Kasie Whitener (00:05):

Tuesday morning, welcome into Moore Impact. I'm Dr. Kasie Whitener, I'm your host for Moore Impact, and today with me is Dr. Lois Miller, who is a assistant professor in economics at the University of South Carolina's Darla Moore School of Business. Of course, this is Moore Impact. So what we like to do with Moore Impact is to share what our researchers and our practitioners are doing inside the Moore School and share with our point family how that affects Columbia, how it affects South Carolina, how it affects the United States, and of course the world on that, like global level. If we can say we're changing the world, one economics paper at a time, like why wouldn't we say that? Right. So, welcome in Dr. Miller. I'm glad to have you here.

Lois Miller (00:42):

Yeah, thanks so much for having me. It's great to be here.

Kasie Whitener (00:45):

Okay, so tell us a little bit about your journey. How did you get to the Moore School? Where did you study what's your specialty focus? Things like just monologue it. Sure.

Lois Miller (00:53):

Yeah. So I, I am relatively new here. I just moved to South Carolina in August, so started my position as an Assistant Professor in the economics department last semester. And so I graduated from the University of Wisconsin Madison last spring. So I just got my PhD in economics and Congratulations. Thank you. Thanks. So this is my my first real job. I like to say <laugh>. But no, it's been good. I've enjoyed Columbia so far. Getting to know everyone in the Moore School and just kind of continuing on with my research and my teaching.

Kasie Whitener (01:26):

What was your undergraduate and your graduate degrees? What, what are those, what were those degrees and what were you studying while you were doing that?

Lois Miller (01:33):

Yeah, so I got my undergraduate degree in mathematics from DePaul University. I'm a small liberal arts college in Indiana. Okay. and then I went straight from that into my PhD in economics. And so I did that at UW Madison in Wisconsin. And that, yeah, so that was in economics. And most of my research is focused on the economics of higher education. So broadly I'm, you know, what you might call a labor economist or a public economist. But really what I focus in on is the economics of education and specifically thinking a lot about colleges. Yeah.

Kasie Whitener (02:05):

Higher ed and the value therein and return on investment and all that. I wanna get into your research here in a minute and talk about what we can expect to see and some of these policies that are coming out to try to address college tuition. But before we do that, what do you think of Columbia? You've been here, you went through, if you got here in June, it was crazy hot when you first got here.

Lois Miller (02:25):

Yes, yeah, it was very hot when I first moved here, especially coming from Wisconsin where you

Kasie Whitener (02:30):

Know, imagine that's a little bit from Indiana, Wisconsin, and it's like, oh, by the way, I'll just go put myself in the, you know, the joke about Columbia is that the only thing that separates us from hell is a screen door <laugh>. Right. So like it gets that hot here in Columbia, so Yeah. Yeah.

Lois Miller (02:44):

Yeah. I've lived my whole life in the Midwest, so this is my first time kind of coming down to the south. But no, I like it. And especially like last week when we were having that 70 degree weather, I was like, okay, this is pretty nice in February,

Kasie Whitener (02:57):

I can get into this in February. Hundred percent. Yeah, I bet they're not doing that in Wisconsin in February. No,

Lois Miller (03:01):

No way. <Laugh>.

Kasie Whitener (03:02):

<Laugh>. Alright. That's awesome. So as you got here and you moved here, of course you're new to the department you get to orientation with all these other new professors and things like that have, how have you found the Moore School? What do you think of our, of our school?

Lois Miller (03:13):

I've really liked it. Yeah. I mean, the econ department is like super friendly and collegial. And same with the other departments in the Moore School. So we all kind of have our offices on the fourth floor there. And so, you know, there's the econ department and then we're next to finance and accounting and all the way around there's all these different departments. And I get to meet a lot of people like in the lunchroom and everything. So it's been overall great experience. Everyone's very welcoming. Good.

Kasie Whitener (03:37):

We've got a new dean, which has been really exciting. So Dean Verma in his second year now with this idea of a brand new strategy of how we're gonna go about doing things at the Moore School. So you're in at a great time. So my colleague Geoffrey Graybeal came in last year too, and I told him the same thing. I was like, you're in at a really good time where like things are shifting. They're, they're moving a little bit. And your department chair, Orgul has been here before Dr. Ozturk has been here. And she talks a lot about what the economics department is trying to do, especially with the Center for Economic Policy. So she calls it Epic. Mm-Hmm. The Economic Policy center. Right. Epic. And what they're trying to do, and a lot of what you guys are working on is recognizing how policies impact real people out in the world and then delivering those results back to a lawmakers, legislators and saying to them like, Hey, just be aware this policy works. That policy doesn't, maybe we should do more of this policy and less of that policy. Right. Yeah,

Lois Miller (04:34):

Yeah. For sure. No, it's something I'm really passionate about is trying to think about how can we bring the research that we're doing in academia to actually thinking about how it affects policy, how it can affect just people out in the world. And so, you know, thinking about in what situations is the research that we're doing gonna be relevant to which groups and how can we explain it in a way that it could actually, you know, make some impact out in the world?

Kasie Whitener (04:56):

Yeah, a hundred percent. When thinking about how these papers take so long, right? The research takes a really long time and then getting it drafted and getting it worked up and then getting it published, right. Putting it into academic journals takes a long time too. There's sometimes a four to five year gap between the time that the research was actually conducted and the time that the research gets into these academic journals. But then sometimes it goes the journals and it's, and it dies there. Yeah. Like, nobody ever, other than other academics, nobody ever reads it. So trying to bridge that gap really is what, not only what Epic is about, but also what Moore Impact is about. That's what the whole show is, is trying to help you guys bring all this brilliance that you are uncovering and that you are analyzing and figuring out into the forefront. So we've got a break coming up in just a minute. So I want to like start by introducing your topic of research. What is your primary area of focus right now?

