

[Transcript] Plain English with Derek Thompson / Why Elite College Admissions Are Biased Toward the Superrich

You may find this hard to believe, but 60 songs that explain the 90s, America's favorite poorly named music podcast is back with 30 more songs than 120 songs total. I'm your host Rob Harvilla, here to bring you more shrewd musical analysis, poignant nostalgic reveries, crude personal anecdotes, and rad special guests, all with even less restraint than usual. Join us once more on 60 songs that explain the 90s every Wednesday on Spotify.

Today's episode is about a big new study on college admissions at America's most elite colleges and what it tells us about wealth and education and fairness in America.

Now, we know fancy schools, Ivy League, MIT, Stanford have a lot of rich kids. It is a fact that a child from the richest 1% of families is 77 times more likely to attend an Ivy or equally selective college than a child from a family in the poorest quintile, the poorest 20%. This month, a group of economists looked at why this is happening. Why do elite schools have so many super rich kids? And what they found is that, yes, kids from rich families do have higher SAT scores. They do apply to elite colleges at a higher rate.

But even after accounting for that, they are still overrepresented at Harvard, Yale, Duke, all those places. In fact, and this is the money stat, for applicants with the same SAT score, kids from families in the top 0.1% were more than twice as likely to get into school as an average student with the same SAT score. The richest essentially have twice the advantage of getting into these schools, even if you keep academics constant. Now, a lot of people who read the study had the exact same reaction. They said, the Supreme Court has just banned affirmative action by race, but the most famous colleges in America essentially practice affirmative action for their plutocratic offspring. We'll talk about that interpretation in just a second.

The second finding of the paper might be even more interesting. It goes to the question of, why does this even matter? Why does it even matter if you get into a fancy school? You take two 17-year-olds, same grades, same extracurriculars, same drive. Let's just make them twins to control

for genes. I'm making up the story so I can do whatever I want. You send one of them to Yale.

The other gets rejected, ends up at a public flagship, UNC, University of Michigan.

Does it even matter to their lives? This paper says yes, and it answers the question in a really interesting way that I think is you're about to hear. We end up having a little bit of a debate around. But that question, I think, raises an even deeper issue, which is why even care about these schools in the first place, like 99% of people who go to college didn't go to these hyper-elite institutions. So who cares? Well, I care. And to be honest, I think you care too.

Do you care about American law? Well, practically every Supreme Court justice the last 40 years has gone to one of these schools. Do you care about American government? Well, a quarter of the Senate

went to one of these schools. Do you care about the biggest companies in America, the richest firms in America? Well, one in eight Fortune 500 CEOs went to an Ivy League school or an equally selective college. These are the schools that mint the American elite.

And if you don't care about American law or American government or American capitalism, why even listen to the show? So yeah, I think it is simultaneously true that 99% of people who go to college don't make contact with these institutions and also that they really do matter. Today's guest is a co-author on this really fantastically interesting paper, the Harvard economist David Deming. David and I talk about just about all of this.

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I'm Derek Thompson. This is plain English.

David Deming, welcome to the podcast. Thanks for having me, Derek. I'm excited to be here. So before we get to the actual findings of this paper, I would love to know where you got this data because I was thinking about this as a journalist. Like if my editor told me, Derek, we need you to figure out whether, A, elite colleges discriminate against the poor, and B, to figure out what exactly is the benefit of even being admitted to college like Harvard or Yale actually is by connecting the marginal admissions of students to their outcomes in the labor force after they graduate. I'd be like, that is a really, really hard question to answer. You have answered it in this paper. How did you get this data? Well, Derek, it was a long and winding road, as you might imagine. It really involves a lot of, I mean, I'd say for the better part of a year, maybe even two years, my co-authors and I traveled the country convincing college presidents and admissions officers and other people in universities to give us the keys to the kingdom. And I think it wasn't easy. We weren't always sure we were going to be able to do it. But I think fundamentally, a lot of these folks are mission driven. They really are in the higher ed business because they believe in what they're doing, and they want to be part of improving American higher education. And so I think they wanted to be a part of the study and we convinced them that we would handle their data securely and we worked at it. And that's how we got it. I mean, and then we had to link it to IRS records, which took a while. And then during COVID, we weren't allowed to use the data and so on and so forth. So it was definitely a long and winding road. It took five, maybe six years to do the whole thing. But hopefully it was worth the effort. And so grateful to not only my co-authors and the research team, but also all of our client partners, the Climb Initiative, which is the organization we started to do this research, has almost 400 colleges and universities as a part of it. They enroll about three and a half million students a year. It's about 15% of the entire undergraduate population in the US. This study focuses on so-called ID plus colleges. So it's the Ivy League plus Stanford, Duke, Chicago and MIT. But I think the study has important implications for the rest of higher education and we plan to do more studies with the rest of our partners. So it's definitely been a team effort.

