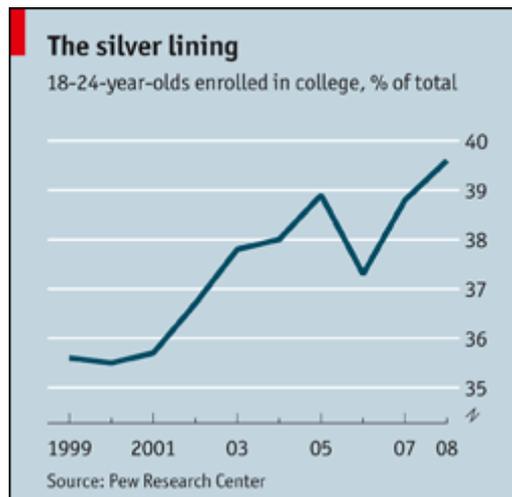


Boom times

The recession drives young Americans back to learning.



A business that jacks up its prices during a recession is usually asking to lose customers. Not so America's colleges, which are simultaneously raising tuition fees and experiencing record levels of enrolment. The Technical College System of Georgia, for instance, whose 28 campuses teach everything from power-line maintenance to dental hygiene, has sharply raised its fees, yet the number of students is up 24% from a year earlier. Campus parking lots are so full that "we got them parking in cow pastures," says a spokesman.

Across the country, college enrolment rates are at an all-time high. In October 41% of 18-to-24-year-olds were enrolled in either two-year colleges (which specialise in vocational training) or four-year colleges (which grant undergraduate degrees) or higher, up from 39% a year earlier. Yet tuition fees have risen by an average of 4-7%.

The economy is the most immediate culprit. The unemployment rate hit 10.2% in October, up sharply from 9.8% in September, the first time it has reached double digits since 1983. Among 16-to-24-year-olds, it was a dismal 19.1%. Faced with the worst job prospects in a generation, many young people are deciding to go to college instead.

That, however, is only part of the story. The Pew Research Centre notes in a recent report that enrolment rates have been rising and participation rates declining for decades now. One reason is that as the number of well-paid unskilled jobs began to shrink in the 1980s, the "college premium"—the difference in salaries between college and high-school graduates—rose. The college premium stopped growing earlier this decade, but it remains high enough to affect the calculus for any 18-year-old weighing whether to look for work or stay in education.

Another reason is that the pool of potential college-goers has grown. The Pew report notes that the proportion of 18-to-24-year-olds who have dropped out of high school fell steadily to 9.3% in 2008 from 15.7% in 1973. With more students finishing high school, more are eligible to go to college.

The problem for colleges is that enrolment is surging just as funding is shrinking. Private colleges have seen their endowments and investment income shrivel because of the financial crisis, while public colleges have had funding cut by cash-strapped state governments. The Technical College System of Georgia gets 60% of its budget from the state, and that has been frozen as the state attempts to sort out its finances. It has eliminated Friday classes to save money; some classes on other days go on past 10pm. Tuition charges have risen by \$600 a quarter, to between \$2,100 and \$2,400. But that has failed to serve as a big deterrent, thanks

in part to more generous state and federal “Pell grants”, which Barack Obama increased this year.

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