

POLICY DIALOGUE

Researchable Questions in History and Economics of Higher Education

Bruce A. Kimball¹  and Robert K. Toutkoushian² 

¹Emeritus Professor of Education, The Ohio State University, Columbus, OH and ²Professor of Higher Education, University of Georgia, Athens, GA

Corresponding author: Robert K. Toutkoushian; Email: rtoutkou@uga.edu

Abstract

What's the point of going to college? Does it matter where you go? And is it worth the cost? As more Americans and people around the globe enroll in higher education, such questions are being asked with increasing frequency. Scholars have answers, yet those answers depend a great deal on the methods being used to explore the questions. Economists, for instance, bring a particular set of tools to the task, as well as a general set of assumptions and beliefs. Historians, too, come armed with the instruments of disciplinary inquiry and can end up with quite different conclusions. So what would happen if we brought them together to talk through research questions of interest to their respective academic “tribes”?

For this Policy Dialogue, the *HEQ* editors asked historian Bruce Kimball and economist Rob Toutkoushian to reflect on disciplinary traditions, debates over higher education finance, and what makes college worthwhile. Kimball has taught at the University of Houston, Yale University, and the University of Rochester and is a professor emeritus at Ohio State University. He has published several books on the history of liberal education and professional education, particularly legal education. His latest book, co-authored with Sarah Iler, is *Wealth, Cost, and Price in American Higher Education* (John Hopkins University Press, 2023). Toutkoushian is a professor of higher education at the University of Georgia specializing in economic theories and quantitative methods. He has served as executive director of the Office of Policy Analysis in the University System of New Hampshire and as editor of *Research in Higher Education*. As a scholar, Toutkoushian has published more than sixty peer-reviewed publications on such topics as higher education finance, compensation, demand, and policy analysis.

HEQ Policy Dialogues are, by design, intended to promote a casual, free exchange of ideas between scholars. At the end of the exchange, we offer a list of references for readers who wish to follow up on sources relevant to the discussion.

Bruce Kimball: I've enjoyed reading your work on higher ed finance. I'm intrigued by the subject of how we view each other's disciplines in general, and maybe we could start there and then move into more specific topics. So let me say, I view historical scholarship as an inductive discipline.

What historians do is try to examine closely the particulars of the material in original documents. Although they abstract from those particulars, I think historians are generally kind of skeptical about generalizations; that is, they attack generalizations that are made about periods, or people, or issues, or whatever. And a common strategy for a historical article is to challenge generalizations and show that the history is more complex and complicated than the historical generalizations.¹

Conversely, turning to economics, I tend to think of economics as a more deductive and more mathematical field. I mean, economics relies on quantitative data, but it's driven a lot by theory, it seems to me. I'm wondering if you would concur with that. They are opposites in a way.

Rob Toutkoushian: Sure! Well, I can start with the economics part, because I think economics is misunderstood by a lot of people. I teach a class in economics of higher education, and I tell students that arguably, the most important things that they could learn about economics they'll get in an introductory economics class, where they learn the principles of microeconomics or macroeconomics. The way they teach economics in graduate school, it superimposes a whole language of mathematics. And that makes people miss what economics is really about. So to me, it's pretty simple. Economics is about describing the way organizations and people behave.

This concept is pretty general. Given the fact that I have limitations on what I can do, how can I make the best out of my situation? And this question applies to a person or a university—it's the same thing. How can a university make the best out of its situation, given the fact that it only has so much money, or it only has so many faculty, or other constraints that are limiting? What can it do? So that's the basic economic problem. And if you start there, I think it makes economics a little bit easier to understand. Without that understanding, some people think, "It's all about one thing—you guys just care about money." Or, "Economists only care about math and equations." But those are just a means to an end, as opposed to what economists are fundamentally interested in. So the things I find more interesting are those basic microeconomic principles as opposed to the real, complex mathematical articles that you read about.

Now history—I've become interested in history sort of accidentally, just because I started doing genealogy work. Before that, I always thought, "History—how exciting could *that* be, poring through old documents—good Lord!" But then I started getting involved in doing genealogy for my family history. And wow, I tell you, if I could do it over again, I might consider being a historian, because I really got into it.

It's nice to solve puzzles, to try and read all the old documents and figure out what was going on. It's a lot more than just descriptive work. When some people think about history, they focus on, "This happened on this date, and then that happened on that date." But it's a lot more complex than that. It's like, What's the context of the times when this thing was being done? This document—What were the authors thinking? Did they have an angle? Is there something they were trying to get out of it? That's the part I find most interesting about history, trying to do that kind of work.

¹Bruce A. Kimball, "Philosophy, Literature, and Inductive Historiography" in *Philosophy and History of Education: Diverse Perspectives on their Value and Relationship*, ed. Antoinette Errante, Jackie Blount, and Bruce A. Kimball (Baltimore: Rowman & Littlefield, 2017), 15–32.

Bruce Kimball: Right. So, here's a related question: In the study on the history of finance that I've been working on, I've been struck by the contrast between William Bowen's cost-disease theory, and Howard Bowen's revenue-cost theory. I've read other economists' writing about the contrast between these two theories, and I've noticed several economists have dismissed Howard Bowen's revenue-cost theory because they say that he deals with the intentions and motivations of higher education leaders, and one can't test those empirically. For this reason, some even argue that Howard Bowen's is not a real economic theory.