Lois Miller (05:44):

Yeah, so I study economics of education, mostly higher education. So various topics within that. One paper that I've been working on lately is about the effect of transferring between colleges, how that impacts students and how that kind of impacts, you know, their earnings later on and those kinds of things. But generally I'd say that I just focus on kind of access to higher education, who gets access, and then the impacts of higher education as well. So how does what type of college you go to affect, you know, what type of job you get later and the rest of your lives. And then particularly how do we think of education as it kind of exists in when thinking about inequalities and kind of, you know, who gets these opportunities and how does it have different effects across different types of students?

Kasie Whitener (06:28):

There's a ton of people who are interested in this particular research because I think a lot of conversation is happening right now about whether or not sending everybody to a four year college, sending everybody to a residential four year college, sending everybody to trade school, right? Like, how do we figure out where our high schoolers, and selfishly I have a high schooler, right? So I'm interested in like, how do we figure out how to navigate those high schoolers or point those high schoolers in the right direction? And it seems like some of your research, some of your findings are gonna help us sort of parse out, like how do people perform after college based on what their college experience was?

Lois Miller (07:05):

Yeah, exactly. And trying to think about how can we help students and families make the best decisions for them in terms of when they're thinking about what type of higher education they wanna pursue

Kasie Whitener (07:14):

Good. And figuring out what that career might look like mm-hmm <affirmative>. And what it's going to require, what it's going to need. We know there are some careers that require a level of higher education, like the one that you and I both have, right? Mm-Hmm <affirmative>. As being instructors at the Moore School. But then there's other careers that don't necessarily require that level. And so figuring out what does your kid wanna do and then what's the right path to get them there? And some of that research that we're seeing in terms of what are the overall impacts of, I love the idea of the transfer students too, because we see that a lot where students will start with a two year college because it's less expensive to be a part of a community college system. They, a lot of times they'll tell me like, they don't wanna spend the money on a four year college degree when they don't know what they wanna do. Mm-Hmm <affirmative>. And then they'll transfer in and you have papers that address that specific thing.

Lois Miller (07:55):

Yes. Yes. And thinking about kind of what is the effect of starting at a two year and transferring to a four year and for which types of students might that be a good investment and for which types of students might it not be. Right.

Kasie Whitener (08:05):

And now did you do any granular work on the actual majors that these students are in?

Lois Miller (08:10):

Yeah, I did think about, you know, kind of the, the types of majors that they were in. You know, in that paper specifically what I'm thinking about is, you know, a lot of students who are starting at a two year and they're all applying to transfer, some of them actually get in and transfer and some of them don't. Okay. For those students, you know, who were intending the whole time to transfer to a four year college they tend to be more of like a general liberal arts major. At the two year,

Kasie Whitener (08:33):

We're gonna come right back with Dr. Lois Miller. We're talking about college education and the right choice for students. We'll be right back

Kasie Whitener (08:52):

Tuesday morning means it's Moore Impact day here at the point. And Kasie Whitener here with Dr. Lois Miller, we're talking about college education and making the important choice of choosing which college and what that journey's gonna look like. As far as students are concerned, the idea behind more impact is to share research from the University of South Carolina is Darla Moore School of Business, which of course is the number one international business school in the nation. We have a tremendous amount of researchers, really good work being done in the economics department with the economic policy center. And to bring that data and that information, those, those papers that they're writing into the light here so that our local listeners, our local point family, but also our legislators and policy makers can hear what you guys know and understand about what's happening out there. Like what the results of these things really are. So as we were going to break, you were talking about transfer students and individuals who make the choice of, Hey, I'm gonna go to a two year college, maybe because of finances, maybe because of the location. And we talked a little off the air about the location of that two year school too. So you can give us a, a little bit of the findings of that particular study.

Lois Miller (09:58):

Yeah. So in that paper, basically what I'm trying to ask is, say that you are a student at a two year college and you are interested in transferring to a four year college, but maybe you're kind of like on the lower end of academics. So your GPA is kind of low. You're kind of right on the edge of being able to get into a four year college or not.

Kasie Whitener (10:16):

And this is the GPA in high school or the GPA at the at at the two year college. At

Lois Miller (10:20):

The two year college, okay. Yes. Yeah. And so basically what I do is I think about two students who are applying to a four-year college. And one of the big, you know, challenges in research overall is just that if we're interested in the effect of something, so say we're interested in the effect of transferring to a four year college on students' earnings, we can't just compare the earnings of students who transfer to those who don't transfer because those two groups of students are different. Right? And so if we do that, that's gonna give us kind of this biased estimate of what we think the impact of transfer is. Okay. But there are some kind of special strategies that you can use to actually get a causal effect to kind of make sure that those two groups are being compared fairly, basically. Okay. So what I'm doing in this paper is I'm thinking about two students who have a GPA in their two year college.