So you went around begging, which is frankly how I get a lot of my data. I just go around just begging people who have access to the data. I'm like, hey, please, I could really use this. And then they say, you know, no, we won't give it to you and I keep begging. Tell me what question you wanted this paper to answer and tell me what the first main finding of this paper was. Yeah. So the main finding of the paper, there's really two main findings of the paper. The first one is the one that has received the most coverage, which is who gets in to one of these elite schools and why. And that is where we show the, I think, important stylized fact that was on the front page of the article in The New York Times that said basically four students who have essentially the same SAT or ACT scores. So look at two applicants who have the same test scores. If that applicant is from a family from the top 1% of the income distribution, they're more than twice as likely to be admitted as an applicant again with the same test scores who's from a middle class family. And in the paper, we dig into why that is. What is the source of that advantage? We show it's mostly admissions. It's not about differences in application or yield, let's say, because some people don't need financial aid and some do. It's not that,

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it's really admissions. And it's, there's sort of three components that explain all of it. And we can dig into those later. That's legacies, recruited athletes and both of those groups. Again, it's not just those preferences. This is those students tend to be from higher income families. And so giving a tip to recruited athletes and giving a tip to legacies tends to lead to having more wealthy students in your college. And then the third factor is that students from high income families tended, again, among those who have the same SAT and ACT scores,

the students from high income families tend to have very high ratings on things like extracurriculars and leadership, non-academic factors that gave them the nod over families from middle or low income backgrounds. And so that's the first part of the paper. That's received the most attention. The thing I'm most excited about in the paper and the thing that I was most surprised by is the second part, which is the outcomes of it. Like is all this, is this Ivy League college admissions blood sport like really worth it? And I expected, based on past research, and maybe some of my own prior beliefs, to be honest, the answer would be no, not really. But the answer is yes, it actually is really worth it. Students who are admitted off the waitlist to one of these schools, compared to students who are rejected off the waitlist, are about 60% more likely to be in the top 1% of income at age 33 themselves. They're twice as likely to be at a top 10 graduate school, and they're about three times as likely to work for a prestigious firm in a variety of sectors. Think about like top law firms, top consulting firms, research hospitals, prestigious universities, and so on. So it really does seem to make a difference. And that was surprising.

So two really big media questions. Number one, are America's most elite colleges biased toward the very rich? I think this paper could suggest absolutely yes. And number two, does it even matter if you get into Harvard, if you are otherwise just going to end up at UNC, or University of Michigan, or Penn? And your answer to the question is yes, it really does matter. I would actually debate whether or not that is the most reasonable conclusion to draw from your own research. I'm very excited to have that debate in just a few minutes. Let's stick with the first part of the paper. That's right to use there. So I saw a lot of people, including Harvard professors, say the most important message from your paper is very simple. It's that elite schools, the Harvard's, the Gales, the Columbia's practice affirmative action for the very, very rich. They covet the very, very rich. They have a policy to attract the very, very rich, and they do not admit more low income students because they don't want low income students. They want to reproduce privilege generation after generation. And they are specifically using these policies, like legacies, like having a thumb on the scale for fancy sports in order to practice affirmative action for plutocrats. What is your response to that interpretation of your paper?

Yeah, so I don't see it that way, Derek. And the reason is that I think, you know, I think you're caricaturing the position a little bit, but I think it's conflating impact with intent.

So I do see that the impact of the admissions process is to do a lot of the things you suggested, but I don't think college admissions officers in particular are doing all of it intentionally.

I think one of the things our paper highlights is that it's not just legacies. It's not just athletes. It's all of the ways that wealth and power and influence creep into the admissions process, sometimes without people realizing it. I think it's actually really hard to hold 17 factors in your head at once and say, which student is more deserving? And these schools have tons of applications. And I think they don't always know the kind of biases that are creeping

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into their own judgments. And I think evidence of that is the fact that these colleges are willing to participate at all and share their data. I think they actually wanted to know the answers that we were giving them in some systematic way. Is this thing that we do, is this shared across other schools? You know, what is the cumulative impact of these different advantages? And we've answered that question, hopefully in a way that leads to some reform. I would say the last thing to just keep in mind, Derek, is that the colleges have a very good idea of who's poor, because students are qualified for federal financial aid. They get Pell grants and so on. And so you know who in your applicant pool is eligible for financial aid. But after you get to some higher income level, you don't know whether the families are earning 300,000 a year or 3 million a year or 30 million a year. There's really no way for them to tell. We can tell because we have access to tax data. And so I think what you see is that that kind of big spike at the top, the top 0.1 percent, is just, I think, reflecting a lack of a spotlight on extreme privilege in all the ways that turns you into a more distinctive applicant. So I guess I have a more charitable interpretation. I don't dispute the impacts, but I don't think that this is kind of game is rigged and the colleges want things to end this way. I don't actually think they want it to be that way. I think things will change, although I'm an optimist, so we'll see.

