Thank you, Tomás, for your kind words. I wish the tables were turned and I could be the one talking about your extraordinary career and your deep commitment to students. You are an inspiration for all of us.

This is an emotional moment for me. I count being elected as your AASCU chair in 1988 and being asked to deliver your president-to-presidents lecture in 1996 as among the signal academic accolades of my career, and I am greatly honored to be here with you today. It is also a great personal pleasure to rejoin your president and my former SUNY comrade-at-arms Muriel Howard and to see her taking over so well the wonderful work that Allan Ostar began for all of us.

Public higher education and the public good was the topic I spoke and wrote about in the 1990s and the topic I have been asked to talk about
today. Our bedrock AASCU mission remains unaltered still. But the world of higher education has changed in almost unimaginable ways since I last spoke to you. Let me play Rip Van Winkle for a moment and tell you what I see after almost twenty years away.

The most obvious change is the crisis atmosphere pervading higher education today. Scary movies like “The Ivory Tower” portray higher education at the breaking point, and the screaming cover of a recent *Atlantic Monthly* magazine asks the dread question: “Is College Doomed?” Even our staid and reliable *Chronicle of Higher Education* writes that “the American system of higher education is in crisis”—and most ominously for the values that we in AASCU hold dear—declares that America’s colleges are “Equalizers No More” Higher education has moved, as one *Chronicle* headline tells us, “From Public Good to Private Good”—the very inverse of my subject here today.¹

One reason that higher education has moved to stage center is that the general public has finally grasped how essential we are. 94% of the American public now thinks it important to have a certificate or degree
beyond a high school diploma, and 74% think higher education leads to a better life.\textsuperscript{ii} That 37 million college students and graduates now owe almost a trillion dollars in student debt grimly testifies to the value that the general public places on achieving a college degree. It also reminds us, as we look more closely at the figures, that the glaring inequalities of college attendance and graduation rates are still with us, just as they were almost twenty years ago. Only one in ten young people from low-income families earns a bachelor’s degree by the age of 25, compared to one out of two young people from high-income families.\textsuperscript{iii} These graduation-rate disparities by income are also reflected, though less dramatically, in disparities by race.\textsuperscript{iv}

Shocking though these figures are, they are the not surprising result of tuitions raised to compensate for falling state support and of federal policies that have shifted the balance of student aid from grants to loans. They are a continuation of trends that were clearly visible twenty years back and the inexorable outcome of a long-term emphasis on the \textit{private} benefits—especially on the personal dollar and cents benefit—of a college degree and what seems to me an almost willful neglect of its value to the nation as a whole.
It is not merely the getting of a college degree that has been monetized.
The conferring of college degrees has also become a for-profit enterprise.
I did not even mention for-profit colleges when I addressed you last. In
1996 they enrolled fewer than 300,000 students. Today this $32-billion-a-year industry enrolls 1.3 million students or roughly one out of every ten
four-year college students. These privatized, commercially-motivated
institutions have come at a high price to the public purse. They account
for one in every four federal financial assistance dollars spent on higher
education each year and for roughly half the cumulative default rates on
student loans.^

That so much of this for-profit instruction is delivered electronically brings
me to the potentially most revolutionary change I perceive in higher
education today—the rise of the so-called MOOC and of electronic
classrooms generally. MOOC was not a word that I or anyone else had
ever heard of when I spoke to you last. We didn’t even “Google” in 1996.
Other changes merely nibble at the edges of what we do. Massive online
education—not necessarily originating on our own campuses and not
necessarily taught by our own faculty—has the capacity to upend a
thousand years of academic tradition. MOOCs do offer some very
powerful teaching enhancements. And they may make higher education more accessible and affordable, but only by overturning the emphasis on individual student development that colleges have always had as their core.

That brings me to my thesis here today: that the main public value of public higher education lies in the individual graduates it sends forth. Public institutions such as those represented here have granted more than 15 million baccalaureate degrees since I spoke to you last. What are the private benefits these individual students have attained, and how do they collectively contribute to the public good?

