



Socioeconomic inequality in access to high-status colleges: A cross-country comparison



John Jerrim^{a,*}, Anna K. Chmielewski^b, Phil Parker^c

^a University College London, London, United Kingdom

^b University of Toronto, Toronto, ON, Canada

^c Australian Catholic University, Sydney, Australia

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ABSTRACT

This paper considers the relationship between family background, academic achievement in high school and access to high-status postsecondary institutions in three developed countries (Australia, England and the United States). We begin by estimating the unconditional association between family background and access to a high status university, before examining how this relationship changes once academic achievement in high school is controlled. Our results suggest that high achieving disadvantaged children are much less likely to enter a high-status college than their more advantaged peers, and that the magnitude of this socio-economic gradient is broadly similar across these three countries. However, we also find that socio-economic inequality in access to high-status *private* US colleges is much more pronounced than access to their *public* sector counterparts (both within the US and when compared overseas).

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1. Introduction

In the United States, being able to access high quality college education is thought to be an important determinant of later economic success (Haveman & Smeeding, 2006; Bowen, Chingos, & McPherson, 2011). Yet young people from disadvantaged backgrounds remain underrepresented in the undergraduate population, particularly within high-status institutions (Bowen et al., 2011; Alon, 2009; Bastedo & Jaquette, 2011; Boliver, 2013). Graduates from such institutions tend to earn more in the labor market (Black & Smith, 2006; Hoekstra, 2009; Long, 2007; Walker & Zhu, 2013) due to the social networks they form and the additional skills and cultural capital they develop. Graduation from a high status college also sends a “quality” signal to employers (Rivera, 2011). Improving access to prestigious colleges is thus vital to ensuring disadvantaged children have equal opportunity to succeed.

It is unclear the extent to which the US stands out internationally in the degree of stratification of its higher education system. Other countries, including England and Australia, also have well-defined elite university sectors. Research from these countries indicates that English elite universities also confer substantial labor market rewards (Hussain, McNally, & Telhaj, 2008) and have high levels of socioeconomic inequality in admissions

(Boliver, 2011). Despite numerous similarities between these three countries (e.g., language, culture, economies, income inequality, educational achievement, university attainment rates, historical ties), there are also reasons why elite college access may be more socioeconomically unequal in the US than England or Australia. This includes differences in the cost of tuition, provision of financial aid, geographic dispersion of high status universities, and the complexity of the admissions process. However, to date no single study has compared socioeconomic inequality in access to elite colleges across multiple national contexts. This paper fills this gap in the literature.

Since students entering elite universities have higher academic achievement – indeed elite institutions are explicitly defined by their selectivity – it is important that prior achievement is accounted for when examining socioeconomic inequality in college access. We conceptualize the role of academic achievement in terms of the direct and indirect effects (also known as secondary and primary effects) of socioeconomic status on an educational transition (Boudon, 1974; Jackson, Erikson, Goldthorpe, & Yaish, 2007). ‘Indirect’ effects are due to the higher academic achievement of higher SES students, while ‘direct’ effects are those factors influencing educational transitions above and beyond scholastic achievement—including financial resources, knowledge of the application process, information, and family connections.

Our contribution to the literature is therefore three-fold. To our knowledge, this is the first paper to examine qualitative differentiation of higher education in a cross-national comparative context,

* Corresponding author. Tel.: +44 7590761755.
E-mail address: J.Jerrim@ioe.ac.uk (J. Jerrim).

where the qualitative dimension of interest is ‘high status’ universities rather than academic or vocational orientation. Second we examine the extent to which academic achievement in high school drives socioeconomic differences in access to high-status universities, using measures of high school achievement that are more cross-nationally comparable than those of prior studies. Finally, distinct from other comparative studies, we consider differences between elite public and private universities in the US, and how access to these compares to high status colleges internationally.

2. Country overviews and hypotheses

Table 1 provides key information about Australia, England and the United States. Overviews of school-to-college transitions are provided below.

2.1. Australia

Young people graduate from high school at approximately age 18. This is a prerequisite for undertaking an undergraduate degree. University entrance is then determined by young people’s course grades (Tertiary Entry Rank—TER) during the last two years of high school. High TER scores are required for entrance into more prestigious universities. **Table 1** illustrates that 37 percent of young people enter college, with 10 percent attending a high status Group of Eight institution (these are all public sector universities).

Tuition costs are heavily subsidized. Students do not pay for their tuition upfront. Rather a low-interest, income contingent loan is provided, which only has to be repaid after graduation and once income reaches a particular threshold. Hence, if a graduate fails to find a job, they do not have to pay back any of their loan. Research on access into and returns from high status universities within Australia is very limited. The authors know of no studies to have considered economic returns, while only **Jerrim and Vignoles (2015)** has considered SES differences in access. Nevertheless, **Table 1** illustrates that at age 25 Group of Eight graduates earn, on average, US\$44,600 compared to US\$42,000 for other graduates. This difference in wage returns (US\$2600) is slightly lower than in England and the US (see **Table 1**).