Lois Miller (11:03):

They're applying to transfer to a four year college, but that four year college is gonna use some kind of cutoff in terms of who they admit. Okay. So it might be something like if you have a 2.0 GPA, then we're gonna say you get automatically admitted. Whereas if you have below 2.0, you still might get in, but you're not gonna be guaranteed. So there's gonna be some kind of jump in your, you know, likelihood of being admitted right at that 2.0 cutoff. Okay. So then what I do is I compare a student who has basically just over a 2.0 to a student who has just under a 2.0 and you know, these cutoffs can be at any different point along the GPA. So it, it's kind of pooling across a lot of different students. But that's kind of the general idea. Gotcha. And then what I do is I say for those two students, the one who had the slightly higher GPA, they actually get to transfer. And then later on I'm gonna say, okay, how about 10, you know, up to 20 years later, let's look at your earnings. Are you earning more than a student who wanted to transfer? Wasn't actually able to. Okay. and I should mention also the data for this paper is coming it's administrative data from Texas. So this is kind of specific to the Texas environment. But you can think of some of the lessons as being more broad, you know, right. Across South Carolina or other states.

Kasie Whitener (12:07):

So aside from GPA and whether or not they got admitted, what are some of the other reasons that a student may not transfer from a two year school to a four year school?

Lois Miller (12:15):

Right. Yeah. So there's a lot of reasons why a student might never intend to transfer to a four year school. So a lot of times, you know, we think of community colleges or two year colleges kind of having this dual mission. On one hand they can prepare students to transfer to a four year college who want to get a bachelor's degree, or they can actually be given kind of these terminal degrees themselves, more of these vocational type education. Right. So you might get

Kasie Whitener (12:37):

Associate's degree in nursing, for example. Exactly.

Lois Miller (12:38):

Yeah. Something like that. You know, maybe a student starts at a two year college, they never intend to get a bachelor's degree, but they're just gonna get a two year degree in nursing or something like that. And then they're just gonna go straight into the workforce from

Kasie Whitener (12:49):

There. Right. Okay. Good. We were talking a little bit off the air about the proximity of these universities and how the willingness to travel, 'cause this is a different paper you were talking about. If the university is nearby what is the likelihood that these students will go students in specific demographics? Can you explain that paper as well?

Lois Miller (13:08):

Yeah, sure. So what we're thinking about in that paper is what we call kind of community college deserts. So there are a lot of places in the United States where, you know, students live there, but they don't have actually access to any college nearby. And especially one of these community two year colleges that are kind of open access. You don't have to apply to get in, anyone who has a high school degree can enroll in a two year college. Right. So we think of them as being able to serve, you know, broad, you know, lots of different types of students.

Kasie Whitener (13:36):

Right.

Lois Miller (13:36):

But a lot of students, you know, they actually don't have a two year college that close to them and that can affect, you know, whether they're going to go to college or not. And so what we find is that if you live in a community college desert, which we define as being, you know, 30 minutes driving time from the nearest community college for students who are higher income or white and Asian students who live further from a two year community college, they're actually more likely to say, okay, well I'm not so close to a two year. I'm gonna go to a four year college instead

Kasie Whitener (14:03):

And be a resident, move from where I'm at and go be a resident at that four year college. Yeah,

Lois Miller (14:08):

Yeah. Probably potentially. I mean you, they could maybe be commuting depending on exactly where it is, but I think most of them would be moving and, and living at that four year college. Gotcha. And getting a bachelor's degree.

Kasie Whitener (14:17):

And those particular demographics, white and Asian students Yes.

Lois Miller (14:19):

And higher income students. Gotcha. So they kind of do the split two different ways. One is looking by race, and the other one is looking by like a proxy for income which is whether you have free and reduced price lunch in high school. Right. So so for those higher income and the white and Asian students, if they live further from a two year, that actually increases their education because what they do instead is get a bachelor's degree rather than an associate's. Right. But for lower income or black or Hispanic students who live further from a two year college, they actually just drop out of college altogether. They say, well, I'm not living near this two year college, then I'm just not gonna go to college at all. And they end up getting no degree.

Kasie Whitener (14:54):

Gotcha. What are some of the, or do you know of any of the sort of policies or approaches or proceed? Is there anything out there that people are talking about? How do we, how do we fix this? How do we address the distance gap between where the student is and where we want them to go, which would be either that 30 minute commute to the two year college or the trans, you know, really transplanting themselves into a four year college?

Lois Miller (15:21):

Yeah, so I think like the most direct way to think about this would be where are we placing our colleges? And, you know, policy makers actually do make choices about where colleges are gonna be placed. You can see over the years there have been various mergers. Some colleges have been closed, some new colleges have been opened. And so there's is kind of saying if you're thinking about where do you wanna place a college, what our research is kind of pointing to is maybe you wanna think about placing it in a community that has a lot of lower income or, you know minority students who would really benefit from living near a two year college. So that's kind of the most direct way. You could also think about other types of policies that maybe, you know, increase transportation for those types of students, maybe subsidizing different types of transportation or increasing outreach. You know, maybe people who live further from a college, they're just not even that aware of what opportunities exist. If we were to kind of increase outreach to them, then maybe they would be willing to travel that distance to go to the college.

Kasie Whitener (16:13):

Right. And give them an opportunity to get that higher degree. And I was thinking about this with the University of South Carolina at Union because USC Union is a two year campus mm-hmm <affirmative>. And I have at least one student who went to USC Union for two years and then transferred into Carolina in Columbia. And it was just because she wasn't ready to leave home. She was, she lived in Union, she liked it in Union. And so she said, well, I'll just try this college thing at USC Union and then eventually transfer in. So when we think of the University of South Carolina as a system where they put those locations, Saatchi for one, Bluffton Union, Lancaster, all these different satellite campuses, those could be strategically located in communities where there's not a two year college in Midlands Tech, for example, available to them. And so we've got this instead this two year version of the University of South Carolina.