It seems to me that this points to a difference or possible tension between economists and historians. And so, I'm wondering where you stand on the role of incorporating intentions and motivations, which form the basis of inferences that historians make. What is their role in economics, would you say?

Rob Toutkoushian: Here is how I think about it. These different models that have been put out by economists? We often don't agree with each other. We don't agree, for example, about what colleges are trying to do. Most economists study for-profit companies. If you pick up an economics textbook, it'll say that the goal of the company is to maximize profits. That's pretty straightforward, and economists develop models that go along with that. But then you come to higher education, and you're like, "Okay, but two-thirds of the colleges out there are not for-profit organizations." When you look at how they behave, they're certainly not trying to maximize profits, not even Harvard. Harvard has tons of money, but they could make tons more money if they wanted to, because there are many people willing to pay for that degree that they're not letting in the door. So then the question becomes, What are colleges actually trying to do? And this is where you get into models like Howard Bowen's, or Estelle James's, or other people that have thought about this.

I think in some ways Howard Bowen has been misunderstood. People read his work and said, "Bowen is saying that all colleges do is try to get as much money as possible, and then spend it." But really, if you read his work, he was trying to say that colleges are trying to maximize some goal such as utility, and that money is a means to an end. So one way to do it is to try to bring in more financial resources, because then they can spend it on things like faculty and buildings, and whatever else, to reach that goal.

Bruce Kimball: So, you would say that economists do incorporate motivations and intentions, and test them empirically?

Rob Toutkoushian: Well, I don't know if they could test *all* of them. I think that's why there's a lot of disagreement about what colleges are really trying to do, and they've just put out some alternatives. Some economists fall back on the idea that they're maximizing profits, and then some, like Mike Paulson, will say, "Let's assume they're maximizing profits for this certain set of revenues, and everything else they can't touch." And then, other people come along with different kinds of theories about that, and say, "Well, it's not really profits they're trying to maximize; it's really prestige, and revenues are one way to help do that." As I explain in my class, I think about it as being two different groups of colleges: the prestige seekers and then everybody else.

Bruce Kimball: I see.

Rob Toutkoushian: And the prestige seekers, they're trying to maximize prestige and using revenues to do that. And the other ones want to make sure that they bring in enough money to pay the expenses, stay in business, and do the basics. Your typical,

run-of-the-mill state colleges, in contrast to the real high-prestige private four-year colleges—they're not trying to compete with Harvard and Princeton and Yale. They're striving to educate students and bring in enough money to keep the doors open.

Bruce Kimball: I have another question. Some people deny the distinction between for-profit and nonprofit colleges. I'm wondering what you think of that. The argument is basically that private, nonprofit institutions act like for-profit institutions in the sense that they're trying to maximize revenue, even though they invoke additional ends, including more prestige. Revenue maximization effectively becomes the primary goal for nonprofit institutions. I disagree. So, I'm wondering about your take on that. Do you feel that the distinction between for-profit and nonprofit colleges is a salient distinction?

Rob Toutkoushian: Technically, colleges that are nonprofit *can* earn a profit, and they *do* earn a profit, most of them, except in times of a recession or a pandemic like we've gone through. They have different ways of handling excess revenues. They don't call it "profit." But then they push it forward to the next year. "We're going to use it to pay some expenses in these areas next year." So it's like pushing the can down the road. They just keep pushing it down the road.

It is odd to me to group private for-profit together with private not-for-profit, just because they're so different. The not-for-profit ones are the more traditional private colleges that you and I know about. And the for-profit ones are the ones that are in the news, going after people in the military and other things like that. So that's where I find a little bit more difference.

Bruce Kimball: Sure. A. J. Angulo's book on for-profit colleges, which I think is a wonderful book, illustrates the difference in their behavior. When economic times are bad, they just close because they can't get a lot of business. Or if state regulators push them out, they'll sprout like mushrooms in the next state. They don't have an enduring commitment to higher education. Their fundamental goal is to maximize the money. I think that's a significant difference between the two kinds of institutions.

To go back to our topic about the relationship between economics and history—I think that Angulo's book is a good example of how historical research contributes to economic analysis. It seems to me that his book about for-profit institutions directly challenges Burton Weisbrod's economic work, which was funded by the Spencer Foundation, incidentally. Weisbrod is a distinguished economist, and he's arguing that there's no real difference between how nonprofit and for-profit colleges behave. But if you read Angulo's history, you would conclude there's a radical difference between the two. I think that's one example of how historical research can inform or even challenge economic analysis.

Rob Toutkoushian: Well, I see the two going together. You need some historical analysis to understand how things have evolved over time and put them in context. I think a lot of the time people like me, who are studying more contemporary issues, don't go back far enough to really see the driving forces behind the changes in our higher education system. We tend to take one or two little things and look at them, and I think historians might take more of a holistic approach towards looking at everything that was going on in the context of earlier times, trying to understand how that led us to where we are today.

Bruce Kimball: Yes, I think that is certainly true.

Rob Toutkoushian: We saw a big shift starting in the 1980s, with *A Nation at Risk* and then *No Child Left Behind* at the K-12 level, and the movement towards accountability and those kinds of things. Have historians looked at this, or thought about this? Or is that more the work of political scientists?

Bruce Kimball: Yes, historians certainly have written about the *No Child Left Behind* movement and the preceding Reagan-era shift during the 1980s in the extent to which state or federal governments should support higher education. And I think the common interpretation among historians that I have read—who tend to be more politically liberal perhaps than a lot of economists, which is something else we could talk about—is that they're very critical of shifting the burden of paying for education from taxpayers to the individual student.