2.2. England

Young people in England can choose to leave school at age 16. Those who remain typically choose three or four subjects to study for a further two years (‘A-Levels’). Teenagers apply to college during their final year in school. Up to six subject-institution combinations are ranked by preference, with high status colleges and subjects requiring high A-Level grades¹. **Table 1** indicates that 39 percent of young people enter college, with 12 percent attending a high status Russell Group institution (these are all public sector universities). Bachelor’s degrees take three years to complete.

Up to October 2012, the period to which our empirical data refers, the maximum tuition fee was £3465 (\$4300) per year. Almost every university charged this amount, but no tuition fee had to be paid up front. Rather, students received an income-contingent loan, at a zero real interest rate, to cover the cost of study (greatly reducing the financial risks of college attendance; **Chapman & Ryan, 2005**). This loan has to be repaid after graduation at a rate of nine percent on all income over £15,000 (\$23,000). Any remaining debt is written off after 30 years. Low-income families were also provided grants worth £3000 (\$4000) per year.

There is a small literature on access to and returns from high status universities in England. Both **Chevalier and Conlon (2003)** and **Hussain et al. (2008)** estimate the high status wage premium to be approximately six percent, while **Macmillan, Tyler, and Vignoles (2013)** and **Power and Whitty (2008)** suggest they are also more likely to obtain professional employment. In contrast, **Walker and Zhu (2013)** argue that most of the elite university wage premium is likely to be due to selection effects. **Chowdry, Crawford, Dearden, Goodman, and Vignoles (2013)** and **Anders (2012)** suggest that family background has little impact upon access to high status colleges once school grades have been controlled. In contrast, **Boliver (2013)**, **Jerrim and Vignoles (2015)** and **Hemsley-Brown (2014)** suggest that substantial SES gaps remain, even after conditioning upon high school achievement.

2.3. The United States

Approximately 89 percent graduate from high school at age 18 (**Table 1**). College application begins in the last year of high school. Test scores, grade point averages, course selections, extracurricular activities and personal essays are all considered by selective institutions (**Bastedo & Flaster, 2014**). However, many selective private colleges also have policies of admitting children whose parents have graduated from the institution (“legacy” applicants—see **Golden, 2007; Stevens, 2009**), with acceptance rates up to five times higher than for non-legacy applicants (**Golden, 2010; Bowen & Bok, 2000**). 44 percent of young people enroll in four-year colleges, with 13 percent attending ‘more selective’ institutions (Carnegie classification). The private sector accounts for 37 percent of enrollment in full-time four-year undergraduate degree programs (**NCES, 2011: Table 203**).

The cost of college education is high and varies greatly across institutions. Average sticker costs at high status institutions are about \$29,000 per year, though this rises to around \$40,000 for those in the private sector (see **Table 1**). However, some elite institutions offer generous financial aid, while other forms of financial aid are also available (e.g. federal and institutional grants, subsidized loans). Some authors have thus argued that it may be low SES students’ lack of knowledge of college costs, rather than an actual lack of affordability, that is driving the low proportion of disadvantaged students enrolled in high status institutions.

There is an extensive literature on high status college access and returns. **Black and Smith (2006)** suggest that the college wage premium is approximately six percent, though using data from one flagship state institution **Hoekstra (2009)** puts returns as high as 20 percent. Conversely, **Dale and Krueger (2011)** argue that such returns are largely due to selection effects, and that – barring some subgroups (e.g., traditionally disadvantaged students) – there is little economic benefit to attending a more selective university.

A number of studies have shown that young people from low-SES backgrounds are under-represented in high-status colleges (**Pallais & Turner, 2006**). Although some have argued that this can essentially be explained by SES differences in standardized test scores (**Bowen, Kurzweil, & Tobin, 2005**), others have found that large family background effects remain even once prior achievement has been controlled (**Roksa, Grodsky, Arum, & Gamoran, 2007**). Possible explanations include: a lack of information about aid and application processes at selective institutions (**Hoxby & Turner, 2013**); tuition costs (**Hill, Winston, & Boyd, 2005**); geographic dispersion (**Hill & Winston, 2010**); and the impact of legacy applications (**Hurwitz, 2011**). This literature also examines “under-matching” – high achieving, low SES students attending lower status institutions than they are qualified for (**Bowen et al., 2011; Bastedo & Flaster, 2014; Kurlaender & Grodsky, 2013**). Thus, the literature on selective college access is much more extensive than in most other countries (including England and Australia). A key

¹ No distinction is made between “major” and “minor” subjects. Students apply to a specific program offered by that college.

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