Right. So you can't debate the outcome. And the outcome is that for students from families in the top 0.1 percentile of income, they are more than twice as likely to be admitted to these elite schools, contingent on having the same test scores as someone in the 70th or 50th percentile or 10th percentile. They are just much, much more likely to be accepted if they do come from very rich families. But you're saying it might not just be the fact that they're very rich. It might be that very, very rich parents are going to spend their piles of money on whatever they see as the strategy for getting their kid into a school like Harvard or Yale. And it turns out they're really, really good at marshalling their resources in order to achieve that end.

So let's talk specifically about, you mentioned this before, the three big ways that this advantage for the hyper-elite comes to be. Those three factors are legacy admissions, I said, fancy sports, and extracurriculars, and these ways in which the application can be weighted toward the rich. Let's go through them on two, three. How important is legacy admissions for these schools? Yeah, so we did a decomposition of this in the paper, and we suggested that legacies, that is the preference given to legacies who tend to be higher income, explains about a bit less than half, about 45 percent of the total admissions boost for high-income kids. So just to be concrete, we estimate that in a typical class of about 1,650 students, that's the average size of an ID plus college class, there's about 160 extra, quote, unquote, extra students from the top 1 percent relative to what you would expect if you were only doing admissions based on test scores.

So where is that extra 160? About 100 of it is admissions, and then within admissions about 45 is legacies. And again, that's because legacies are higher in from the average, and also it turns out that the boost that legacies get is greater when the legacy is also from the top 1 percent. So legacy applicants are, again, accounting for test scores, legacy applicants are let's say three times more likely to get in if they're low income or middle class, but they're like six times more likely to get in if they're very high income. And so the legacy boost is, again, actually greater if you're both high income and legacy. So that's legacy preferences. And we do some work in the paper to show that actually if you're a legacy at one college, that doesn't really predict getting into another college. So it's not that the legacies are somehow more qualified on other

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things we don't observe. It's actually that that legacy boost really only matters at the college where you're a legacy. It doesn't carry over to the other schools. The second is what I've called fancy sports or rich kid sports. There's been a lot of research, I believe, including maybe from Chetty. I'm trying to see where I last. Oh, no, it was from a Duke economist named Peter Archediakono. Exactly. He essentially found that there is there's a certain set of sports, whether it's squash or fencing, where these very elite schools essentially tend to over select students who play these sports. And as a result, parents who want to get their kids into a school like Harvard or Yale should, I'm putting should in quotations, teach these kids to be elite in these sports because they're hyper selected. I might not have explained it exactly the way that you see the way that these particular sports play a role in the elite school admissions process. But tell me how you saw it. Yeah. So something athletes is a good, so you have the facts right. So athletes are about 10% of the overall class at a IV plus institution, but about 15% of the highest income kids are athletes compared to like 5 or 6% in the lower part of the distribution, income distribution. So athletes are over the rich, athletes are overrepresented among the rich. But why is that? I think it's important. Athletes is a good case where we should step back and ask what's happening here. So again, the thing you mentioned earlier, which is really key, if you are very wealthy, there is nothing you would rather buy with your money than admission to one of these schools. And so whatever system we have that determines who gets in, it's going to be gained to the hilt by people who want to create opportunity for their own children. And so it's not as if there's something magical about the relationship between being an athlete and being high income. It's that high income families understand this, and they know that their chances of getting their kid into college are higher if from an early age their child participates in a sport for which practice is really important and that not many other people play. So if you start playing squash or whatever sport, sailing, rowing, whatever, and you start doing that early, you're going to have a competitive advantage over other people. And so you're going to be able to make the team at one of these schools and get in when maybe, you know, maybe you wouldn't have, if you didn't have that sport on your resume. And so it's all an outcome of that competition that starts at an early age. If we changed athletic preferences and did nothing else, people would just find another way to gain the system. So I interpret it not as there's something special about athletics. It's more just that whatever system we have, people are going to exploit it to their advantage, and all the ways that money buys a leg up will manifest. And so it's really important to look directly at income and to say, like, is our class balanced on this thing? Like, are we letting in too many rich kids and actually look at that concretely and to think about it like race has been thought about as something on which you want to have diversity? Right. It seems to me that Harvard has to have some understanding of the socioeconomics of its athletes. I mean, in the Duke study, which I believe was published three, four years ago, they found in the study that the students who were playing fencing, baseball, cross country, field hockey, golf, ice hockey, lacrosse, rowing, sailing, skiing, softball, squash, tennis, volleyball, polo, and wrestling were all whiter than the general population. And that families of recruited athletes were twice as likely as non recruits to come from families earning more than \$500,000. That's from a Harvard Crimson survey. So the school knows what's going on. They have a sense of the socioeconomic composition of their recruited athletes, but they still have this policy.

