



All college degrees aren't created equal

By James R. Harrigan and Antony Davies

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There is an amazing opportunity just waiting for you, and you can get in on the ground floor for only \$120,000. If you act now, you will be virtually guaranteed an income for the rest of your working life. There's one small caveat: We can't tell you how much you will actually earn in the 50 years or so after you make this investment because, let's face it, there are a lot of variables. But hey, it's only \$120,000. And you can't put a price tag on your future, can you?

Anyone who would make this kind of "investment" is likely not thinking clearly. Yet this is the deal that students accept when they go to college, as data suggest a majority of just-graduated high school seniors will opt to do this fall. Though Washington recently renewed legislation that keeps student loan rates artificially low, a far bigger concern is whether students will be able to pay back those loans. Graduating seniors are blissfully unaware that the future benefits of their degree might not be worth the current cost of tuition.

What was once a privilege reserved for few is now seen as a necessity. The high school machine pushes students into college because high schools are evaluated on the number of students they send to college, regardless of whether those students succeed. Government pushes students into college by subsidizing student loans. Parents push students into college because it is a prerequisite to a good career.

But no one ever seems to ask what a college degree is worth. The answer is both comforting and alarming.

In 2010, the average college graduate was 25 percent more likely to be in the labor force than was the average high school graduate. Once there, the average college graduate faced an unemployment rate that was less than half that faced by the average high school graduate (4.7 percent versus 10.3 percent). Household income for college graduates is more than twice that of high school graduates (\$83,000 versus \$40,000).

While cheerful news on its face, the averages mask a devastating truth: College degrees are not created equal. The so-called STEM disciplines — science, technology, engineering and mathematics — increase lifetime earnings by more than \$1 million even after deducting the cost of tuition. Meanwhile, almost any major with the word "studies" is a break-even proposition — the increase in the student's lifetime earnings just about covers the cost of tuition.

The median salary for petroleum engineering majors is \$157,000, while the median salary for child and family studies majors is \$38,400. The market has spoken and spoken loudly. The top 10 majors in terms of expected salary are all STEM disciplines.

The bottom 10? Special education, recreation and leisure studies, theology, paralegal studies, horticulture, culinary arts, athletic training, social work, elementary education, and child and family studies.

None of this really gets to the underlying travesty. In 1977, the average high school graduate could expect to earn \$1.6 million (in today's dollars) over the course of his career. The average college graduate could expect to earn \$2.2 million, for a net benefit of \$560,000.

By 2010, the average high school graduate could expect to earn \$980,000 versus \$2.3 million for the average college graduate, for a net benefit of \$1.3 million. It is not that a college degree is worth that much more (except in the STEM fields); it is that a high school diploma is worth so much less.

In the end, "college" is not an investment. A college major is. Chosen wisely, the \$120,000 worth of debt is clearly warranted. Chosen poorly, it is nothing but a waste of time, effort and money.

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