the evidence. But higher education is all about facts, knowledge—learning how the world works and disseminating that information to others. Some in higher education KNOW about all of this and are keeping quiet about it because of their own self-interest. We are deceiving our young population to mindlessly pursue college degrees when very often that is advice that is increasingly questionable.

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