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So how does that cut against your, I think, kindly sympathetic theory that Harvard's just trying to set up a sort of non-bias rule system that very, very rich families are simply going to game because they have the most resources to game whatever sort of non-lottery system we have for admission to these schools. So I don't, I mean, I don't know Derek in the particular Harvard case, and I don't, certainly it's my own employer, so I don't want to say exactly what, I don't want to talk about people's motivations. But let me tell you what I think might be going on in general. And that is, I think we all know that athletes are more likely to be higher income, but they're also very good athletes. And so if you are the coach of one of these teams and you say, like, I just want the best players. I don't care about income. I just want the best players. And I'm not trying to pick rich kids. I'm just picking the best. And what people don't think about is the fact that, well, actually, the reason they're the best is because of all the advantages they receive before they showed up at your door asking for a scholarship. And it's just very hard. And maybe it's, I mean, I don't know, maybe it's unfair to try to ask colleges to undo all of that. But the point is, you have everybody who's behaving kind of rationally from their own perspective, again, like they're not trying to pick rich kids. But it just ends up happening. And the reason, again, is because there are some things that money can buy. And one of them is, like, do you have practice facilities? Do you play on exclusive private club teams and all those things? And so I don't know if there's a simple answer other than to be more aware of it. And I hope that our study will help people do that.

So we're talking about where the advantage for the Hyper Elite comes from. We've talked, number one, about legacies. We've talked, number two, about fancy sports. Let's talk, number three, about what you call non-academic scores. And one way to set up non-academic scores is to say, you know, there's a huge debate happening right now about whether or not we should scrap the SAT and college admissions. And one argument from people who oppose scrapping the SAT is they say, yes, it is true that rich kids tend to score better in the SAT than lower income kids. But actually, SAT scores in academics tend to be more evenly distributed across income groups than extracurricular activities or teacher ratings or personality scores, which tend to be, for a variety of reasons, extremely skewed toward the richest 1% or 0.1%. So tell us a little bit about what these non-academic scores are. I mean, extracurriculars, that basically explains itself, but like teacher ratings and personality scores. What did you find there?

Yeah, so we did find a big advantage for students from families in the top 1% on these non-academic ratings. And it's concentrated in private, non-religious, pretty exclusive schools that I think are very, both the parents whose kids attend them and also the schools themselves, the guidance counselors and so on, are very skilled at helping applicants cultivate a profile that stands out to colleges. And that includes, I think at some level, you're looking at a ton of applications, there's a huge country and a place like Harvard recruits internationally, they could fill the class five times over with kids who have perfect grades and SAT scores. So after a while, all the students start to look pretty similar. You're looking at 10 applicants who are immigrants, who want to be doctors from the Midwest, you're not going to pick all 10, you only pick one or two. But if one of them happens to be a national debate champion and is second chair oboe in some prestigious orchestra and so on and so forth, that person starts to stand out in the crowd. And those are the kinds of advantages that

