



Using Tax Dollars for Degrees We Don't Need

By [ANTHONY DAVIES](#), [JAMES R. HARRIGAN](#)

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The July 1 deadline for preventing the doubling of government-subsidized student loan rates has passed, and lawmakers continue to hash out the details of a plan to move beyond the current impasse. With the Senate recently approving a proposal to tie the rate to the financial markets, it's worth thinking back to earlier this summer at a Rose Garden event held by President Obama. Flanked by a group of idyllic college students, the president tried to fend off the rate doubling when he declared, "Higher education cannot be a luxury for a privileged few. It is an economic necessity that every family should be able to afford." Two notions should stand out to the careful observer.

First, the president believes higher education is a "necessity" that government should secure for all. Second, and more problematic, he believes that the laws of supply and demand should not apply to education and can be suspended by legislative fiat. The first question politicians should ask when deciding whether to invest someone else's tax dollars in this newfound entitlement is: What is a college degree actually worth? The answer is both comforting and alarming.

In 2010, the average college graduate was 25 percent more likely to be employed than the average high school graduate – and the average employed college graduate (excluding those with graduate degrees) earned almost twice what the average employed high school graduate earned (\$81,000 versus \$46,000 in 2011).

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While cheerful news on its face, these averages mask the devastating truth that not all college degrees are created equal. Undergraduate degrees in science, technology, engineering, economics and mathematics increase expected lifetime earnings by \$1 million to \$3 million – making them worth up to 20 times what they cost in tuition, fees, and the four year delay in entering the job market.

On the other hand, almost any degree that contains the word "studies" is a break-even proposition. Combining data from the Census Bureau and PayScale, an online compensation aggregator, reveals that the average student who attends some college but does not graduate can expect to earn at least as much as graduates with four-year degrees in physical education, fine arts, paralegal studies, public health, music, theology, sports medicine, athletic training, culinary arts, special education, elementary education, social work and child and family studies.

Not only are some degrees worth less than other degrees, some degrees are worth less than no degree at all.

This doesn't mean that those degrees have no value; it simply means that we have enough people with these skill sets already in the labor market. A lower salary signals that society has enough people who can do a certain job. A higher salary signals that society needs more people who can do a different job.

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Still, none of this illuminates the real travesty. In 1991, the average high school graduate could expect to earn wages and benefits of \$2.1 million (in today's dollars) over the course of a career. Contrast that with the average college graduate who could expect to earn \$3.5 million, netting an additional \$1.4 million. Jump ahead two full decades, and by 2011, the average high school graduate could expect to earn \$1.7 million versus \$3.4 million for the average college graduate – an additional \$1.7 million. In other words, going to college in 1991 would add \$1.4 million to your earnings, but today, it adds



\$1.7 million. The travesty is that this \$300,000 increase is not due to college degrees becoming more valuable. It is due to high school diplomas becoming less valuable. Both high school and college graduates are actually earning less now than they were a full generation ago.

To the student, the value of a degree is more than just a larger paycheck. But to society, the value of a degree is the graduate's improved productivity, which is measured by the improved paycheck. And when the taxpayer is subsidizing the tuition, it is the value of the degree to society, not to the student, that matters.

Yes, Mr. President, all students should have the opportunity to attend college. But why should taxpayers subsidize students to learn skills employers don't need? And if employers need other skills so badly they are willing to pay top dollar, why do we need to provide subsidies at all?

Antony Davies is associate professor of economics at Duquesne University and affiliated senior scholar at the [Mercatus Center](#). James R. Harrigan is a fellow of the Institute of Political Economy at Utah State University.

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