

Legally, private institutions are required to comply only with the rules stated by the Ministry of Education. Nevertheless, the accreditation issue is becoming more relevant and is perceived as a proof of seriousness and a way to gain legitimacy in the higher education realm and the postsecondary market. Going through an accreditation process is a “plus” many institutions perceive as a good idea but on which not every institution focuses. Investing time and resources in order to get accredited is logical and feasible for elite institutions but may be problematic for many demand absorbers.

*The accreditation issue is becoming more relevant and is perceived as a proof of seriousness and a way to gain legitimacy in the higher education realm and the postsecondary market.*

In this sense, it is appropriate to take a look at the four basic schemes of accreditation operating in Mexico. The first three involve institution-wide analyses, the fourth academic or professional programs: (a) international accreditation such as the one granted by the Southern Association of Colleges and Schools (SACS), which only four (elite, private) institutions in Mexico have; (b) membership in the National Association of Universities and Institutes of Higher Education (ANUIES), as only 22 privates have; (c) membership in the Federación de Instituciones Mexicanas Particulares de Educación Superior (FIMPES)—77 private institutions, some of which are graduate or normal schools only; and (d) having programs accredited by one of the 15 organizations officially recognized as accrediting bodies by the “Consejo para la Acreditación de la Educación Superior”—32 private institutions have at least one accredited program. Although membership in ANUIES or FIMPES is not formally an accreditation, it could be interpreted as rather equivalent to that because institutions interested in joining them have to show strength on a number of issues related to academe, faculty, facilities, etc.

#### A THREE-TIER TAXONOMY

One way to address the diversity of private institutions in Mexico and help to differentiate between the academically sound institutions and the ones trying to improve or the ones that are not looking for improved status is through a classification based on their accreditation. This approach yields a three-tier taxonomy: (1) high profile (having at least two of the four mentioned accreditations), (2) midprofile (having one of the above-mentioned accreditations), and (3) low profile (institutions without accreditation, having only the license to operate). The first category roughly corresponds to the classically labeled elite subsector and the third is closely related to the demand-absorbing one; a contribution of this taxonomy is the second category, which helps to show institutions with a more mixed standing than an elite vs. demand-absorbing dichotomy would capture.

In the 2002–2003 school year, the 28 high-profile institutions enrolled about 230,000 students (37.0 percent of the private enrollments), the 63 midprofile institutions enrolled about 89,000 students (14.3 percent), and the 643 low-profile institutions enrolled some 302,000 students (48.7 percent). The data show that contrary to stereotypes many private nonelite institutions are serious about seeking some form of quality and standing. Yet most low-profile institutions, because of lack of interest or budgetary limitations due to their dependency on student fees, are not presently on this road.

This taxonomy builds on the data from the accreditation processes being carried out in Mexico. In this sense the numerical growth of the high and midprofile groups of institutions will depend on the accreditation processes institutions go through. This of course will depend on the initiative of nonelite private institutions and their willingness to improve major aspects of their academic performance. In any event, it is clear that Mexico has notable variations within its private higher education sector, numerically weighted now to the low-profile or demand-absorbers but probably still with ample change in progress. This situation is not restricted to Mexico; to a significant extent, similar statements could be made about much of Latin America. ■

## The Benefits of Higher Education: A 50-State Analysis

SARAH KRICHELS

*Sarah Krichels is a research analyst at the Institute for Higher Education Policy. Address: IHEP, 1320 19th St. NW, Suite 400, Washington, DC 20036. E-mail: skrichels@ihep.org.*

It is widely held that investing in higher education can bring significant benefits to both individuals and society as a whole. In terms of the global economy, the importance of higher education becomes paramount as knowledge plays an increasingly key role in economic development. Both in the United States and abroad, many studies have articulated the benefits of higher education, showing that an educated workforce increases productivity along with individuals' ability to sustain employment and earn higher income. Subsequently, the nation sees a return in the form of a higher tax base and a rise in demand for goods and services. In addition, so the argument goes, an educated workforce with a lower unemployment rate diminishes the demand for government-provided social services.

