

EconoFact Chats: The Top 1 Percent's Admissions to Highly Selective Colleges

David Deming, Harvard University

Published on July 30th, 2023

Michael Klein

I'm Michael Klein, executive editor of EconoFact, a nonpartisan, web-based publication of the Fletcher School at Tufts University. At EconoFact, we bring key facts and incisive analysis to the national debate on economic and social policies, publishing work from leading economists across the country. You can learn more about us and see our work at www.econofact.org.

Michael Klein

At the end of its 2023 session, the Supreme Court ruled against the use of affirmative action for minority candidates in admissions decisions at Harvard University and the University of North Carolina. Those arguing against affirmative action maintain that admissions should be based on merit, not race. But college admission criteria take into account many considerations other than academic merit. There are a range of preferences afforded applicants. Special treatment is given to legacies, the children of alumni. Athletes also get special consideration. In recognition of this, in the so-called Varsity Blues scandal, parents attempted to tilt the odds for their children's college applications by fraudulently presenting evidence of athletic accomplishment. More generally, the children from high-income families enjoy higher rates of admission to top colleges as compared to middle-class applicants with similar academic credentials. And does this matter? Does going to an extremely selective college matter for a person's income and job? And if it matters, could these most selective colleges do more to promote social advancement and a fairer society? New research, co-authored by my guest today, David Deming, answers these questions. David is the Isabelle and Scott Black Professor of Political Economy at the Harvard Kennedy School and a Professor of Education and Economics at the Harvard Graduate School of Education. David, I'm very pleased to welcome you back to EconoFact Chats. Thanks for joining me today.

David Deming

Thanks for having me, Michael. It's great to be with you again.

Michael Klein

Your research paper on 'Diversifying Society's Leaders? The Causal Effects of Admission to Highly Selective Private Colleges,' which you co-authored with Raj Chetty and John Friedman, was released a day before we recorded this podcast, and it's made a huge splash. There have already been articles about it in The New York Times, The Economist magazine, and a wide number of websites and blogs. The paper uses an amazing dataset combining tax data and data from the College Board and colleges about their admissions and matriculations. How did you and your co-authors, Raj and John, come to write this paper?

David Deming

Well, as you might imagine, Michael, it was one step at a time, and there were many steps to go in the journey – a long and winding path. It took us, I would say, the better part of five or six years. I mean, I've lost track at this point from beginning to end. Part of it was just an enormous effort of collaboration with partners and data merging and analysis. We spent a year or more crisscrossing the country, trying to convince college presidents and admissions officers and other people in universities to share data with us and to partner with us more broadly. We shared some data back with them and so on. And that required a lot of work, but I hope it was worth the effort. I mean, we lost some time to the pandemic as many people did, and at times I thought, maybe with this research, we'd never see the light of day, but it finally did. And for that, I'm very grateful both to all the people on the research team, including my co-authors, and our research assistants, but also, importantly, our partner institutions, without whom this research would not be possible.

Michael Klein

Well, it's very commendable that you did this. And also, it's very impressive that you had the vision and carried through with this over such a long period of time. You focus on admissions to what you call the Ivy Plus colleges, the eight Ivy League colleges plus Chicago, Duke, MIT, and Stanford. And you compare admissions to these colleges to admissions to 12 other highly selective private colleges like Northwestern and Washington University in St. Louis, and also nine highly selective public institutions, like UC Berkeley and the University of Michigan. What's special about the Ivy Plus colleges that distinguishes them from these other excellent institutions?

David Deming

Yeah, so there's a lot of great colleges in the world, Michael, and I think you can get a great education at all of them, all the ones you mentioned, certainly. The thing that really stands out in our data about Ivy Plus colleges is that they produce a highly disproportionate share of high earning and high status positions in society. So, you know, that ranges from people who are in the top 1%, people who are in the top 0.1%, Fortune 500 CEOs, journalists at major newspapers, MacArthur genius grant winners, US senators, Supreme Court justices, Ivy Plus college students are about 0.8%, so less than 1% of all college students, but they're 25% of journalists at major newspapers, and 30 to 40% of MacArthur genius grant winners, and so on. And so it's a really outsized share for high status and leadership positions in society. And so even though the numbers are very small, it's an important group to study because those are the people that sit in the halls of power in this country and around the world. It's important to know who they are and what happens for you if you get into one of these schools.