Lois Miller (17:00):

Yeah, definitely. And especially if there are kind of ways to ease that transfer process between the two year college and the four year college, so that if students do eventually wanna get a bachelor's, they could maybe start at a two year college that's closer to home because, you know, maybe they can't move away. You, you might have some obligations taking care of family or you have a job back home or something like that. Right. and so to kind of just increase that access, but kind of going back to the transfer paper, one thing that I find in that paper is that it's actually not beneficial for all students to transfer from a two year to a four year. Good. So for these students who are kind of right on the edge of just barely getting into the four year college, I actually find those who apply and are denied admission earn more later in life than those who are just barely accepted and do transfer.

Kasie Whitener (17:44):

So would you consider that to be that the two, the, the folks that got that two year associate's degree, right. If they're not gonna get admitted to the four year college, they start going to work, does that give them a longer earnings period or does that mean that they go into some kind of skilled trade or skilled labor trade where they're instead going to be applying for, you know, apprenticeships and things like that and working maybe just down a different trajectory than a bachelor's degree would take them?

Lois Miller (18:08):

Yeah, it's kind of a mix. So, you know, the, the sample that I'm thinking about in my paper are mostly students who are not going into a specific skilled trade. Okay. Because they are, you know, intending they, they want to transfer to the four year, they usually have kind of a general liberal arts degrees at the two year. Okay. There are a lot of other students though, who go to a two year college exactly like you say, to get one of these trades. You know, maybe you get a associates in nursing or something like that. Right. And then they're actually able to earn a lot by just going straight into the workforce there. Right.

Kasie Whitener (18:38):

Right.

Lois Miller (18:38):

For the students, you know, in, in my paper that I'm thinking about, there's kind of a lot of different reasons why they're potentially, you know, those who transfer are not having as good of outcomes in terms of earnings as those who don't transfer. You know, one I think is kind of this, it's very difficult for students to transfer from two year to four year colleges. And especially in Texas, which is, you know, this the setting that I have. But I think this carries over to a lot of other states as well. There's not a whole lot of support for students after they transfer. It can be very difficult for them to kind of make friends, to make connections, all of those kinds of things. And so then later on that can actually impact their earnings as well. If you don't have as good of a network after you transfer that might have these long lasting negative impacts on your earnings. Yeah.

Kasie Whitener (19:20):

I can see that. We've got some student, I've had students that have transferred in that have reached out to me like, Hey, how do I get involved? How can I participate? I know, you know, on the entrepreneurship side, Hey, I know you guys are doing this, I know you're doing that. How can I plug in in that way? Right. Like, how can I participate? And, and some of that is because they weren't there for that freshman year, that sophomore year. They didn't join the clubs, the sororities, the fraternities. They weren't part of that initial sort of friendship forming piece. And so here they are as juniors trying to, to find their way into groups that maybe have already been formed. Yeah, I can imagine that would be tough for them.

Lois Miller (19:52):

Exactly. It's very difficult. And I think, you know, there's a lot of kind of structures in place for first year students who are coming in as freshmen to, you know, join these clubs, these kinds of things to start making these connections. Everyone's new and so they're all kind of open to getting to know each other. Right. There's a lot of, you know, so what I do as an economist is, is primarily quantitative work. Thinking about, you know, how do different types of things causally impact, you know, these outcomes, those kinds of things. But there's a lot of other work more in like sociology and in education scholars who do this qualitative work, which is more like interviewing students and asking them about their experiences. Right. And I've used a lot of that to inform my own work. And they're the ones who kind of find out these things, talking to students where they say, I feel isolated after I transfer, I don't feel supported. You know, it's very difficult for me to kind of integrate into this new community. And so I can kind of use that to interpret why am I seeing, you know, these quantitative effects that

Kasie Whitener (20:48):

I'm getting. Right. And my classmates already have their friends, they've already made their project teams. Like I've noticed that specifically and I noticed it too with our exchange students. Mm-Hmm <affirmative>. So the ones that come over and they're only here for a semester or they're only here for a year, it's harder for them to pick project groups. It's harder for them to sort of get assimilated with the other students who were there because there's this pre-established, you know, we were all freshmen together. Scenario on the other side of the break, we're gonna talk about the price of tuition and what some state legislatures are doing to try to control that and rein it in and whether or not it's working. We'll be right back.

Speaker 3 (21:23):

<Silence>

Kasie Whitener (21:40):

Welcome back into Moore Impact. Kasie Whitener here with Dr. Lois Miller. We're talking about her research on academia and specifically the experience that students have while pursuing higher education, whether at a two year school or four year school, whether they're gonna transfer or not. And now I wanna talk about this tuition conversation. 'cause The first paper you sent me that I was reading last night was talking about the idea that tuition is wildly out of control, right? Like that I think everybody knows that. Everybody knows that college tuition is wildly outta control. And as I was describing this paper to my sister, she goes, she's allowed to say that stuff while she's in the university because you're talking about the ways that the university is manipulating their funding structure to ensure that they're getting the maximum available to them through tuition dollars. Even if the state legislatures are saying, Hey, you can't raise your rates.

Kasie Whitener (22:35):

Hey, you have to cap 'em at this amount or this percentage, or whatever. And so this paper's pretty revealing in terms of talking about all the different ways that universities find to make sure they're meeting their budget. And I'm, I'm not in any way to try to cast the university in a, in a way that they're doing underhanded things. They have budgets, they have bills they have to pay, so they have to figure out where that revenue is coming in. But explain to our audience just a little bit what this paper, what, what was the question you were pursuing with this question, with this paper? And then like what did you find out?