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are associated with wealth, even though they're not academic, strictly speaking. And so I think that's at some level what we're seeing is that money buys distinctiveness. And I think, look, money also buys SAT prep. So I don't think anybody should kid themselves that the SAT and grades, and there's bias toward the wealthy in every aspect of the college admissions process. And I think we should all be clear about that. But I do think that the research suggests, and some of our data also suggests, that as you said, there is less bias relatively speaking in academic measures than in non-academic measures. So it's not a statement that the SAT is unbiased. It's a statement that the SAT is less biased than the alternative. And so it's a hard argument to make, right? But it's an important one, because I think what you see is when you go test optional, and you start to put more emphasis on these non-academic things, I mean, our research clearly shows that's going to be biased in favor of the wealthy and the privileged. And it's not a solution. I mean, you can argue that SAT is bad too, but you can't argue that this is going to solve the problem that we think is created by SAT. So again, I think there is no solution other than intentionally looking at income. So for example, there is some evidence suggesting that among people who have similar SAT scores, the ones who are lower in middle income tend to have higher potential to do better later on in life. So maybe you have a lower kind of implicit threshold for people who come from low-income families given their test scores. There are ways to undo the bias of the SAT. There's an incredibly interesting and incredibly curious graph in the paper. And I want to do my best to describe it, because it communicates what I think is an unbelievably important story in American education and in the psychology of modern parenting. And this is a graph that shows admissions rates at elite colleges among students that test at the same level for all income levels. That is, you take 10 students with the same test scores whose families represent every income decile, the 10th percentile, very poor, the 50th percentile median, and basically the 100th percentile, or 99.9th percentile, very rich. What are the respective likelihoods of getting in, right, once you control for test scores? And this graph is really surprising to me. It shows a huge advantage for the very rich, which we've been discussing for the last few minutes. It shows a moderate advantage for the poor, and that means it shows a disadvantage for students from families, the 70th, 80th, and 90th percentiles. That is, in plainish English, it looks like elite admissions programs are biased against not the poor, but against the upper middle class and lower upper class. What do you think this graph is telling us? And have I done a fair job of doing the most horrible thing in all of podcasting, which is to describe a complicated graph with words on the radio? No, well, I mean, maybe so, Derek, but I think you nailed it. I think the admissions, that's one of the things we find, is the admissions process. It's really hardest to get into an ID plus school if you are from, as you said, the upper middle class or the lower upper class. I think this is, let me give you a concrete example. I attended Shaker Heights High School, Go Raiders, Cleveland, Ohio. This is one of these schools where everybody is, everybody's parents are many people's parents. It's a racially diverse school, but many people's parents are doctors, lawyers, professionals, et cetera. Probably not that many people from the top 0.1 percent or even top one, but a lot of people in that range. And the competition was brutal. There's so many talented kids. They come from diverse backgrounds. They're all getting really high SAT scores, getting really top grades, and everybody knows that not everyone's going to get into Harvard or Princeton or Yale, and there's going to be some winners and losers.

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And so I think that's what you see is that these are schools that have so many talented kids, and there's only so many spots available. And the families and places like Shaker Heights and many other places around the country are very well off and doing very well, but not well enough to buy the kinds of extreme privilege that, again, make you distinctive in a brutally competitive application process. Yes. It struck me as a kind of snapshot of the anxieties of, for lack of a better term, the professional managerial elite, like the Henry's, the high earning, not rich yet Americans, all these lawyers and corporate managers who are losing their hair or losing their minds over getting their kids into the perfect programs because they feel like they're always a step behind the very, very rich. And they've been thinking probably their entire lives, like we have to turn over our entire lives to make sure that our children have the best possible chance to compete against the very, very rich. And this graph is their worst nightmare. Like it turns out that, yes, the Harvard's and Yale's are actually literally stacked against them. They are discriminating against people at the 85th percentile. I know one thing about that, Derek, I have to interrupt you. If it's their worst nightmare, they should maybe calm down a little bit. I went to Ohio State. It was a fine school. It was great actually for me. And so not getting into an Ivy League school is not the end of the world. Easy for me to say as a Harvard professor, but I think the competition is intense. But it's also important to remember that you still do fine if you don't go to one of these schools. You completed the sentence that I wanted to complete anyway. So I'm glad that we agree. I think it's important to describe the anxiety that many parents feel while also being clear that this is not the most important problem in America by a long shot, that there's only a certain number of kids that get into Ivy Plus schools. But you have created a perfect bridge to the second question asked by your paper, which is something like, why is this so important? Something like 1%, less than 1% of American college students attended the schools that we're talking about. Why even focus on them? And you can say as a response, we'll look, I think it's a fact that 12% of Fortune 500 CEOs attended these schools, a quarter of U.S. senators attended these schools. I think all of the Supreme Court justices attended these schools. So there is, if we care about the sort of educational demographic composition of America's elite in government and business, we should be somewhat interested in who is passing through these institutions. So that brings us to the next really important question. Does it even matter if you go into one of these fancy schools? Does it even matter if you're at the cusp and you almost get into Harvard and instead you end up at the University of Michigan? There is, as you mentioned at the top of the show, a lot of research going back to a famous 2002 study by Dalen Kruger that has said, you know what, it actually doesn't really matter. Applying to a super selective college is essentially the same as getting in. What does your paper say in response to the question, does it matter in the first place if you get into these schools? Yeah. So the answer is that it does matter, but in a very particular way that would have been hard for the original Dalen Kruger study you mentioned to find. And actually, our results are totally consistent with theirs. And the reason is they were looking at average earnings. So what are the average earnings of people who go to one of these schools versus go to a slightly less selective school? And we are looking at not just average earnings, but different parts of the distribution. And so what we find is that actually the impact on average earnings is pretty small, but the chances you'll be in the top 1% of the income distribution are about 60% greater if you go to one of these ID plus institutions. Now, so how does that work? So the way I think about it is,