Rob Toutkoushian: Oh, okay. Are you familiar with this book I've been reading? It's *Financing American Higher Education in the Era of Globalization* by William Zumeta, David Breneman, Pat Callan, and Joni Finney. It was a 2012 book. I think you'd find it really interesting, because it focuses on public policy changes in financing higher education. There are at least two chapters which I think give a really good historical view of changes in public policy towards higher education. I found it fascinating.

Bruce Kimball: No—I'm aware of the book, but I haven't studied it thoroughly. Now, are those two historical chapters about American higher education policy?

Rob Toutkoushian: Yes. I think the book's four authors came together and maybe divided up the chapters. And it does have more of an economic bent to it. David Breneman, one of the authors, is an economist, and I'm not sure about the others; but they definitely take an economic approach towards the topic, and I'd be interested in the viewpoint of a historian reading through some of those chapters. It would be interesting to know whether a historian would approach it differently or emphasize different elements.

Bruce Kimball: Well, I have corresponded a fair amount with David Breneman, particularly in regard to the financial history of higher education that Sarah Iler and I have published. Breneman was a pivotal figure in legitimizing Howard Bowen's view among economists writing on higher education. In about the year 1999, he contributed to an edited volume for the US Department of Education, and he was the first economist, I believe, who said that Howard Bowen's ideas deserved to be considered as much as William Bowen's cost-disease analysis, which had been emphasized much more by economists up to that point. So, I think David Breneman is very sympathetic to a more humanistic point of view, incorporating diverse intentions and motivations. In fact, his undergraduate major at the University of Colorado was in philosophy, before he went to Berkeley and earned a PhD in economics. So, he has a humanities foundation.

Rob Toutkoushian: Well, I think one problem we find in economics is sometimes there are people that are economists by training that want to study higher education, and they understand the industry, but they don't really know much about education. They bring their economics toolbox and come walking over to education and say, "Okay, now I'm going to start applying this to colleges—I can help you maximize your profits." And they're misunderstanding something that's really important.

Bruce Kimball: Yes. Let me ask you about disciplinary boundaries. I think history is often regarded as having very permeable boundaries. That is, people from other fields come in and think they can start doing history. And they do history. In fact, they can do

good history due to its inductive nature, because if you have an archive and you have a good question that no one's ever studied before, you can come up with totally original research and historical theses that are really illuminating. So, professional historians—I actually don't consider myself a professional historian per se—are sometimes resentful that they can't defend the boundaries of their discipline.

But in my experience, I would say economists are much more tribal than other disciplines in the social sciences and humanities. For example, I've published some articles in economic history journals, and I've published articles on legal doctrine in law journals, and I've found a big difference. When I have submitted an article to a journal that is reviewed by economists, there's often a sense of, "Who is this guy? He's not an economist! What right do you have to even submit this?" There's a kind of ad hominem resistance. Now, with legal journals, you would expect that law professors would have the same kind of tribalism that economists do. But I've found that law professors and reviewers don't get hung up on whether or not you're a lawyer or even went to law school. It's more about the arguments. They will dismiss you as much as the economists do, but they dismiss you based on the arguments made. Whereas it's much harder to get a foot in the door of an economics journal, if you're not a member of the tribe.

Rob Toutkoushian: Yes, I think there's something to be said for that. I think part of the issue is that everybody thinks they can be a historian. I mean, in every article that you write, when you have a literature review section, in a way you're doing history, as you're writing about the topic you're researching and what's happened with the topic. So you're sort of doing history, or pretending like you're a pseudo historian that way, and maybe that gives people too much confidence. They think, "If I could write a three-page lit review that summarizes financial aid policies back in the 1980s, then I could be a historian." But it's a lot different, it's a lot more complicated than that.

I think you're right about economists. We are very tribal. I always joke in my class about being a "card-carrying economist." And I say, "Well, when we get an economics degree, they give you a card, and you have to show the card at the door whenever you're doing anything." And economics is hard to understand, I think, just because of the language. We've developed this specialized language, which also works to keep people out. It's not just the big fancy words, it's also the mathematics. Try to pick up an economics journal and read it—that's part of the gatekeeping. Economists are trying to keep other people out, saying, "Here's our own internal language that we're using to talk with each other, and if you don't know this language, then we don't really need you in the debate." And I think it's a shame, because there are important things that economists could contribute to other fields about behavior if they could explain it to people and sort of open the door ... and learn from other fields as well if they opened the door to them.

Bruce Kimball: Yes. I have some colleagues who are card-carrying economic professors, and they tried to do a study of economic history. They were studying the historical use of "town commons," or common lands in New England towns. So, they did some original research, and they presented it to an audience of economic historians at an economic history conference. And my colleagues said that the economic historians were even more tribal and dismissive of other economists trying to do economic history. I don't know if you've had any experience with that.

Rob Toutkoushian: If you weren't a specialist in that area, they didn't want to have anything to do with you. Yes, another door you had to get through. I don't know, I haven't had much interaction with them. To be honest, aside from a colleague of mine who was in graduate school with me and went into economic history, I really haven't had much experience with economic historians. Now, remember, it's not the highest-prestige area within economics. Some of the professors will wonder why someone would study economic history. But then other people will counter with, well, maybe someone studies economic history because they really like doing this—it's an important area of study.