Lois Miller (23:05):

Yeah, so in this paper we're thinking about these, this policy tool that a lot of state governments use that are called tuition freezes or tuition caps. And so a tuition freeze will be when they say, okay, we have public in-state tuition that is at the public four year colleges, and it's at some level we're gonna freeze it, basically not let universities raise it from year to year. So that would be, you know, no nominal increase in tuition. If it's $10,000 this year, it's gonna be $10,000 next year. There's also a lot of what we call tuition caps, which are similar to that, except you're able to raise it a little bit. So maybe say you're only able to raise it 2% from year to year or something like that. And so in this paper we're asking

Kasie Whitener (23:44):

Hang on real quick, when did these things become popular? Like when did state legislators start messing around with how universities charge? Like was this something that came up over the last 10 years? Was it, has it always been this way? Like is this a recent phenomena?

Lois Miller (23:59):

So it goes back pretty far, but it's become more and more popular lately. So in our paper, our data goes back to 1990. Okay. And you do see, you know, a good amount of tuition freezes and caps happening in the nineties, but they're becoming more and more common kind of in the early 2010s. And then, and then, you know, up until recently.

Kasie Whitener (24:17):

When people started blowing whistles and alarms about how wildly outta control college tuition was getting

Lois Miller (24:21):

Right. This whole kind of thing about college affordability, how can we you know, attack that? How can we make it easier for students to have a more affordable education? But, you know, one of the main things, first of all that, that we're thinking about in this paper is this difference between sticker price tuition, which is what is kind of the listed the number that you see. If you say what is the tuition for University of South Carolina for in-state students and net price, which is gonna be what students actually pay because students get financial aid from different sources. What actually matters to them more is the net price, which is gonna be that sticker price minus whatever financial aid they're getting Right. In the form of grants and things like that.

Kasie Whitener (24:59):

And that sticker price is what you're seeing in US News and World Report.

Lois Miller (25:03):

Exactly. Yeah.

Kasie Whitener (25:03):

Yeah. That's, that's where parents are looking at it and going, yeah, that looks like a great school because it's $175,000 a year. Like of course it's a, and the idea that people believe that the value of the school is related to the amount of money you're paying for it. And so that seems to be one of the things that like drove this crazy inflation was like, people starting to say like, well, our school's not expensive enough, therefore it must not be good enough. Right?

Lois Miller (25:26):

Yeah, yeah. But it's also, you know, if, if we think like, oh, the cost of tuition has gotten out of control in recent years, to some extent that's true. But if you look at the net price, it really hasn't grown that much. And in actually the past, like few years, like since 2020, it's actually been kind of coming down that the net price of, of college for students. And so even if the sicker price is exploding, it might not mean that like the cost that students are actually paying, and especially if we think about different types of students, those who are lower income versus higher income, what they're having to pay is not getting as out of control.

Kasie Whitener (25:57):

So, and again, 'cause my daughter's a high school junior, I'm super selfish and, and wanna know like the specifics of this, like what I should be looking for. So when we think about how that net price gets adjusted, what are some of the mechanisms that the colleges are using to adjust that net price?

Lois Miller (26:11):

Yeah, so there's a lot of different places that students can get financial aid from. So a lot of it comes directly from the federal government. So that's things like Pell grants that you'll hear about, which is you fill out, you know, a form it's called the FAFSA to try and get your financial aid when you're thinking about going to college. And then you'll get some aid from the government and you can take that to any college that you want to go to. So if I get a Pell grant, I can use that at University of South Carolina, or I could use it at Clemson, I could go wherever I wanted with, with that money.

Kasie Whitener (26:39):

And that's the federal government paying cash directly to the universities, basically. Yeah. So there's a certain number of those students that they want to admit because those are guaranteed payments.

Lois Miller (26:47):

Yeah, yeah. Okay. So this is, you know, they can take that with them wherever. You can also get scholarships from from private insti organizations, those kinds of things. But then the one that we're gonna be focused on in our paper is thinking about these institutional financial aid. So that is like a tuition discount that's given by the University of South Carolina to a student who's considering attending there. And they say, we will, you know, basically mark off, you know, take some part off your tuition, give you some financial aid, but it's only for if you come here right. To the University of South Carolina.

Kasie Whitener (27:18):

So let's, I wanna break that down. I wanna understand exactly how this works. First of all, who <laugh> who makes the decision about this? Like who at the university in, in our organization is, is spending time thinking about this? Like is it a specific financial aid office? Is it the bursars? Or like who, who's doing the, who's doing the, the magic here? Yeah,

Lois Miller (27:38):

I'd say it's be like a combination between the admissions office and the financial aid office. Okay. So, you know, thinking about what students are we going to admit to the university and then what kind of financial aid package are we going to offer them?

Kasie Whitener (27:50):

And those financial aid packages in terms of they're variable, right? Like yes, all students are gonna get something different. Or we've got categories of like A, B, C, and D. And depending on the qualifications, the student gets a and that student gets d

Lois Miller (28:04):

Yeah. There it can be totally different from student to student. And there's two different types of financial aid. There will be need-based financial aid. And that's basically for if you're lower income or you know, if you have financial need, you can then get some aid you know, from institutions, from governments, those kinds of things. And then there's also merit based aid, which is more like, oh, you have really good academics. We wanna kind of pull you to come to this university even though we know you have other options. Right. And so we're gonna give you a discount to try and get you to come here as a good student. That kind thing.