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let's say that you and nine of your closest friends, I get you in a room and I say, I'm going to give you guys some lottery tickets and one of those tickets is the winning ticket and you're going to become a multimillionaire. And I give you, but I say, Derek, you went to Harvard, you get two tickets. David, you went to Ohio State, you get one ticket. Everybody else, one or no tickets. So we divide the tickets and you have more of them. Now, I roll the dice and you're not always going to win. You're only going to win 20% of the time, which is about the share of top 1%. About 20% of these kids end up in the top 1%. But when you win, you win big. So what is the impact on your average

earnings? It's not that big, but you have extra lottery tickets. And then what happens is the distribution of people who get to the top 1%, not just in terms of earnings, but the things you mentioned, the Supreme Court, US senators, journalists at prestigious institutions like The Atlantic and the New York Times and all that, they are heavily selected from the lottery winners. And they are in positions of power and influence. And their perspective is very much colored by the formative years that they spent in one of these institutions. And so it really does matter for decision-making and power and status in society who these people are. And if they are a more income-diverse, I think that would make a big difference in decision-making in the halls of power in America and the rest of the world. So I think it does matter, even though the numbers were small. I think it's such a fascinating finding that on average, it does not matter if you end up at one of these IV plus schools. But if what you want is to, let's say, work at an elite firm, and I can't see section 2.5 where you guys list the elite firms. So maybe you can tell me what those elite firms are in just a second. But the statistic in your paper, and if you guys are looking at the paper at home or you have a way to download the paper later, it is figure 14 that I'm looking at. If all you want to do is end up at an elite firm, and I'm guessing this is something like McKinsey and JP Morgan and Bain and those kind of places. If you go to a sort of state flagship, University of Michigan, you have a 6% chance of working at an elite firm. If you go to an Ivy League school, you have a 25% chance. So it multiplies essentially by a factor of, basically four, your odds of ending up at one of these elite firms. So if that's the outcome you really care about, it hugely matters whether you end up winning the lottery to get into Harvard. But if what you care about is average lifetime income, it turns out not to matter. Tell me how you make sense of that. Because the reason that I said I disagreed with your initial characterization of the question, does it matter if you get into Harvard, Yale, etc., is, well, lots of people just care about money. And if the answer is just what is the average income that you're going to get from being really smart and going into the school and not going getting into that school, then it doesn't matter. But again, if you just want to work at a prestigious firm, it seems to matter a lot. How do you make sense of that discrepancy?

Yeah. So first, let me explain the elite firm definition thing. So we can't tell you exactly what the firms are that people are doing, because that's privileged tax data, and we don't reveal that, and we take our data confidentiality extremely seriously. But what I can tell you is the general correspondence between the firms that are method inside the data identifies as elite or prestigious and external lists. I can't tell you it's these firms and not these other firms, but I can tell you it's the kinds of firms that are on lists like this. So if you open up US News and you look at the top hospitals or you look at rankings of top consulting firms or top law firms or investment banks or et cetera, it's those firms. So it's the kinds of places that