In the report *Financing Education—Investments and Returns*, published by UNESCO in 2002, researchers found that in 16 middle-income countries, human capital investments may have accounted for roughly half a percentage point in the annual growth rates of those countries. Likewise, a number of

papers published by the Organization for Economic Cooperation and Development have consistently shown that increased educational attainment leads to expansion of human capital, which plays a key role in economic development and per capita output growth. These factors lead to a rise in posttax earnings and in employment prospects for individuals.

As illustrated above, discussions about the value of higher education highlight the economic gains of the students and, to a lesser degree, society—often to the exclusion of the other public and private benefits. However, many benefits that accrue to individuals or groups are not directly related to economic, fiscal, or labor market effects. In the United States, several organizations have chosen the public good of higher education as a key theme of their ongoing work, ranging from the National Forum on Higher Education and the Public Good to the American Association of Colleges and Universities, among many others. Recently some efforts have been made to articulate all the benefits that result from the investment in higher education, both to individual students and society (see the Institute for Higher Education Policy's *Investment Payoff* and the College Board's *Education Pays*). Some of the main areas of measurable benefits include enhancement of personal health, community involvement, political participation among the people, and concern for the quality of life for both society and the individual.

***Measuring the benefits of higher education involves examining the level at which policy-related decisions are made.***

#### LOCALIZED BENEFITS: THE U.S. EXAMPLE

Measuring the benefits of higher education involves examining the level at which policy-related decisions are made. In the United States, this means examining benefits on a state-by-state basis as many decisions regarding higher education (and, in particular, state funding for public institutions) are made at that level. Recent efforts to determine the broad national benefits of higher education in the United States calculated the state-by-state benefits using readily available data from the U.S. Census Bureau. Six indicators of higher education benefits were selected for in-depth study—including personal income, employment, decreased reliance on public assistance programs, personal health, volunteerism, and voting rates. (For a more detailed presentation of the methodology, see *The Investment Payoff: A 50-State Analysis*, published by the Institute for Higher Education Policy, 2005.)

In each of the six indicators, not only did benefits accrue nationally, but the assumption held true at the more localized state levels as well. For example, in March 2004, the national average personal total income of U.S. workers age 25 and older with a bachelor's degree was \$48,417, roughly \$23,000 higher than for those with a high school diploma. Similarly, 6 percent of the U.S. population age 25 and older with a high school

diploma were unemployed, and 1 percent reported receiving some form of public assistance in the previous year. In comparison, those with a bachelor's degree reported income that was roughly \$23,000 higher, and only 3 percent were unemployed; less than one-half percent of those with a bachelor's degree reportedly received some form of public assistance in 2003.

At the state level, the financial and economic benefits of holding a bachelor's degree was clearly evident across all the states. Individuals with a bachelor's degree reported higher earnings (an additional \$12,000 to \$32,000 per year) and lower levels of unemployment (a 10 percent to 100 percent decline in unemployment) than individuals with a high school diploma. Overall, in almost every state a greater proportion of those with a high school diploma reported receiving public assistance in the previous year, with the difference ranging from 3.5 percent more to 0.4 percent less (two states showed that a higher proportion of those with a bachelor's degree reported receiving public assistance, while two states showed no difference between the populations). In addition, in 28 states no one with a bachelor's degree reported receiving any public assistance. Despite differences among the states, therefore, a consistent pattern emerges: higher salaries, lower unemployment, and a reduced demand for public assistance programs were found among those with a bachelor's degree.

A similar trend emerges when examining the noneconom-

***At the state level, the financial and economic benefits of holding a bachelor's degree was clearly evident across all the states.***

ic benefits of higher education. Across the United States, 82 percent of individuals with a high school diploma reported being in "excellent, very good, or good" health, compared to 93 percent of those with a bachelor's degree. At the state level, respondents with a bachelor's degree still reported higher rates of good health than those who hold a high school diploma, with increases ranging from 5 to 23 percent. Similarly, 21 percent of the U.S. population age 25 and older who had a high school diploma reported ever volunteering, compared to 36 percent of those with a bachelor's degree or higher. In all states, higher levels of education were correlated to the likelihood that an individual would volunteer and the difference ranged from 5 to 34 percent. Lastly, 56 percent of U.S. citizens age 25 and older who had a high school diploma responded that they had voted in the 2000 presidential election, compared to 76 percent of bachelor's degree holders. All of the states exhibited voting rates that were substantially lower for residents with a high school diploma as opposed to a bachelor's degree, with the difference ranging from 8 to 28 percent; nationally, the difference was 20 percentage points.