Financial benefits first. Everyone is looking at money these days. So let’s take a cold, hard look at the monetary advantages of an individual college degree and then at their monetary translation into societal gain.

The most obvious monetary gain for college graduates is simply in being employed. The unemployment rate for all individuals with at least a bachelor’s degree hovers around 3% these days—roughly half the unemployment rate for high school graduates. Among recent college graduates aged 25-32—the so-called Millennial Generation, whose
employment difficulties are so much hyped these days—the differential is even more dramatic. Millennials with a baccalaureate degree are three times less likely to be unemployed than high school graduates.\textsuperscript{viii}

These unemployment statistics are not simply a private benefit. The unemployment differential represents a savings to the taxpayer of billions of dollars over time in state and federal unemployment benefits, in food stamp and welfare expenditures, and in preventing the widespread personal and economic upheavals that beset the long-term unemployed.

The earnings picture is equally clear for four-year college graduates. Each additional year of education represents a 7 to 10\% earnings premium at the very least.\textsuperscript{x} The Bureau of Labor Statistics reports a median of $57,600 in yearly full-time earnings for college graduates over 25 with a bachelor’s degree.\textsuperscript{x} Even more significant is the growing differential in earnings power between college degree holders and high school graduates. The earnings gap between them has literally doubled over the past thirty or so years and now equals almost $35,000 annually for males and $23,000 for females working full-time.\textsuperscript{xi} Extrapolated over a working lifetime, these
annual earning differentials represent a roughly million-dollar gain for college graduates.

How does society benefit from the higher employment rates and higher earnings of individual college graduates? Once again there are general public gains. Higher earnings mean higher income tax payments and higher payments to Social Security, Medicaid, and Medicare. Baccalaureate degree college graduates pay 78% higher taxes each year than high school graduates.\textsuperscript{xii} The cumulative lifetime increase in tax payments for individual U.S-born male college graduates is slightly more than $200,000—approximately double the upfront investment that the state and federal government make in a four-year college education\textsuperscript{xiii} Can there be any better ROI—return on investment—for the taxpayer than this?

Health care and its costs are even more talked-about than higher education these days. Here, too, let’s take a look at the multiple ways in which the better health of college graduates translates into both immediate and also intergenerational benefits to society as a whole.
How much healthier, you ask. More education typically means a longer life. Both male and female college graduates can expect to live at least five years longer than individuals without a high school diploma and four more years for males and two more years for women in comparison to high school graduates. College graduates are far more likely to rate their health very good than high-school graduates—a dramatic 20-30% differential in reported good health between high school and college graduates, taking all ethnicities into account.xiv

Measured in dollars-and-cents, the better health and longer lives of college graduates have a direct and dramatic public benefit. A Robert Wood Johnson study calculates that “if all adults with less education [were to] experience the death rates and health status of college graduates, the over-all benefit [to the economy] would amount to approximately $1.007 trillion each year.”xv

But what if we look across the generations and not simply at a single year? Does the impact of a college degree persist among the graduate's children and his or her children's children? And what effect might that
impact have on the issues of inequality and social stratification that so bedevil us today?

Here again, the attainment of a college degree is both a private benefit and a public good. Less educated parents have been demonstrated to have less sense of control and social standing and fewer sources of social support than more educated ones. They are less likely to provide a stable home environment and less likely to provide a stimulating emotional and cognitive environment for their children. Looking simply at the impact of higher education and not at the myriad of other difficulties that beset a lower income family scrambling to get along, we not surprisingly find that the children of high school graduates are almost four times less likely to succeed in school than the children of college graduates. Even a year or two of college matters. Children with parents who had even a year or two of college are far more likely to succeed in school. As another Robert Wood Johnson report sums it up, “The level of educational attainment children eventually achieve affects their health as adults through the same pathways experienced by their parents, and it also affects the health of their own children in turn—perpetuating a vicious intergenerational cycle of low educational attainment and poorer health.”
And, I would add, a vicious intergenerational cycle of social stratification. Despite all the rhetoric about America’s being the land of opportunity, a child born into a family in the lowest income quintile has a “45% chance of remaining in that quintile as an adult, and only a 5 percent chance of moving into the highest quintile.” However, that same child with a college degree has only a 16% chance of remaining in the lowest quintile and a 19% chance of breaking into the top quintile.”xvii Horatio Alger lives again! The poor shoe-boy has a chance of becoming a millionaire—but only if that poor shoe-boy or shoe-girl attains a baccalaureate degree. And that is far more likely to happen when one or both parents have at least some college-level education.