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are nationally prestigious. The way I would think about it, Derek, is if your goal is to go into finance and you're happy to work at a regional bank and be a vice president and make a nice six figure income, it doesn't make a bit of a difference if you go to an Ivy League school, because you can do that at a lot of schools in the country. And if you want to work at Golden Sachs, you should go to an Ivy Plus school. And similarly, if you want to be a journalist and you're fine with working at the Columbus Dispatch, go to Ohio State. Totally fine. If you want to work at the New York Times, you should go to Harvard or Yale or Princeton. And so depending on your goals, it either makes a big difference or it doesn't. And the thing is even if your goal in life is to be a partner at Golden Sachs or to be an editor at the New York Times, even just going to one of these schools is far from a guarantee. So lots of people come in with that goal and don't make it. It's just that if you want any prayer at all, the funnel, the pipeline is extremely narrow and it starts at one of these dozen Ivy Plus universities. So if you want to win the tournament in your chosen profession and get to the top, it's a very important place to start. But like as you said, lots of people don't want to win the tournament. So that's fine. Lots of ways to succeed in life. It suggests to me and maybe disagree that the value of an elite school isn't so much in the inherent education, but in the networking, the signaling, and the fact that for reasons that I could absolutely criticize and are explicitly criticized in this great book that you and I talked about yesterday as you were discussing the show, a pedigree by Lauren Rivera, that a lot of these elite firms, a lot of these prestigious companies, essentially fish in one pond. They fish in the Ivy League pond. That's it. When they want to hire their next class of 22 year olds, they're like, I'm not even going to Columbus, Ohio. I don't care about Ohio State. I'm not going to Ann Arbor. I'm going to Cambridge. And it tells me in a weird way that these firms are leaving a lot of talent unpicked on the talent tree. Like by choosing to only fish in one pond, they're probably missing a lot of really, really smart people. But it does call into question the value of school within these firms and that the value caches out much more in network and signaling than it does in just raw education. What did you learn? Yeah, so I agree. I think you make an important point, Derek, which is that there's one side of this that maybe we focus on a lot, which is what could colleges, these 12 colleges, do differently? But there's another side, which is why are the benefits so big? And a lot of has to do with what employers choose to reward. And the fact that, as you say, they do recruit very intensely on a small number of college campuses definitely contributes to the effects we find. And so I think that maybe changing recruiting practices is important. In the other part of the work that I do that's not on higher ed, I'm a labor economist, I work a lot on labor markets, and there's a big debate or big lots of work these days in labor economics on market power. And so I think one interesting observation is that these are firms that have outsized power in the labor market, they could basically hire whoever they want. They can afford to be lazy, right? Because what they do is they'll hire four people from Harvard and only promote one of them, and that's fine. And if you're not competing in the labor market with a bunch of competitors, you have to get hiring right, you can afford to take shortcuts like that. And so maybe one solution is to have a more competitive labor market, especially on the entry side that rewards talent identification strategies that cast a wider net. That's definitely be on the scope of the paper, but something that I think would be interesting to explore. The next question that I had written down for you is, how do we fix this? But

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there's a question embedded in it that I want you to answer, which is like, what is the this that we want to fix? Like, what is the problem with elite college admissions that is most concerning to you? And then maybe once you've identified what that problem is, do you have a way to fix it? So I think there are two problems. One of them I think is directly implied by the paper, which is that these institutions are far too skewed toward a wealthy student body or a high, very high-income student body. And I think that's a problem for representation in kind of leadership and society. And so I think we should just we got to do better. I mean, I think it's always going to be the case a little bit. I don't not thinking that there's an easy solution to this. But I do think putting, you know, shining more spotlight on it and maybe some some pressure through other means, you know,

is part of it. But I actually think just just the fact, you know, I hope that just us putting this paper out there will make a difference for colleges that actually many people want to do well inside and they want to do better. So so I think that's that's a direct problem I think we need to solve. But there's another one too, Derek, which is how are we giving out these spots? Are we doing it in the best way? And one of the other findings in our paper that we haven't discussed yet that I think is really important is what are the credentials that students have that predict success? And it turns out this was kind of surprising to me actually is that being a legacy applicant doesn't make you more likely to get to the top 1% or more likely to go to graduate school or more likely to work at a prestigious firm. Having high non academic ratings also doesn't make a big difference. Those are those are qualities that the college application process selects heavily on, but they actually don't make that much of a difference. The thing that really does the people who benefit most from going to a school like Harvard are people with very high academic qualifications. And obviously as an economist nerd like that speaks to me like I want to have more great students here and so on. But that's what we found. We found actually that the benefits were biggest for people who who are extremely academically talented. So what that means

is we could actually make the class more income diverse without sacrificing anything in terms of post college outcomes. Because what we need to do is like let in fewer of the very rich high non academic grading kids and let in more of the academically talented middle class kids and we could get better outcomes and have more income diversity. So I think that's something we talk about in the in the policy simulation part of our paper. But what I really worry about that's happening right now is the move again toward test optional and toward more qualitative factors. I worry that's going to bias the process actually more in favor of the rich than it even is currently. And so it's not that I'm a fan of testing in particular. I just think it's probably a better tool than the other ones we have. And so I'm not saying we should only admit based on test scores but I worry a lot about the move away from academic credentials as a way to judge who's going to benefit from an education like this. So and I should say this all gets very contentious when it's a zero sum game. I think the other the final thing I'll say Derek is like how about we just expand the classes. OK. Because then we can have our cake and eat it to like let's increase the class size by 10 percent. Let's take that extra 160 kids and make them all low and middle income kids who are academically talented. We can still keep doing the things we're doing and we can have we can admit a lot of high potential kids and give them the benefits of coming to a place like this. Yeah. The last thing you said is the one that I was going to jump in on.