Kasie Whitener (28:34):

<Laugh>, a friend of mine was talking about her sister having gone to Clemson and the way she described it was, they're really stingy with their scholarships <laugh>. And I started laughing. I was like, yeah, I could, I could see that I could, you know, at, at, at some point you gotta figure out like where as a university student, a potential student, where do you stand? How are you competing against these others? Because if these are about, hey, we really want these, you know, the best and the brightest here, we're making these adjustments. Okay, so in your paper you start talking about the different states that are these different state policies. How does the state policy affect the university? Number one? Like when does it come down? What do they do about it? And then that kind of gets our financial aid department sort of scrambling to figure out what can we do to try to bring the revenue in?

Lois Miller (29:13):

Yeah. So basically what happens is that the state government will tell public universities you are not allowed to raise tuition as much as you wanted to. Something like that. And so then the university comes back and they think, okay, how am I gonna make up for this revenue that we're losing out because we're not able to raise tuition like we wanted to. And oftentimes when there are these regulations, these tuition freezes and caps, they're only on the sticker price tuition. And so what we find in our paper is that what universities do instead is they adjust their institutional financial aid. And so they say, okay, you're not letting me raise the sticker price tuition as much. I'm just gonna give out less financial aid. And you can actually have this kind of unintended consequence, which is that the students who are getting that institutional financial aid tend to be the lower income students. And so then when we, you know, cause the university to pull back on that, we're actually giving more of a benefit to richer students rather than to lower income students who might actually end up having to pay more when there's a tuition freeze compared to if there wasn't a tuition freeze.

Kasie Whitener (30:12):

Right. And they're, they're not necessarily paying more in comparison to their wealthier classmates. Their wealthier classmates are still probably paying out of pocket. Right. More. Right. But the likelihood that they will be able to afford to even attend may be reduced. Right, right. If they have to pay more I tuition, that leaves them less money available for housing, for food, for transportation, things like that. Yeah,

Lois Miller (30:34):

Yeah, exactly. So they're paying more than they would have to if there was no tuition freeze that ever happened. That's kind of, you know, the situation that we're thinking about. And it's because they're getting less of that institutional financial aid

Kasie Whitener (30:46):

And we think about the long-term impacts of this. How far out did you guys look at in the overall outcomes? So if these students are going to graduate and they come out with, you know, a, a higher level of debt, if they ended up taking out loans to be able to pay this, did you guys look at like what those earnings look like and things like that afterwards?

Lois Miller (31:02):

Yeah, so unfortunately with this paper, we don't have student level data. We're using college level data. And so we can't do as much kind of looking with specifically the outcomes of those students. But what we can do is kind of look at outcomes over time at the college level. And one other thing that we find is that, you know, during these tuition caps and freezes universities, they do lower, you know, the, the tuition, the sticker price tuition is lower than it would be if they didn't have that regulation. They also bring the aid down. But then we also find that after the capper freeze is over, so say that the state government puts it into place for several years and then they say, okay, we're gonna remove this freeze the universities rapidly re increase the tuition interestingly. And so by the time we get three to four years later, they're basically caught up to where they would be if there had never been a tuition freeze or cap.

Kasie Whitener (31:47):

Financially. Financially,

Lois Miller (31:49):

Yes. Okay.

Kasie Whitener (31:49):

And yet the students who came in under the freeze right. And paid a certain amount of net price in those first two years, now the freeze is gone. Those prices go up, they're gonna pay more in their third and fourth years.

Lois Miller (32:02):

Yeah. Potentially, depending on, you know, where they are. And that's one thing that we do in the paper is we kind of say, look, when you use these types of policies, you're kind of creating these inequalities across different types of students, right? One is kind of this lower income versus higher income student, but the other one is just the timing that you enter university. If you happen to enter during the freeze and then you're in school for the whole four years, you know, when it's under the freeze versus someone who enters right after the freeze, they're gonna pay very different amounts just because of, you know, what year they happen to enter the university.

Kasie Whitener (32:33):

This, to me, number one, it's fascinating as being, you know, a member of the university, knowing that that that tuition is part of the revenue that helps to fund all of us to go out and be in the classroom and teach to these, to these are, I think of them as my customers, right? These are my frontline customers. I'm in front of them. If they're getting what they need, if they're getting what they want, all of that is good for me, right? Mm-Hmm <affirmative>. Like I feel good about all that when we're delivering programs through the entrepreneurship center. Same thing. Like these are our customers, bring them in, teach them what they need to know, let them feel like they had a great experience so that when they go out there, they know they're making these loan payments, but they're like, yeah, but I got exactly what I paid for. I definitely feel like this was the right investment for me. And so it concerns me when we think about like how some of my students maybe making a bigger investment, maybe unintentionally, because it's not even their fault that the tuition isn't the same in the first two years as it was in, in the last two years, or vice versa, right?

Lois Miller (33:25):

Yeah. Yeah. It just kind of, it's, it's almost random in terms of when they happen to be the age they're gonna be going to college. And that can depend, you know, how much they happen to pay for college.

Kasie Whitener (33:34):

Wow. Alright, we are gonna run to break. On the other side of the break, I wanna think about some of the other unintended consequences of these tuition freezes because I know that the tuition freeze might play well on the campaign trail. It might be something that constituents are like, yeah, they froze the tuition way to stick it to academia. But on the flip of that, it's always, always the students who end up having to pay the bill at the end of the day. And so I wanna talk on the other side what some of the alternatives might be to this and how do we actually get that college spending under control if tuition freezes aren't really the answer. Net price versus sticker price. Man, this is a fascinating conversation as I'm thinking about my kid going up to college next year. <Laugh>, it's Kasie Whitener. I'm here with Dr. Lois Miller from the economics department and also the Economic Policy center. It's more impact and we're talking about the impact of college tuition prices here in South Carolina. Don't go away.