**NEXT STEPS**

Higher education provides a broad array of benefits to both individuals and society. While such a statement constitutes a long-held belief in higher education, only recently has the combination of social and economic benefits that accrue from the investment in higher education received sustained attention. In the United States and throughout the world, the simple articulation of all the benefits of higher education at the local level needs to be more prominently featured in local policy debates regarding the investment of resources in higher education. Moreover, additional efforts should be undertaken to develop specific and quantifiable indicators of the value of higher education at this localized level of analysis.

The most striking lessons are therefore threefold: first, the quantifiable benefits of higher education extend beyond labor market and economic impacts and warrant more scrutiny. Second, the benefits of higher education accrue at multiple levels, not just the aggregate national level. Third, and perhaps most important, the benefits of higher education vary at the local level and ought to be included in policy-related discussions. In any country, an expanded understanding of the localized payoffs that result from the public and private expenditures in higher education could go a long way toward improving the prospects for local and sustainable economic development, social stability, and individual prosperity. ■

## A Nation's Colleges at Risk

**SCOTT JASCHIK**

*Scott Jaschik is the founding editor of Inside Higher Education, a new electronic newsletter concerning higher education. E-mail: scott.jaschik@insidehighered.com.*

American higher education, long the envy of the world, faces such serious problems—especially with graduation rates—that its position is vulnerable, says a report being released today. The report calls for the creation of new accountability systems in higher education to track problems and progress and to help lawmakers focus necessary attention on weaknesses. At the same time, the report says that many current accountability systems do little good and end up wasting time and money.

“At its best our system of higher education continues to set a standard for excellence and research that remains the envy of the world,” the report says. “But the foundations of our system are too weak to sustain our economy and quality of life.”

The report was issued by the National Commission on Accountability in Higher Education, a panel of politicians, business leaders, and educators charged with the task by the State Higher Education Executive Officers. Notable members of the panel include Richard W. Riley, the former U.S. education secretary and South Carolina governor; Frank Keating, the

former governor of Oklahoma; Stanley O. Ikenberry, former president of the American Council on Education and the University of Illinois; and Carol Liu, chair of the California Assembly Committee on Higher Education.

While the report notes many problems with American higher education, it focuses on issues of graduation rates and related questions of college-going rates and the preparation of students or would-be students for a college education.

In a graphic called “Our Leaky Educational Pipeline,” the report notes that for every 100 9th graders: 68 graduate from high school on time; 40 enroll immediately in college after graduation; 27 are still enrolled for their sophomore year; and 18 graduate from college on time.

Other countries are doing a better job, the report says. Fifteen countries have higher graduation rates from high school than does the United States, where the rate is 73 percent. At the higher education level, countries like China and India are making significant progress in educating thousands of scientists and engineers at a time that many programs at American colleges struggle to find qualified applicants.

***Currently, however, many accountability efforts—including state and federal reporting requirements, accreditation, and individual institutions' studies and research—lack broad support and are ineffective.***

The report identifies other key problems: Four of 10 college students fail to graduate within six years. One-fourth of low-income students in the top quartile of academic ability and preparation fail to enroll in college within two years of their graduation from high school. While the percentages of minority and low-income students who enroll in higher education is increasing, a majority of minority students fail to graduate.

Many of these problems could be fixed, the report says, with good accountability systems. Currently, however, many accountability efforts—including state and federal reporting requirements, accreditation, and individual institutions' studies and research—lack broad support and are ineffective. Accountability fails, the report says, when it does little more than generate “reference-sized books of information,” when professors think of it as “administrative work,” and when it “feels like coercion or bribery.”

Good accountability systems, the report says, require a partnership between colleges and lawmakers “through which shared goals are explicitly established, progress is measured, and work to improve performance is motivated and guided.”

Those goals, in turn, must reflect goals for public policy, not just institutional goals. “Fundamental public priorities recede to the background when institutions compete for status on national rankings based on student selectivity, faculty prestige and similar measures,” the report says.

Good data are also essential for developing good goals and