Bruce Kimball: Yeah, sure. I would like to go back to the question you talk about in your opening classes pertaining to the distinction between elite, prestige-seeking institutions and others in higher education.

Rob Toutkoushian: Sure.

Bruce Kimball: I've recently given some lectures on the history of higher education finance, and I was trying to make such a distinction, and some in the audience challenged me, saying that all institutions are trying to build fancy, palatial facilities and recruit superstar faculty and whatnot. And I argued, consistent with you, that that may be the behavior of the top 20 percent of college and universities, but not the bottom 80 percent.

Nevertheless, it does seem to me that the behavior and policies of the wealthy elite schools exercise great influence, even on state colleges and even community colleges. I grant that the non-elites may see their normal behavior as focused on education rather than prestige. But I think that particular financial tactics, such as running alumni fundraising campaigns, which historically were invented by the elite institutions and promoted by them, have proliferated throughout higher education. Every time you go to a college or university website, they have a "how to donate" button. Non-elites have adopted the financial tactics of prestige-seeking institutions.

Rob Toutkoushian: Or you're getting those phone calls and emails at night saying, "Give us money."

Bruce Kimball: Right. So, I guess this is a long-winded way of framing a question—to what extent do you think that the distinction between the prestige-seeking elite institutions and the rest of higher education, say the bottom 80 percent, is justified?

Rob Toutkoushian: Oh, I think it's justified. I do agree with you that some of the things that the elites are doing get copied or mirrored down the prestige chain, especially if there's pressure for the less selective institutions to try to do the same thing. You see this if you look at higher education—in general, there's a kind of ratcheting up. Every college wants to be better than what they currently are.

Bruce Kimball: Right.

Rob Toutkoushian: Your state college, they'll have their aspirational schools that they want to compete with—particularly, I think, in the area of research. That's where you see a lot of pressure. I believe that the toughest jobs for faculty members are at some of these state colleges and the less selective private colleges, because they want to compete. So they'll have tenure demands, where they want the faculty to still be publishing while teaching four courses per semester and advising a hundred students. They expect them to be able to publish work in these conditions, and it's really difficult.

Bruce Kimball: I agree with you entirely. And that's another example of how norms of the elite schools are pushed down the food chain. I think that competition really took

hold in the so-called golden age of the 1950s and 1960s, when the smaller institutions tried to become state universities. State teachers' colleges became state colleges, and then state colleges wanted to become regional state universities.

Rob Toutkoushian: And yet they'll never come out and say they're seeking prestige. You'll never hear them say it. But if you look at their admissions records, they're admitting 80 to 90 percent of the people that are applying, and that's quite different from a school like Princeton, where they are accepting 3 or 5 percent of those applying.

Bruce Kimball: Yes.

Rob Toutkoushian: So, let's switch topics here. What do historians think about the whole discussion and debate right now about student loans and borrowing?

Bruce Kimball: Hmm. Of course that's a very current issue. And I think there needs to be more historical research on the emergence of those loans. Drawing on his research, historian John Thelin has written about this in an op-ed for the *Washington Post* addressing the emergence of the Federal policies that facilitated loans.² That's an example of recent attention to the topic among historians.

Historian A. J. Angulo has also shed light on student loans and loan forgiveness. Much depends on the population of the students who are carrying burdensome debt. According to the data that I've seen, about 48 percent—about half of the students—are graduate students. You always hear this alarming figure: \$1.6 trillion of student debt. But the graduate students take on debt to complete degrees in medicine, law, and business, and their situation is quite different from that of undergraduate students who enrolled in for-profit institutions. That population represents about a quarter of the students carrying debt, but it has the highest debt and default rates. As Angulo has shown, what's happening with that group reflects the exploitative practices of predatory for-profit institutions. So historical research indicates that the real problem centers around undergraduate students who attended for-profit institutions—or institutions with few resources and little or no endowment—and incurred burdensome debt. What are your thoughts about it?

Rob Toutkoushian: Well, it's interesting because it's been in the news quite a bit, especially the last two years, and we've seen policy recommendations from people saying, "We have to fix this problem!" And as you know, there are debates over whether or not to forgive loans up to a certain amount. I think it's an important issue. But I also think it's overblown a bit. Another thing that they do with the data that people miss sometimes is they'll report a statistic on the average amount of debt students have among those who took out loans. And they're missing the fact that about 30 percent of undergraduates don't take out any loans. They're leaving all the zeroes out of the calculations. And if you add in those zeroes, it brings the overall statistic down by about 30 percent right there.

And then there are some other issues. You mentioned the for-profits, and I agree there. I think the concern is that the students have less ability to repay their loan once they get it. Their borrowing amounts are similar to those of students in private,

²John Thelin, "The 500-Year Path That Left Millions Drowning in Student Debt," *Washington Post*, Sept. 13, 2022, <https://www.washingtonpost.com/made-by-history/2022/09/13/50-year-path-that-left-millions-drowning-student-loan-debt/>.

not-for-profit schools, but they're less likely to be able to pay it back, because they can't get as good jobs after they graduate as the students in the not-for-profit schools.