Michael Klein

If there's a special benefit from attending these colleges, and children from the top 1% have a much better chance of acceptance to these Ivy Plus colleges, than middle class children with the same abilities and grades, then this tilts the society towards ongoing social privilege, doesn't it?

David Deming

I think it does. Yes, I agree with that. I mean, I think there's a lot of ways in which that happens, and we dig into some of them in the paper. I think one larger take away from it, Michael, is that it's not a simple story of a single factor, like let's say legacy admissions, I mean, that's a chunk of it, but it's not all of it, preferences for recruited athletes, and then, of course, some students from higher income families having very high non-academic extracurricular ratings and things like that. I think what it shows is all of the ways that privilege seeps into the admissions process, and I think it's hard, in fairness to colleges, it's hard to understand all those things. One reason why is because they don't actually have a good measure of income. We did in our data, but they know who qualifies for financial aid, but they can't tell the difference between somebody whose family earns \$300,000 a year and somebody whose family earns \$3 million or \$30 million. Not much ability to tell, maybe imperfectly, and so I say that not necessarily to defend the outcome, but just to say that this is actually a pretty complicated problem. Why? Because if you have the resources to do it, there's almost nothing you'd rather spend your money on than securing admission for your children to one of these selective schools, and so people are going to figure out how the system works and exploit it to the fullest extent possible, and money buys more ability to do that. So I think it's a complicated problem and one that we hope we shed some light on here.

Michael Klein

One of the striking results in your research is that children from the top 1% are much more likely to be admitted to one of the Ivy Plus colleges as children from what I would call the upper middle class whose families are in the 70th to 80th percentile of income. What's the difference in admission rates between these two groups?

David Deming

Yeah, so it's a complicated question to answer, Michael, because it depends on what you're accounting for. So it is true that overall higher income families tend to have kids with higher SAT scores and other academic qualifications. So children who come from high income families are on average more qualified to attend college, but what we say is even after accounting for that, that is let's look at two families, two children, one who comes from a family in the top 1%, and one who comes from a family in let's say the 80th percentile, and they have the exact same SAT score. Let's say it's a 1510 or an ACT score of 34, some exact value of academic qualifications, and we show that even after accounting for that, those two people have the same scores, the kid from the family in the top 1% is more than twice as likely to be admitted compared to the

children from the middle class. And so even after accounting for academic qualifications, the rich have an advantage in Ivy Plus college admissions.

Michael Klein

Your research points to some of the important sources of this discrepancy and you've already mentioned them, like whether an applicant is a legacy – that is a child of alumni, whether the applicant is an athlete, and the applicant's extracurricular, non-academic activities. Why are these more tilted towards the 1% than people who are less wealthy than that?

David Deming

Well, I think so in the case of legacies, obviously people who attended Harvard are much more likely themselves to be in the top income bucket, and then when they have children they are legacies. And so we do see that the distribution of legacy applicants is tilted toward the rich. I think it's important to say also that when we look within legacy applicants, they all get a boost in a sense they're all more likely to be admitted than non-legacies with the same credentials, but that boost is much bigger at the top of the income distribution. So to be concrete, if you are a middle-class kid who's a legacy, you're about three times more likely to get in after controlling for test scores, as a non-legacy. But if you're from the top 1%, that advantage is like six-fold. So the legacy boost is increasing in family income. And so that's one of the reasons it contributes so much to the disproportionate share of rich kids who attend Ivy Plus colleges.

Michael Klein

And then the other factors like being an athlete, or having extracurricular non-academic qualities that colleges look for. I guess the athlete is sort of revealed a little bit by the varsity blue scandal that it's being an athlete often in these sports that are kind of elite sports like fencing or crew or lacrosse, right?

David Deming

Yeah, I think athlete is a good, that case is a good chance to step back a little bit and say, you know, there's nothing wrong with being an athlete, and there's nothing inherent about recruiting athletes to your school that would be biased toward the rich. You know, lots of people play sports. It's just that, again, when you have a system that is complicated and, you know, what determines admission and you have people who really, really, really want to get their children into one of these limited coveted spots in a school like Harvard or Princeton or Stanford or Yale, people with means are going to do whatever it takes. And so families know that one way to get in to one of these schools is to be a really good athlete. And so they invest in athletic talent in their children from a very young age, playing sports that most people don't play squash and sailing and so on. And they get coaches and they're on private club teams and so on. And it's not as if there's something particular about athletes. It's that, you know, if Ivy Plus colleges tomorrow said, we're not going to recruit athletes anymore. I don't think anything would change except that

people would find a new way to try to work around the system to gain an advantage. And so I don't think it's necessarily about athletes in particular, it's more just that any facet of the application process that can be influenced will be influenced. And so we just have to account for income very intentionally in the admissions process. I think that has to be the solution.