Kasie Whitener (34:45):

Welcome back into more impact. Kasie Whitener here with Dr. Lois Miller from the economics department. We've been talking about the economics of college tuition and specifically these policies that are, like I said, they play well on the campaign trail. We're gonna freeze tuition, we're gonna prevent the universities from being able to charge too much those big bad institutions of, you know, academic learning or whatever <laugh>. But, and the way the universities then figure out how to work around that from their budget perspective. And so while we were at the break, I asked you about the difference between the sticker price and the net price. And you said it can be vastly different.

Lois Miller (35:21):

Yeah, definitely. And so like on average, students pay much less than the sticker price in terms of tuition. So the average student will not be paying what you see as kind of the listed sticker price, but there is a ton of variation across students. So some students will pay that full price. Those tend to be wealthier students who aren't getting any financial aid. Some students will be paying barely anything because they get a lot of financial aid either from this need based because you know, they are lower income or from merit based like, you know, for their academics. Right.

Kasie Whitener (35:51):

And especially if you have the double combo, right, where like you're, it's a need based, but then on top of that, you're an extraordinary student, right? And so of course the university really, really wants you here and they want you to come and study. Does the cost of tuition or have you studied at all whether or not the cost of tuition or these, the net price affect their enrollment, how long they stay? I mean, are students more likely to graduate if they have a lower or or a higher, like have you seen any of that?

Lois Miller (36:17):

Yeah, definitely. So thinking about, you know, different prices that students have to pay that will first of all determine what university they choose to go to. If you have a much lower net price at University of South Carolina than some private institution that you're interested in, you, you'll be more likely to come to, you know, the one with the lower net price. And then it can as well, you know, students who have more resources that they can persist longer and be more likely to graduate. And so there is some research as well kind of looking at if we give students more grants or we lower the tuition that they have to pay, will that increase their chances of graduating? And the answer is generally yes.

Kasie Whitener (36:51):

Nice. All right, so let's talk about what the alternatives are. So how do we get this under control? I mean, if the price of tuition is high, if students are being deterred by it, if they're choosing a two year college because it's less expensive and we know that two year college transfers to four year colleges don't have as much success in the long run, how do we make sure that that four year residential experience is affordable and accessible for people?

Lois Miller (37:20):

Yeah, so I think one of the kind of easiest things, I mean I say easy, but it actually is quite difficult. But things that we can do is actually just giving students better information because a lot of students, they see the sticker price and then they think, oh, I can never afford to go there, so I'm not even gonna apply. They don't know that if they were to apply, they would get this big financial aid package and their net price would actually be much lower. So I think the first thing that we can do is just kind of, you know, try to translate what's going on to students and their families and make them aware that they're not necessarily gonna have to pay that sticker price. And even if it looks like this huge number, what you're actually gonna pay in net price could be much smaller.

Kasie Whitener (37:58):

That's incredibly important information, which we're obviously giving to folks right now which is awesome. Where else would they expect to learn about this? I mean, is it at a school by school basis or can their guidance counselors be trusted to be sharing this information with them?

Lois Miller (38:12):

Yeah, hopefully their guidance counselors could be helping them. There's also, you know, data that is available from the federal government. So you can see like the college scorecard data, we'll show you on average what sticker prices are and you know what net prices students actually pay. But oftentimes, you know, if there's a specific college that someone's interested in, if they just reach out to the admissions office, the financial aid office, they might not be able able to tell you exactly what you're gonna get before you actually apply. But they can give you a sense of, okay, you tell me some information about yourself, this is probably likely to be what kind of financial aid package you might get.

Kasie Whitener (38:44):

That's good stuff. Okay, so now talking to our policy folks our, obviously our policy makers are concerned about the overall cost of education. They're concerned that fewer people are going for a four year education because of this cost of education. They're concerned that our universities are spending like drunken sailors and therefore not, you know, reigning in their costs or not being good stewards of the money that's coming their way. What should our policy makers be looking for? What questions do you think they should be asking to try to figure out how to reign this in?

Lois Miller (39:16):

Yeah, I mean I think the first thing to think about is just that, you know, this also for the policymakers to think that this sticker price going up doesn't necessarily mean that the costs are out of control. Like the cost of education is actually different than the price of education, which is what students are going to pay. And so depending on the type of university, there are a lot of different costs. So large research universities, you know, they are not only educating students, they're also producing research and doing these other types of missions. Whereas, you know, smaller universities, they might be primarily focused on educating students. And so I think the first thing is, you know, think about how, what types of costs are going in and what's the mission of the university and what do we want to support in terms of those things. And then, you know, the other thing is if you're thinking about regulating tuition with something like a tuition cap or freeze to just be aware of these potential unintended consequences, unfortunately, I feel like a lot of times economists are the ones who come in and they're like, Hey, that thing that you wanna do, it might not work how you think it's going to,

Kasie Whitener (40:15):

Right? Right. You keep using that term, but I don't think that's the one you wanna use <laugh>. Like maybe that's not the right way to go about this. I mean, I think, and in general, everybody wants people to get a university degree or higher education that they feel is worth the return on investment, that they feel like, okay, I spent this amount of money, I spent this amount of time and now I have this career that I have because I have that degree. And when we think of that like very basic ROI model, the question is like, how much did I spend on this particular career? And so the other question I would have for you is like, and I don't know if you've got any data around this, but when we think about what the university offers in terms of different disciplines of study different degrees and things like that, is there anything the university can be doing to make sure that it's identifying what the potential ROI would be for some of these? I'm not saying charge the computer science kids more. I'm not saying that <laugh>, I might be saying that, but I mean there are, there are some degrees that are clearly higher earning degrees than some others like early childhood education. So is there a way that the university can be doing, you know, a little bit more due diligence around, hey, these students that are coming into some of these disciplines, it's not fair to saddle them with this kind of, you know, loan burden on the other side?

