to describe American higher education. The great expansion of American higher education that occurred in the two decades following the end of World War II opened educational opportunities to many Americans who previously would not have been able to attend college. This expansion of places in the system was also accompanied by massive increases in financial aid, most notably the introduction of need-based aid in many states, the major increases in federal aid that accompanied the Higher Education Act. ALEXANDER W. ASTIN is Allan M. Cartter Professor of Higher Education at the University of California, Los Angeles. ALEXANDER W. ASTIN AND OSEGUERA / Declining Equity of Higher Education 325. the entering freshman class. For institutions that rely on the American Col Higher education carries out a broad range of social and economic functions. It forms people, or rather it helps people to form themselves. It helps to build relational humanity. But a crucial issue is how the contributions of higher education are valued or ordered. Measurement, legitimacy and hierarchy all enter the contributions equation. high-quality higher education options. We must also consider the ways that higher education contributes to the reproduction of social and economic inequality. This presentation discusses emerging approaches to addressing these systemic and structural barriers. 8. The economic returns to higher education remain high and provide a pathway for individual economic mobility; and public colleges educate the vast majority of the nation’s students enrolled in institutions of higher education but private, for-profit schools are growing the most rapidly. State funding for public institutions of higher education has declined, both in per-student terms and as a share of total revenue. State funding declined from almost 60 percent of college and university revenue in the late 1980s to slightly below 40 percent today. These increases in Pell grants and the newly-introduced American Opportunity Tax Credit have helped to hold average net tuition essentially constant over the past four years. Data suggest that the heralded decline in the economic value of higher education in the U.S. is not a unique North American phenomenon, but rather, a general development throughout the developed world. On the basis of evidence on elasticities of substitution and the observed growth in the supply of college graduates the paper suggests that the decline in the premium to the educated reflects movement along a reasonably well-defined demand for graduates schedule due to the growth of the college and university systems of the various countries. Richard B. Freeman National Bureau of Economic Research