But the other, trickier ethical issue relates to the choices people make. What about the kids who could go to college and stay in the state, versus go out of state and pay higher tuition rates, or go to a private school and have to take out loans to pay for it? Is it somehow right that we should forgive *those* loans? I have an example of that with my two daughters. They went out of state for their college education. They could have stayed in state and paid much lower tuition rates. We had conversations about it. I said, "Hey, look, if you're going to do this, it's fine if you really want to go to Ohio State instead of Indiana, that's fine. But recognize it's going to be an extra \$15,000 or \$20,000 per year, and you will probably have to take out loans for this, and you're going to have to repay them." Is it right to have other people pay for that difference?

Bruce Kimball: I see. Yes, individual choices do matter.

Rob Toutkoushian: I mean, I think we all feel bad for the students that couldn't afford to go to the in-state public school without loans. And perhaps they decided to major in education, or some other area where the level of pay is a lot lower. I think there's much more agreement that we help *those* kids out somehow. That's fine, but some of these other cases, it's harder.

Bruce Kimball: Good point. So when you say it's an overblown issue, do you mean the loan forgiveness is unjustified?

Rob Toutkoushian: More that it shouldn't be applied to everybody. When I say "overblown," I mean the statistics give a misleading impression about the issue. They make it sound too alarmist. You cited that \$1.6 trillion figure for debt, and when they put out a number like this, sometimes I think they do it to make it seem like, "The sky is falling, we have to do something here!" But if you're taking out the loans to go to medical school, you're going to be earning six to seven figures as soon as you get out. Most likely, you're still going to be able to repay that. You may not *like* to repay it, but chances are that you're going to have the income to do it.

Bruce Kimball: Right. That was my point about the first step being to identify what kind of debt a specific student population holds. Because it's quite surprising to realize that virtually half is owned by graduate students. Alarmist accounts are misleading when they introduce the \$1.6 trillion figure and then jump to talking about undergraduates at non-profit colleges, which is not accurate.

Rob Toutkoushian: And then the other issue relates to the kids that take out loans to go to college but then don't get a degree. Their earnings are significantly lower than the earnings of the kids who go to college and complete a degree. They borrowed this money, but they're not getting the financial reward that goes with having a college degree.

When kids go to college, they're taking a risk. It's a gamble. It's like gambling on any other thing, because there's a non-trivial probability that they're not going to get the degree. We've talked in policy circles about how we want to find ways of increasing graduation rates and retention rates, and there's a lot of emphasis on this. But still the most recent data shows only about two-thirds of kids who started a four-year college full-time will get a degree within six years. So there's a very real risk that they're going to be spending money, spending time, giving up income, and not getting the reward for it. So what do we do about that?

Bruce Kimball: You're talking like an economist now! I'd like to turn to the question of free community college. As a historian, I do have a particular take on it—which relates to student indebtedness—that I don't think has received proper emphasis. Free public high school systems were instituted at the turn of the twentieth century. Now here we are 120 years later, and educational attainment has risen markedly in the United States and throughout the world. You can definitely make the case that a community college degree today is proportionately equivalent to a public high school diploma 120 years ago. And I think the high school completion rate was perhaps 15 percent in the age cohort at the beginning of the twentieth century. So, it seems to me that the goal of advancing the educational attainment of those in the working class and middle class by using public funds to pay for community college is historically consistent and justified. What's your view?

Rob Toutkoushian: You're right—the interesting part about the history is that we have made decisions as a society about how much education is compulsory. Where are we going to draw the line? This is where historical research can come in handy, because you can document this and show that when we made this change, and we ratcheted this up; and then you can raise the question: Why do we draw the line at grade 12 *now*? You know, we certainly could move the line if that's what was desired.

Where economics comes in is trying to think about the justification we could use for this. I've heard some of the same arguments that you may have heard where people say, "We want more people to go to college." And I remember being in a discussion where policymakers were arguing that *everyone* should go to college. They were saying that 100 percent of people should go to college, because everybody would benefit from it. And I'm the economist in the room, raising my hand and saying, "Well, what about the cost?" Yes, everybody could benefit from it, but there may be some people for whom the cost of college outweighs the benefits. Are we going to force them to do it? So it really comes down to trying to think about it in terms of costs and benefits. The challenge, though, is that we can't really measure these things very well. You know, Congress can talk about the concept, and I'm more than happy to say, "Compare the actual costs and benefits," but trying to achieve that is tricky.

And then the other issue I'm concerned about is the "free community college movement," for two main reasons. First, if you look at the average price of community colleges, it's pretty low. Students can get financial aid assistance, and so, once you look at the net price that students pay for community college, it's very low. So we're really not fixing much of a problem. It's not like students have to come up with \$20,000 on average typically to go to a community college.

The second thing that a lot of people aren't talking about is the competitive impact of this. Let's say that we make community colleges free. On the one hand, that might entice more kids to go to college, kids that wouldn't have gone if they had to pay. So that's a benefit. But the cost might be that some kids who would have gone to a four-year college would now say, "Okay, this is also a college, so I'm just going to go for two years. I'll only have to put up with professors for two years instead of four or five or six. That's a lot better. It's going to save me money." But what does that degree get you? Will it get you employment in the kind of job that you want? Will it get you the pay level you want? There are some occupations where community colleges are great. For nursing and some other professions, it's a smart financial decision.

But for other areas, I do worry that it could actually reduce educational attainment if there are more downward transfers and students don't go on to a four-year college afterwards.