Lois Miller (41:28):

Yeah, absolutely. And there actually are some universities, including the University of Wisconsin where I got my PhD that does charge this kind of surcharge to some of these more popular and more higher earning majors. So business and engineering, you actually have to pay more tuition if you wanna do a business or engineering major at the University of Wisconsin, which is kind of interesting because it's like, oh, well you're gonna make it back. So potentially the university can get more out of those students. Right.

Kasie Whitener (41:52):

There will be alumni donors. Right, right. But it sounds like uber surge pricing too.

Lois Miller (41:57):

Exactly. It's

Kasie Whitener (41:58):

Like, oh, but that's really popular, so we're gonna charge you more for it. Yeah,

Lois Miller (42:01):

Yeah. Okay. But I think it's also, you know, and this is important when thinking about all economics research, especially regarding to education, you know, getting an education is not just about earning more. And so we don't necessarily wanna say, oh, you can't go do that major because it's not gonna earn very much. And especially in

Kasie Whitener (42:17):

These one one mean, unless it's your kid <laugh>

Lois Miller (42:19):

<Laugh>,

Kasie Whitener (42:19):

If it's your kid, you have like every right to be like, don't do that. You're never gonna make any money outta it. <Laugh> just putting that out there for our parents that are listening, you have a hundred percent, you have my permission at least to be like, no, don't do that. You're not gonna make any money.

Lois Miller (42:31):

Yeah, no, and I mean for sure you do wanna think about it as an important factor, right? And, and often I feel like, you know, 18 year olds, they're not necessarily thinking about that when they're deciding what to study. Right. And so it is an important factor, but also, you know, as a society, we don't just want everyone to go into the highest paying majors. And so I think that's kind of where some of these policy tools can come in as well. Like one of the big ones you know, from the federal government is the public student learn public student loan forgiveness. So it's PSLF mm-hmm <affirmative>. And that's basically if you take out student loans, you go to college, but then you go into one of these kind of service type industries, like you're a teacher or something like that, you can actually end up getting that loan forgiven later. Mm-Hmm <affirmative>. So it's basically like you get some money back for kind of serving the community. Right. And I think those types of models can be thought of, you know, at a state level as well, or even in at an institutional level, like can we maybe give some tuition breaks to students who are interested in these types of roles that are gonna be more like serving the public later on

Kasie Whitener (43:27):

When we think about the university making these choices in terms of applying different federal aid packages and that sort of thing, and reducing the sticker price to the net price that these individual students are gonna be paying. Is there, or do you think there should, is there any research or is there any kind of conversation in economic circles around what the university's liability for this is? And what I mean by that is like they don't underwrite the loans, so they're not really on the hook for this tuition that the student's gonna end up having to pay. And if they drop out or if for whatever reason they have to discontinue college or if they end up in a degree in a a career that is not a very high earning, you know, career. The, the university doesn't have any, there's like, other than they're not gonna be alumni donors, they don't really have a lot of impact from that. So is there any conversation in economic circles around like, how do we make the university give the university a little bit more ownership of this other than simply trying to meet their budgetary needs?

Lois Miller (44:21):

Yeah, exactly. And I think that's kind of one of the main reasons that most student loans come from the federal government is because there's this like, commitment problem, which is that, that, you know, you can't take any collateral when you're basically giving a student a loan. It's not like a house or a car where you can say, okay, if you don't pay it back, then I'm gonna seize your house. Right. You know, like with a mortgage. And so that means that there's, there's not so much of a private market for student loans, which is why most of them come from the government. Right? The government basically steps in says, this is something that's gonna be good for society, good for the public, people getting education, but we don't have this private market for it, so we're gonna offer it. Right? So that's one of the main things. But like you say, there are some of these newer types of conversations of thinking about how can we get the university really invested? So these are sometimes called income share agreements. And this is something where like rather than just getting a traditional loan for the government, a student might come in and the university will say, you don't have to pay any tuition if you come here, but then later on you're gonna have to give us X percent of your income. I like it to pay

Kasie Whitener (45:19):

Us back. Those kinds of things. There's like an equity piece to that that's very entrepreneurial to say, okay, well then, and then for the next eight years or 10 years, and this looks a little bit like our military academies, which do the same thing, right? You don't pay anything to go to the United States Naval Academy. They pay for all your room and board and your food and everything, your uniforms, everything is paid for at the Naval Academy, but then you have to go serve in the Navy for five years. Yeah. You have to go work in the Navy. That will be your job for at least five years, right?

Lois Miller (45:47):

Yeah. Yeah. You can think of it very similarly to that. And you know, there's pros and cons of those kinds of things. One of the pros is that right then the university's gonna be really invested to say, we really wanna get this person to the finish line. Make sure that they get a good job after they graduate, because we're gonna be getting some of that income back, right? It can also have some cons, which is then the student, if they say, I'm gonna have to pay a lot more money, they might go into a lower earning field.

Kasie Whitener (46:09):

So much to talk about, so much knowledge. Thank you so much, Dr. Miller. I appreciate you being here. This has been more impact. When you learn more, you know more. When you know more, you do more.