This transmission of behaviors and values refutes the argument that poverty is an innate condition and that the only people who go to college are those who were somehow born with the needed habits and abilities. The impact of increased parental education tells us otherwise. Having even one parent who has gone to college vastly increases the chance that a child will go to college, too, and thereby escape the lower-income trap. That parental college degree is an inequality buster!
Such reductions in inequality are not simply a do-gooders dream. Both the International Monetary Fund and Standard and Poor’s agree that rising inequality is a major drag on America’s lagging economic growth. According to Standard and Poor’s, adding just one more year of education—not even a college degree—to the “American workforce from 2014 to 2019…[would lift] the potential GDP…[by] 1%” in the next five years.xviii

The public benefits of a college degree also ripple through society in other ways that may not be immediately perceptible. A new body of economic research, as outlined in Walter McMahon’s thought-provoking study, *Higher Learning and the Greater Good*, looks at the indirect economic benefits that colleges and universities confer by way of the advanced learning they transmit to their graduates. The most obvious example of such intellectual transferences occurs in fields such as engineering, for example, where the acquired technical knowledge of the graduate translates itself not merely into the smoother running of existing industries but also into the new inventions and technologies that will in their turn generate new industries and new sources of wealth.
But these gains are not simply technological. It seems almost too obvious to ask. But how would our schools function without the teachers that we teach, our hospitals function without the nurses that we train, our complex governmental institutions work without the specialized skills and knowledge that our graduates bring to them? Public colleges and universities educate three-quarters of America’s students. What would it cost us to replace these public services if we did not have our public college graduates to fill these needs?

Efforts have been made in recent years to quantify the societal value of such work—to counterbalance the known investment that society makes in its public support for higher education by measuring the often unseen value of the human capital that higher education generates. This unseen value—the so-called “unexplained residual”—includes both what college graduates do during their working hours and also what they do with the other two-thirds of their time not typically spent at work. As McMahon describes it, these non-working hour activities include the contribution of college graduates as they serve on school boards and library boards; work on community improvement projects; help with local charities, cultural,
and philanthropic organizations—and, of course, coach Little League in their spare time.

Taking these activities and such other benefits as the greater environmental awareness of college graduates and the ways in which their greater knowledge and civic awareness contribute to the stability of our democracy and our respect for the rule of law, McMahon eventually concludes that the average baccalaureate degree holder contributes $27,726 a year in “direct social benefits to our society.”

This figure subsumes some of the other factors, such as better health and longer life, which I have already covered here. And the methodology and exact dollar amount are open to challenge. But that $27,000—roughly half of what the median college grad is said to earn a year—reminds us yet again of how richly the general public is paid back each year for the public investment that it makes in its college graduates.

Even without these somewhat ethereal economic computations, we cannot ignore the very obvious civic contributions that college graduates make to our society.
• **Preservation of our democracy?** 63% of college graduates voted in the 2012 election as compared with 29% of high school graduates.xxi

• **Participation in America’s $12.5 trillion volunteer economy?** More than 40% of college graduates volunteer for organizations compared with less than 20% for high school graduates.xxii

I have been speaking up to now about the human capital that colleges and universities create, and how the private social and economic advantages of *individual* college graduates act for the betterment of society as a whole.

But our colleges and universities repay our public investment in *institutional* ways as well. The importance of college- and university-based research has been too extensively discussed for me to cover it here. So has the economic multiplier effect that colleges and universities have on their communities through employment, through student and visitor spending, through construction expenditures, through job retraining and continuing education programs, and through all the myriad ways in which colleges and universities affect their localities. In a country where our
government makes relatively limited investments in the arts, the performing arts centers of AASCU colleges—dotted as they are across the landscape in big cities, small towns, and rural areas—are cultural as well as intellectual treasure houses for their communities. Curiously enough, these *public cultural benefits* have never been studied in depth.