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You know I'm very interested in expanding the seats above all. I would love elite college admissions to more resemble a lottery system. It already is essentially a lottery system. These kids didn't choose what families to be born in. There was a kind of cosmic lottery that landed them in the lap of somebody made 30 million dollars rather than someone who made 30 thousand dollars.

There's a

lottery system that brought them into this world. There should be a lottery system that brings them into elite colleges. So I'm a fan of the lottery. I'm a fan of expanding the number of seats and it is a fact that some of these schools I don't want to name names. I don't know exactly which ones have done a better and worse job of expanding seats and some of them have been aggressive at doing so. But a lot of these elite schools have just barely grown at all. If essentially stayed flat even as the number of students applying to those institutions or applying to college in general has grown by 50, 60, 80 percent in the last few decades. The last comment that I have is just as you were talking is one of the things that annoys me at sort of a qualitative level is that these schools I think sometimes pretend like they're machines of upward mobility.

They're gardens. They're sprinkling the water and the miracle grow of Harvard-ness over all these students and as a result they're flourishing and becoming CEOs of this company and that. And so often what your research suggests is that these schools are not gardens. They're like fruit basket companies. They're picking the already formed fruit and they're putting it into a basket and they're saying, oh my god, look at this fruit that we made. It's like it was already there. They were already the children of the elite and then they graduated and became

elite. And there's something about the, I don't know if it's fully hypocrisy, but something about the discrepancy in the promise of these institutions with the fact of their admissions bias toward the very rich that really does make me upset. That's not a question. That's just, as they say, a comment.

Well, I disagree with you actually. And I'll tell you why. I think that it would be easier if what we were doing was just picking the wrong kids, like picking kids who are excellent sheep in the words of one critical author of the Ivy League. I actually don't think the problem is that these kids are all kind of, we're just picking the fruit basket as you say. It's not all selection. I do think the impact of going to a place like Harvard is really profound on students. We just don't have enough seats to help the people we want to help. I mean, just for context there, in my kind of day job, I guess, I am what they call a faculty dean. So I live on campus with my family in Kirkland House at Harvard College. And so I've gotten to know the undergraduates in my house really well. And they're wonderful kids. They really are. And many of them are purposeful and kind and generous

and intelligent. Like they're deserving of admission to a place like this. But the problem is there's like 10 other people for every one of them who's deserving too. So it's a genuinely hard problem. And to me, I would just like to give this experience to more, particularly more low income and middle income kids. Because I think it's a great experience. I don't think it's all just selection. I don't think it, I'm not as cynical about it. I just think we have a hard problem to solve. And like, let's solve it together. That's my pitch. Last question.

In terms of using technology to expand the class, I mean, to a certain extent, expanding seats is an infrastructural problem. You would have to build more dorms. You might have to build more classrooms. And building, as I've written about a lot in the last few years, is very hard to do,

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especially in the sort of, how do you say, high income progressive areas like Cambridge that are already somewhat dense cities on the coast. So another way that you could do this is with technology.

Are you interested in using some kind of hybrid Harvard to expand access to your incredibly valuable brand for it's, for not only its education, because I am sure that you give students a good education, but also as we said, it's signaling power, it's network power, it's selection power in the labor force. No. And the reason is because I don't think it's fair to students to say that we're going to give you something that's kind of like not as good as the full product and to kind of create a second class of, I would rather just expand the class. I shouldn't say no. So like, I think there's ways to do hybrid education that are valuable. But I think that kind of dodges the question of like, could we actually, I mean, look, it would be really expensive for harbouring their school to expand its class by even a modest amount. So I'm not pretending it's easy. It just feels like something we ought to say, like just set the course, like we're going to do this and figure it out and maybe we can raise some money to do it. And I kind of, I say no, not because it's a bad idea, but because I don't, I want to reject half measures and say we should really increase the number of people who could get access to this full level of education that we provide here and that many other great places across the country. We just need more of it. You know, we're half a century ago, 20% of people went to college and now it's 60%. And we basically have the same funding infrastructure for American higher education as we did 50 years ago. So it's just time for us to take this more seriously. We're living longer. The economy's more knowledge intensive. We need more education for more talented people. I accept that answer. And I accept the possibility that the hybrid harboured idea is completely bullshit because I have not thought very deeply about it. It's not bullshit. I don't want to only do that. I want to do the other thing, too. That's all. David Deming, this research was so interesting and it clicked into so many different threads that I've been following for the last few years. So thank you for finally publishing the paper. And next time you have another paper on this subject, we'd love to have you back on. Thanks again. Thanks so much for having me, Derek. It was really great. Plain English was hosted and reported by me, Derek Thompson, and produced by Devon Manzi. We'll see you back here every Tuesday for a brand new episode. Have a great week.
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