Michael Klein

So this is like a standard economics approach to thinking about things. People have incentives and constraints and they find ways to succeed with those constraints. Moving from sort of theory to empirics, in empirical analysis, we're always concerned about omitting what economists call unobservables, things that matter, but we can't measure or are unavailable for an analysis. But you had a number of clever ways to take these into account. For example, you look at the admission rates of legacies at the college where one or both of their parents went and compare that to their admission rates at other Ivy Plus colleges. And you also looked at waitlisted students. Can you describe how you did this and what you found?

David Deming

Yeah, sure. So let me focus on the waitlist because that's really at the heart of the second part of the paper, which is what is the benefit of attending one of these schools? And we focus on the waitlist because that's a set of people and we show this directly in the data who are basically equally admissible. So waitlists at Ivy Plus colleges are not ranked and the students on the waitlist are not obviously different from each other in terms. They're all admissible in the eyes of the college. And so why do some get in and some don't? Well, some of it is a donor influence and so on, but quite a lot of it is idiosyncratic factors. For example, if you admitted a saxophone player and you have somebody on the waitlist who also plays saxophone, but you preferred the one you admitted first, but that person turns you down and goes to MIT instead, you suddenly got a spot for a saxophone player. And so if somebody on the waitlist happens to play a saxophone, they're going to get in over somebody who plays the oboe or something like that. Or, you know, we had a lot of kids from the Mountain West turn us down. So we're going to take some waitlist admits or waitlisted kids who are from the same region, things like that. And so we did a bunch of things to try to convince the reader, hopefully successfully, that we're really picking up idiosyncratic differences in who gets admitted or not. And one of our key tests is something we call the multiple rater test, which is to say, does being admitted off the waitlist at one college predict being admitted at another college? So if it were the case that you were taking the most qualified people off the waitlist, you would expect that to show up in an increased admissions probability at some other school, but we don't find that actually. There's no difference in the admissions outcomes at other schools for people who are waitlist admitted versus waitlist rejected. And so we do a few other things to try to assess the balance on the waitlist. And we find basically that the waitlist applicant, the waitlist admits are very similar to the waitlist rejects. And so it looks kind of like a close enough comparison. And that's what we go with. And then we also have another strategy where we do something that was pioneered in a paper by Stacey

Dale and Alan Kruger about 20 years ago, where they say, well, let's look at people who are both, let's say you applied to both Harvard and Ohio State, where I'm an alum, and you were admitted to both schools. And let's say both of us were admitted to both schools, and you chose to go to Harvard and I chose to go to Ohio State, even though we both got admitted to both places. And so they're going to compare you to me. And the logic is if you were the kind of person who was admissible at Harvard, you're a good comparison group for people who were also admissible and actually went there, whereas you didn't. And so we use that same approach as them. And we find basically the same answer as in the waitlist design, which gives us some confidence that across these differences, triangulating across these different strategies, we've uncovered the truth, which is the true impact of going to one of these Ivy Plus institutions.

Michael Klein

I'm glad you mentioned the Dale and Kruger paper because they found sort of no difference in kind of the median income, I guess it was. And yet you find quite a big difference, but you're looking at what we call the tail of the distribution rather than the median. Can you discuss that a little bit, please?

David Deming

Yeah, sure. So we found, like Dale and Krueger, we found small positive impacts on average earnings of going to an Ivy Plus college. It's on the order of, let's say, an increase of about \$3,000 per year in annual income relative to a base rate of \$60,000. So it's a small increase, not something that you'd be that excited about ordinarily, but it's all driven by a pretty significant probability, increase in probability of being at the very top. So we found that you were 60% more likely to be in the top 1% of income for your age cohort if you went to one of these schools. And so you might say, well, how does that work? How is it a small impact on mean earnings, but a big impact at the top? I think about it like this, Michael. I think about it like lottery tickets. So let's say I go to you and a few of your closest friends, 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 win a million dollars. And let's say there's 10 of you, and most people get one ticket, but you went to an Ivy Plus college, so you get two tickets instead of one. So your odds of winning the million dollar prize have doubled, but most likely when I do this lottery, you're not actually going to win. You just have higher odds. And so the mean impact on your earnings is small, like if you played it over again, but actually you've got a lottery ticket, an extra lottery ticket. And so for the people who get, you know, very top jobs and earn admission to prestigious graduate schools, it's just overwhelmingly likely that you went to one of these undergraduate schools if you did. And so you're kind of, you're kind of, by going to an Ivy Plus school, you're buying yourself more lottery tickets to the very top high income, high prestige positions in society.