Bruce Kimball: Yes, I see. And I have heard some express a fear that if community colleges were free, then four-year institutions would argue, "Well, why shouldn't you fund *our* first two years? Because if you don't fund our first two years, students are going to choose community colleges—and might stop there, and not go as far as they otherwise would." Also, four-year institutions would say, "Hey, we're losing tuition revenue from students who are induced to go into the free community colleges."

Rob Toutkoushian: Yes, especially since the public four-year colleges have seen that state appropriations are making up a smaller and smaller share of their revenues. So imagine—in the light of that trend—you introduce this system where now their competitors are getting a big price advantage relative to them. You can see they're not going to be too happy about this.

Bruce Kimball: For sure. This leads to the whole question about educational attainment and the value of a college degree these days. I hear from many colleagues and friends who earned degrees, even graduate degrees, and are now questioning the value of getting a college degree at all. I think this questioning reflects some of the resentment that has been expressed towards higher education in general and particularly about the financial issues: debt rising and production cost and price increasing even as fundraising and endowments have grown dramatically. The production cost and price go up and up and prompt the question of whether college is worth it anymore, which is scary to me. And I think the resentment led to the TCJA, the Tax Cuts and Jobs Act of 2017, the excise tax on endowments. The popular support for that political position may have had a Trumpian contribution to it, but a lot of it manifested, I think, resentment about the finances of higher education.

Rob Toutkoushian: You know, there have been a number of studies where economists and other policymakers have done calculations—and I'm one of them—showing that on average, for students, the financial benefits greatly outweigh the cost. Now, it doesn't hold for everybody. And I think that's where you get people saying, "Well my cousin went to college, and now look, he's a barista at Starbucks, and he really wasted time," and that kind of thing. The critics use anecdotes as evidence against the hard data on average returns.

The other interesting thing that I talk about a lot in my class is that many of the benefits of college aren't financial. It's all of the social benefits that are really important that kids gain when they go to college. But we can't measure them, which makes it hard for us to convince these people about these benefits, things like just learning to work with others. When you go to college, you have to learn to live in a dormitory or an apartment and work with other people in all of your classes. And through all these things, you're growing up, you're learning how to manage money. These are important skills that kids learn when they go to college. But we economists have a real hard time attaching a dollar figure to it.

Bruce Kimball: And these skills contribute to professional success down the road. Another question in my mind today, in terms of this calculation of the benefits of a college education, is how far in the long run are the benefits calculated? I'm thinking particularly of the returns for the humanities majors, even theater majors. I've heard

and read about theater majors being denigrated by some non-humanists. But I think there's evidence that theater majors actually do pretty well in business in the long run.

Rob Toutkoushian: Well, our data hasn't been all that great. The data is getting better now, but we don't usually track people by degrees, and the interesting thing is that people move around with their degrees. You may get a degree in something, like you mentioned, and then move into some other field or occupation. I remember talking with a lawyer one time, and we were chatting about history, and education, and everything, and I asked, "So what do you think is the best degree to get to be a lawyer?"

And he said, "History."

Bruce Kimball: Indeed.

Rob Toutkoushian: He said history teaches you how to read; it teaches you how to see how an argument has evolved over time and see what forces are driving that. I would have thought the best degree would be just traditional pre-law. But he recommended that students major in history, because you'll have to do a ton of reading, which is what you have to do as a lawyer, anyway.

Bruce Kimball: Yes, and law is a historical discipline.

Rob Toutkoushian: But if you just looked at the salaries of somebody who's a history major, and stays in history throughout their whole life, you'd think that maybe that wasn't the best financial decision without taking into account the times history majors move into other areas, where they use those skills to be very successful.

Bruce Kimball: Right. You've mentioned data problems, which I've encountered in the history of higher education finance. In my research on the period prior to 1930, and back to the late nineteenth century, I looked to *Historical Statistics of the United States*, which is published by Cambridge University Press. But the data was weak because it relied on a 1970 study that was poorly documented and neglected the comprehensive primary sources, which are the reports issued by the US Commissioner of Education—ponderous tomes of a thousand pages or more. Thus, the financial data for higher education prior to 1930 in the *Historical Statistics of the United States* is unreliable.³

So here's my question, and it bears on another prejudice I have about economists, so prepare yourself! When I've talked to economists or encounter economists doing this sort of research, I have the impression they often prefer to consult datasets that they can access on their computers, and then they

will interpolate things that they can't fill in. In contrast, I think that for historians, you have to get into the original documents to really validate where you're getting your figures from. Nevertheless, I grant that the economic data about the production costs of education is so complicated and so multifaceted, it's mind-boggling. And it gets increasingly so through the twentieth century.

Rob Toutkoushian: Yes, I think historians and economists share this need to get data for a whole range of things. Our hands are often tied because we can't find the data that we want to answer the research question, or we can't find the documents that will

³Bruce A. Kimball and Jeremy B. Luke, "Measuring Cost Escalation in the Formative Era of U.S. Higher Education, 1875-1930," *Historical Methods: A Journal of Quantitative and Interdisciplinary History* 49 (2016), 198-219.

definitively prove something or give us all the information we need about how something was generated. For example, you might see a number for tuition. But what is really in there? How do I know if it includes fees, or has been adjusted for inflation? Who put it together? There's a lot of things like that that I think we both sort of struggle with. It depends on how far back you can go, and what kind of data sources you have. Economists do prefer hard data much rather than soft data. Rather than just survey people and ask, "What do you think about this? Would you go to college if we offered this choice?" Instead of that, we'd rather get data. We'd prefer to ask, "Did you go to college—yes or no?" So there is a preference for hard data.