But back to our individual students and graduates for a final time. How do they feel about their post-college experiences? As far as personal well-being goes, the vast majority of college graduates are “satisfied with their lives.” They give their lives a 7.4 to 8.0 rating—where 10 represents “the best possible life.” A recent Pew Study shows that 86% of them “have a career or career-track job…[feel that] they have enough education and training to get on with their job,… are ‘very satisfied’ with their job, [and think] that their education was very useful to them in preparing them for their job or career.”

An important recent study of more than 30,000 graduates across the United States has shown that the three most important predictors of engagement in one’s job and satisfaction with one’s life are:
• having had a inspiring professor or other mentor that made the student excited about learning,
• having worked on a paper or project that took more than a semester to complete, and
• being enrolled in a college that was passionate about the access and success of its students.

MOOCs and the electronic classroom can enrich and expand the teaching experience, but the core of the collegiate experience remains the individual intellectual interactions that it fosters and the environment it creates for personal growth. Critical thinking and complex problem-solving skills, the ability to communicate clearly and forcefully, the broad-based humanistic knowledge needed to understand our ever-changing multicultural world—these are all individual qualities that our college classrooms help promote. These personal interactions—this intellectual questioning and growth—have been the beating heart of the university for almost a thousand years. There may be supplements, but there are no substitutes.
Is there any parting advice that Rip Van Winkle can give you? I was a college president for far too long to think that a college president can do much about making individual faculty members inspiring or not. There were, alas, many days when I woke up uninspired myself. And I am also very much aware of the difficulties that all of you face in these difficult financial and enrollment times for your institutions. But there are two things I know that we can do:

First to keep using AASCU to argue for the public benefits of public colleges and universities and the renewed financial support that public higher education must have.

Second, to use our bully pulpits and to be a passionate voice for access and success on our own campuses. To create the best learning environment that we can imagine and to demand the best work that our students can do.

The public benefits of a baccalaureate education reverberate across the economy and down through the generations. Conferring that degree on a student in the lower economic echelons is the best way to help that student’s children move ahead. In an increasingly stratified society, public
higher education is our best guarantor of greater equality and a prime mover for societal betterment. Higher education is not doomed, but destined—destined to be the great transformative force in the future workings of American society.
**Notes**


iv National Center for Education Statistics [NCES]. 2013 Tables and Figures. Table 326.10. nces.ed.gov.

v Mettler, *Degrees of Inequality*. Kindle edition, locs. 95-96.

vi NCES 2012 Tables and Figures. Table 318.


xiii “How Taxpayers Benefit,” op. cit.


xv “Overcoming Obstacles to Health,” Robert Wood Johnson Foundation Commission to Build a Better America, September 2009, p. 43. The $1.007 trillion saving is calculated as follows: “If adults who had not completed high school died at the same rate as college graduates, 190,000 fewer individuals would have died in 2006; these 190,000 individuals would have been expected to live for 20 more years on average. Translated into monetary terms, the value of the additional years of life that would have been gained is $217 billion. In addition to differences in mortality, health status also differs among adults with different levels of education. Poorer health among adults who have not completed high school relative to college graduates represents an estimated economic loss of $173 billion annually. Taking into account both their higher mortality and their worse health, the total value of potential health improvements among adults who have not completed high school would be $390 billion annually…. Similar estimates of health losses among high-school graduates and others who have not completed college [can also be made.]. If their mortality and health status experiences matched those of college graduates, the estimated economic benefits to adults in these education groups would total an additional $618
billion—$264 billion due to reduced death rates and $354 billion due to improved health status.”

xvi “Education and Health: Exploring the Social Determinants of Health,” Issue Brief #5, Robert Wood Johnson Commission to Build a Better America, p. 11


xxi “Education Pays,” op. cit.


xxiv “The Rising Cost of Not Going to College,” op. cit.