Michael Klein

So basically you're comparing an Ivy plus school to a scratch off ticket.

David Deming

But I think what's important to contextualize there, Michael, is that if you go to like Michigan or UC Berkeley, you're doing really well. So it's not like if you don't get into one of these schools, you have a terrible life or something, it's just that if you want to be a partner of Goldman Sachs, it's very overwhelmingly, you know, it's almost necessary to go to one of these 12 schools. I mean, that's a caricature, but if you want to be a journalist at the New York Times, or if you want to be a senator, it just greatly increases your odds. But like if you go to Ohio State and you work in finance, and instead of going to Goldman Sachs, you work at Fifth Third Bank and you become a regional vice president and earn a nice six figure income and live in a nice house. And, you know, it's not like you did badly or something. And so that's really the comparison we're doing is people who do really well versus people who catapult to the very top of these, you know, these rare coveted spots in society.

Michael Klein

Hence the use of the word leader in the title of your paper.

David Deming

Yeah.

Michael Klein

You also mentioned it's not just income. And in the paper, it's going to a top graduate school, or working in a prestigious company as well. So it's a range of things. It's not just financial. That's right.

David Deming

That's right.

Michael Klein

So, David, I introduced this podcast episode by citing the recent Students for Fair Admissions versus President and Fellows of Harvard University case. What does your research imply about the importance of what you call in your paper 'need-affirmative' action?

David Deming

Yeah. So we made a choice in this paper to not study race in particular. And I would say the main reason for that choice was scientific. It was because past work by Peter Arcidiacono and colleagues and actually analyzing the data from that case looked a lot at race and the interaction with legacy and so on. So we just thought, you know, that's already been done. The real value we

added to this debate is really detailed measures of family income, which was not available in any past work. And so we've really focused on socioeconomic diversity because that's what wasn't known. And I think it's important to think about these things as operating side by side. You know, and so I think what would happen if you did some things to try to increase socioeconomic diversity at schools like Harvard, but really the whole Ivy Plus is you would bring in some students of color and you would bring in some white students. And I don't think it would necessarily have an impact either way. I think race and income are both important, but operating side by side in this process for a variety of reasons I can get into if you like. But we, as I said, we primarily tried to focus on income diversity. And I think it turned out, you know, we obviously did this far in advance of the decision, but it turns out to be important since it's just gotten a lot harder based on the Supreme Court ruling to explicitly consider race and admissions. And so I think you had income as a good complementary way to account for people's life challenges and so on and to, you know, create a class of students that's diverse in a variety of ways.

Michael Klein

And then your research, especially about outcomes, is then suggesting that there'd be a more leveling of leadership at top jobs at jobs like working for the New York Times, as you said, or working in these prestigious firms, right?

David Deming

That's right. I mean, I think it's important to say and to be honest about this, the absolute numbers are small, you know, because the Ivy plus is 0.8% of all college students. Changing the composition of it by even a modestly sized amount is not going to have a big aggregate impact. And so it's a little hard to just multiply everything through and say it's going to fundamentally transform society. But I do think every little bit counts when you think about an income distribution at schools that it's so skewed, and a distribution of society's leaders that's so skewed for the wealthy. So I think, you know, I'm under no illusions that this is going to change everything, but I think it could make a difference. And I think it would be something that people would celebrate, it would be better for these schools, it would be better for students. And so I think a little more focus on income diversity would be good for everyone.

Michael Klein

Well, the numbers are small, but there's like a big demonstration effect. I think of that famous picture of a small black child rubbing the hair of Obama, kind of not believing that somebody like him could actually be president.

David Deming

Yeah, symbols matter. I agree.

Michael Klein

Well, David, congratulations on this really important work. And as I mentioned, it's an incredibly ambitious project, and it's very impressive. And it's already having an impact. And thank you, David, for joining me on EconoFact Chats to discuss this.

David Deming

Thank you so much for having me, Michael. It was a real pleasure. I appreciate it.

Michael Klein

This has been EconoFact Chats. To learn more about EconoFact and to see the work on our site, you can log into www.econofact.org. EconoFact is a publication of the Fletcher School at Tufts University. Thanks for listening.