Bruce Kimball: I am focusing on how you use the words *hard* and *soft*, and what you meant by those terms. It sounds like you're using *hard data* to mean quantitative data about behavior.

Rob Toutkoushian: That's right. Some economists analyze survey data, too. I mean, I do it. I've now published a number of studies using data based on student surveys. Economists are getting more comfortable with using survey data like that. It's useful in situations where you don't have any hard data. There's no way that I could measure somebody's intention to go to college or know what's in their brain.

Bruce Kimball: Well, that brings us back to Howard Bowen, and the question of assessing motivation. In educational studies, there's been a movement toward advancing so-called qualitative research and a particular kind of ethnographic data over the last forty years or more. And even though history is, in my view, an inductive discipline, as I said at the outset, I am somewhat—I shouldn't say skeptical, that's not the right word—but often I feel that ethnographic studies try to generalize inductively from what they find to an unjustified degree. Is this something you're familiar with?

Rob Toutkoushian: Well, I don't know a whole lot about ethnographic studies. To be honest, it's not the sort of thing that I would typically do. But I think it is a concern with people that do qualitative research. There is a temptation sometimes to try and generalize the results that you get from a qualitative study to a larger population. And the people that teach qualitative methods will always tell you, *Don't do that*. What you are doing with qualitative work is describing the experiences of the particular people that you've interviewed, and you can't really generalize the results to a larger group. But I can see the temptation to do that. If you interview ten students, and they're all saying something fairly similar, then you might start to think that this could apply to this larger group of students. But maybe it doesn't, and it's just an artifact of this small sample.

Bruce Kimball: So I think we agree on the dangers of over-generalization. And yet it seems that valuable and instructive insights can result when you interview the ten students, which brings us back to the question of history and economics research. An economist can make a study based on the survey of actual behaviors, asking: Did you go to college or not go to college? How many went to college, and how many didn't go to college? Yet, when you actually interview even just ten students, I think it often can reveal a complexity that the survey data itself doesn't reveal, because one brings one's own presuppositions to interpret that data.

Rob Toutkoushian: Exactly.

Bruce Kimball: And what you find to be the students' reasons for their choices can challenge your presuppositions in interpreting the data.

Rob Toutkoushian: I agree with that. And it can also help inform theories that you might use, or different kinds of models that you might test. So, for example, I did a study some years ago, where I was looking at high school graduation rates in the state of New Hampshire, and I developed a statistical model to try to see how socioeconomic characteristics of people in the community correlated with the pass rates on tests.⁴ I ranked high schools from highest to lowest based on value-added criteria. And I remember being interviewed about the ten high schools on NPR, and the interviewer asked me *why* these were the top ten schools. What was it about them? And I replied that I couldn't tell from the quantitative method that was used. This is where qualitative methods could be helpful. And so, then the State of New Hampshire went in, and they interviewed teachers and principals and others in these ten schools to find out, at least from their perspective, what was making them work so well, why they had higher-than-predicted graduation rates.

Bruce Kimball: Right.

Rob Toutkoushian: But without the quantitative analysis, the State wouldn't have known which ten schools to look at. You might be looking at the totally wrong ten schools and asking them what they are doing right. And all of a sudden, you're saying, "These ten schools said they do this"—and then the policymakers and administrators roll it out for everybody else, and it doesn't really help things.

Bruce Kimball: I see. So the ten schools might be over-performing from what you would expect based on the socioeconomic profile of the communities.

Rob Toutkoushian: That's right. Because I was concerned that schools get rated based on the percentage of students that pass the state tests. You'll see this even if you move into a community or something. You look through the ads on properties and realtors will say, "This house is in this good school district." But you're wondering, *How do they know that it is a good school district?* And they'll often point to how students from the school fare on the state test—"Look at our pass rates on the state test!" And then you look around, and you notice that, yes, this high school is located in a town where there's a big college and a lot of people are college educated, and the average income is very high. And you know that all of these other socioeconomic characteristics are absolutely very different from other places. And sometimes this happens in higher education, too—we tend to rank colleges based on things like the profile of the students. But it's quite different from Harvard to Kennesaw or some other public school.

Bruce Kimball: Yes, there's the question of "value added." I mean, do Harvard or Princeton really add value? Because after all, they are the most selective in admitting students.

Rob Toutkoushian: Right. And we get into that question in the study. Because self-selection is driving all of that. I tell people the students at Harvard probably would have done great anywhere. So does Harvard really add value? You could probably argue that a much less selective public school adds more value.

Bruce Kimball: For sure.

⁴Robert K. Toutkoushian and Taylor Curtis, "The Effects of Socioeconomic Factors on Public High School Outcomes and Rankings: Evidence from New Hampshire," *Journal of Educational Research* 98 (2005), 259–71.

Rob Toutkoushian: But we don't really have enough good data that we can track. We haven't figured out how to tease out that self-selection part, which makes it hard to make all these policy decisions that we want to make. Is it a good choice to go to Harvard instead of going to someplace else? And what if you took an average high school student and dropped them into Harvard? How would they do? Some policy-makers argue that if we took average students and put them in Harvard, they would do just as well as the other students. But no, probably not. They might be less likely to graduate, and they might have lower GPAs, or be less likely to get jobs comparable to those of the other kids that are at Harvard. But how much less, we don't know.

Bruce Kimball: Here is where I think historical research has something to contribute both to economic research and to ethnographic interview research. Of course, there is overlap among all three because economists' quantitative data is usually diachronic and reveals historical trends, while historians often draw upon interviews that are informed by ethnographic scholarship. Nevertheless, historians can make at least three contributions, I believe. First, they dig into archival documents that inform quantitative data and ethnographic interviews. In addition, strong historiography requires knowledge of the broader social, political, and cultural context that also informs quantitative data and ethnographic interviews. Finally, historians—by definition, of course—identify the origins and past trends of current phenomena, which can reveal that the present taken-for-granted “common sense” is not at all commonsensical or inevitable, but historically created due to certain contingent circumstances.

Additional Readings

- Angulo, A. J. *Diploma Mills*. Baltimore: Johns Hopkins University Press, 2016.
- Bowen, Howard. *Investment in Learning: The Individual and Social Value of American Higher Education*. Revised edition. Baltimore: Johns Hopkins University Press, 1997.
- DesJardins, Stephen L., Robert K. Toutkoushian, Donald Hossler, and Jin Chen. “Time May Change Me: Examining How Aspirations for College Evolve during High School.” *Review of Higher Education* 43, no. 1 (2019): 263–94.
- Gándara, Denisa, and Robert K. Toutkoushian. “Updated Estimates of the Average Financial Return on Master's Degree Programs in the United States.” *Journal of Education Finance* 43, no. 1 (2017): 21–44.
- Gong, Hee Jung, and Robert K. Toutkoushian. “High School Students' Expectations and College Aspirations: Causes and Consequences.” *Educational Policy* 38, no. 1 (2024): 254–81.
- Horn, Aaron S., Olena G. Horner, David A. Tandberg, Robert K. Toutkoushian, and Shaun N. Williams-Wyche. “The Effect of State Appropriations on College Graduation Rates of Diverse Students.” *Journal of Education Finance* 49, no. 1 (2023): 26–64.
- Kimball, Bruce, and Benjamin A. Johnson. “The Beginning of ‘Free Money’ Ideology in American Universities: Charles W. Eliot at Harvard, 1869-1909.” *History of Education Quarterly* 52 (2012): 222–50.
- Kimball, Bruce. “The Disastrous First Fund-Raising Campaign in Legal Education: The Harvard Law School Centennial, 1914-1920.” *Journal of the Gilded Age and Progressive Era* 12 (2013): 535–78.
- Kimball, Bruce. “The First Campaign and the Paradoxical Transformation of Fundraising in American Higher Education, 1915-1925.” *Teachers College Record* 116 (2014): 1–44.
- Kimball, Bruce, and Jeremy B. Luke. “Historical Dimensions of the ‘Cost Disease’ in U.S. Higher Education, 1870s-2010s.” *Social Science History* 42 (2018): 29–55.
- Kimball, Bruce, and Benjamin A. Johnson. “The Inception of the Meaning and Significance of Endowment in American Higher Education, 1890-1930.” *Teachers College Record* 114 (2012): 1–32.
- Kimball, Bruce, and Jeremy B. Luke. “Measuring Cost Escalation in the Formative Era of U.S. Higher Education, 1875-1930.” *Historical Methods: A Journal of Quantitative History* 49 (2016): 198–219.

- Kimball, Bruce. "The Rising Cost of Higher Education: Charles Eliot's 'Free Money' Strategy and the Beginning of Howard Bowen's 'Revenue Theory of Cost,' 1869-1979." *Journal of Higher Education* 85 (2014): 886-912.
- Kimball, Bruce (with Sarah M. Iler). *Wealth, Cost, and Price in American Higher Education: A Brief History*. Baltimore: Johns Hopkins University Press, 2023.
- Shafiq, M. Najeeb, and Robert K. Toutkoushian. "Perceived Returns and Regrets among College Graduates." *Education Economics* 32, no. 5 (2024): 686-702.
- Toutkoushian, Robert K., M. Najeeb Shafiq, and Michael J. Trivette. "Accounting for Risk of Non-completion in Private and Social Rates of Return to Higher Education." *Journal of Education Finance* 39, no. 1 (2014): 73-95.
- Toutkoushian, Robert Kevin, and John C. Smart. "Do Institutional Characteristics Affect Student Gains from College?" *Review of Higher Education* 25, no. 1 (2001): 39-61.
- Toutkoushian, Robert K., and Michael B. Paulsen. *Economics of Higher Education: Background, Concepts, and Applications*. Dordrecht, The Netherlands: Springer, 2016.
- Toutkoushian, Robert K., and Taylor Curtis. "The Effects of Socioeconomic Factors on Public High School Outcomes and Rankings: Evidence from New Hampshire." *Journal of Educational Research* 98 (2005): 259-71.
- Toutkoushian, Robert K., and Nicholas W. Hillman. "The Impact of State Appropriations and Grants on Access to Higher Education and Outmigration." *Review of Higher Education* 36, no. 1 (2012): 51-90.
- Weisbrod, Burton Allen, Jeffrey P. Ballou, and Evelyn Diane Asch. *Mission and Money: Understanding the University*. Cambridge: Cambridge University Press, 2008.
- Zumeta, William, David Breneman, Pat Callan, and Joni Finney. *Financing American Higher Education in the Era of Globalization*. Cambridge, MA: Harvard Education Press, 2012.