



College Degrees: Are they worth it?

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College degrees used to be the safest bet for professional and financial success. Many people, however, are speculating whether college degrees are worth it, due to increasing college costs, constricted credit markets and the current unemployment situation. This used to be a question left to academic researchers, but now the interest has widened to include recent college graduates, high school graduates, and the unemployed. Each group is trying to decide whether attending college is a good investment and what level of education one should attain.

According to the National Center for Education Statistics for the 2008-2009 academic year, annual prices for undergraduate tuition, room, and board were estimated to be \$12,283. This marks a 32 percent increase from 1998-99 to 2008-09, after adjusting for inflation. "On average, tuition tends to increase about 8 percent per year. An 8 percent college inflation rate means that the cost of college doubles every nine years."ⁱ With the increase in the cost of college tuition and the length of time it takes to receive a degree, barely half of the students who start college get a degree within six years; it's no wonder that people are questioning their decisions about further education.

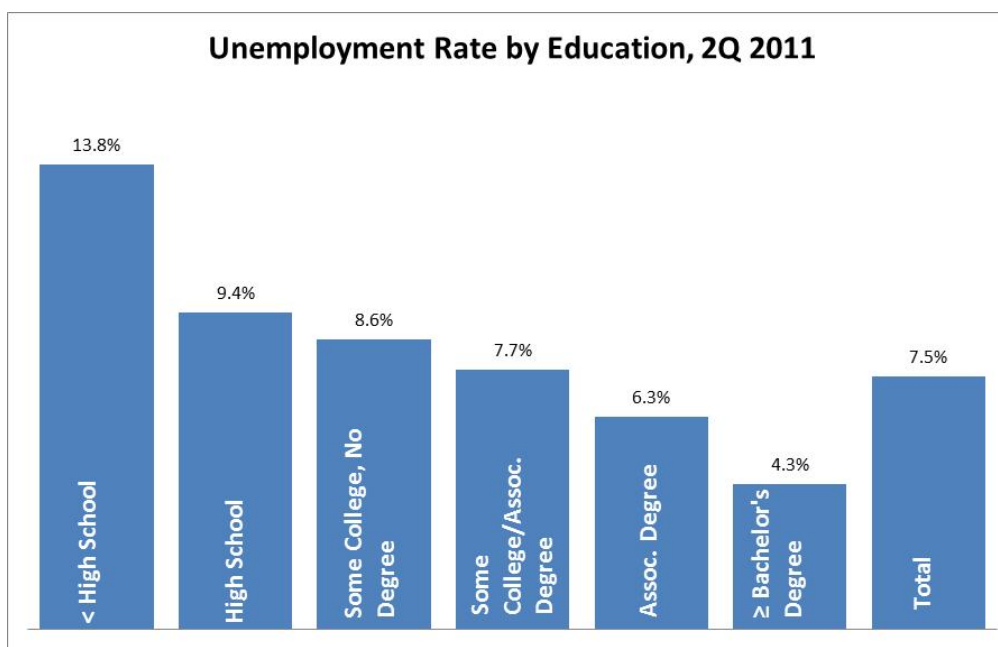
Recent college graduates that haven't been able to find jobs or are currently underemployed have gotten the least gratification from their college degrees. Despite that, many people agree that a college degree is one of the most lucrative investments a person can make. In a recent article, Conor Dougherty stated, "To economists who look at the numbers, college is (a) necessary, even if not sufficient, ticket to the middle class." From the same article, Lawrence Mishel said, "We are experiencing a period of shared misery, where workers at all education levels are struggling, including those with a college degree."ⁱⁱ

According to the data, holding a bachelor's degree, or even an associate's degree, makes a person better off than not going to college at all. There are also many other benefits that come with a college degree, besides job placement, including the quality of jobs, the availability of health insurance, and the ease of finding and holding jobs, among other things.ⁱⁱⁱ

The official second quarter 2011 unemployment rate for those aged 25 years and older in the United States was 7.5 percent. The labor force participation rate for the United States, as a whole, was 65.9 percent. Individuals with less than a high school diploma had the highest unemployment rate, 13.8 percent, and the lowest labor force participation rate, 46 percent. Individuals with a bachelor's degree or higher had the lowest unemployment rate, 4.3 percent, and the highest labor force participation rate, 76.8 percent.

Labor Force Statistics by Education in the United States, 2Q 2011*							
	Less than a High School Diploma	High School Graduates, No College	Some College, No Degree	Some College or Associate Degree	Associate Degree	Bachelor's Degree and Higher	Total
Civilian Labor Force (1,000's)	11,681	37,502	22,543	36,525	13,982	46,775	132,483
Labor Force Participation Rate	46.0%	60.3%	66.7%	69.3%	74.0%	76.8%	65.9%
Employed (1,000's)	10,071	33,982	20,613	33,711	13,098	44,777	122,541
Unemployed (1,000's)	1,610	3,520	1,930	2,814	885	1,998	9,942
Unemployment Rate	13.8%	9.4%	8.6%	7.7%	6.3%	4.3%	7.5%

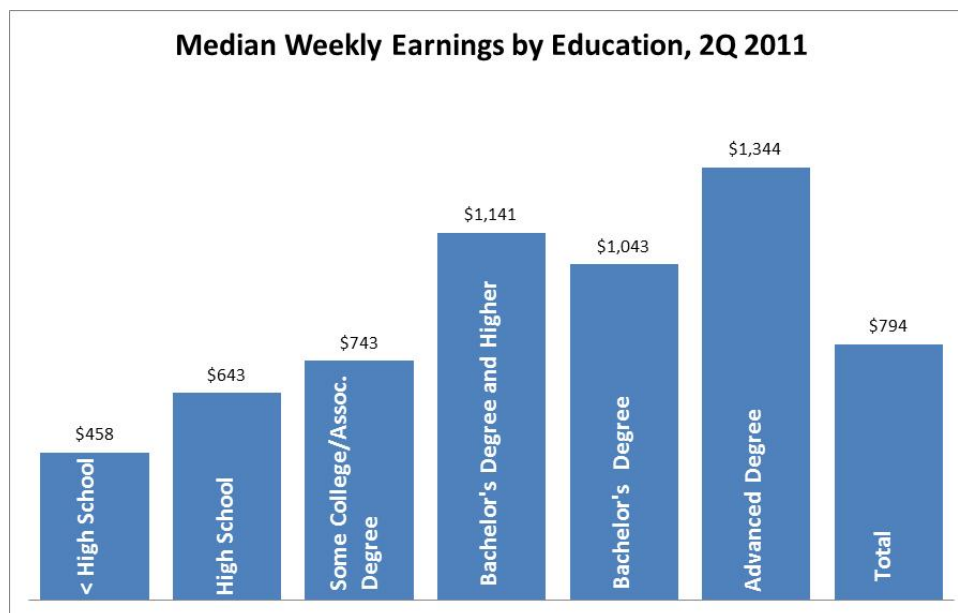
*25 years and over, full-time and part-time employees included, not seasonally adjusted.
Bureau of Labor Statistics: Current Population Survey



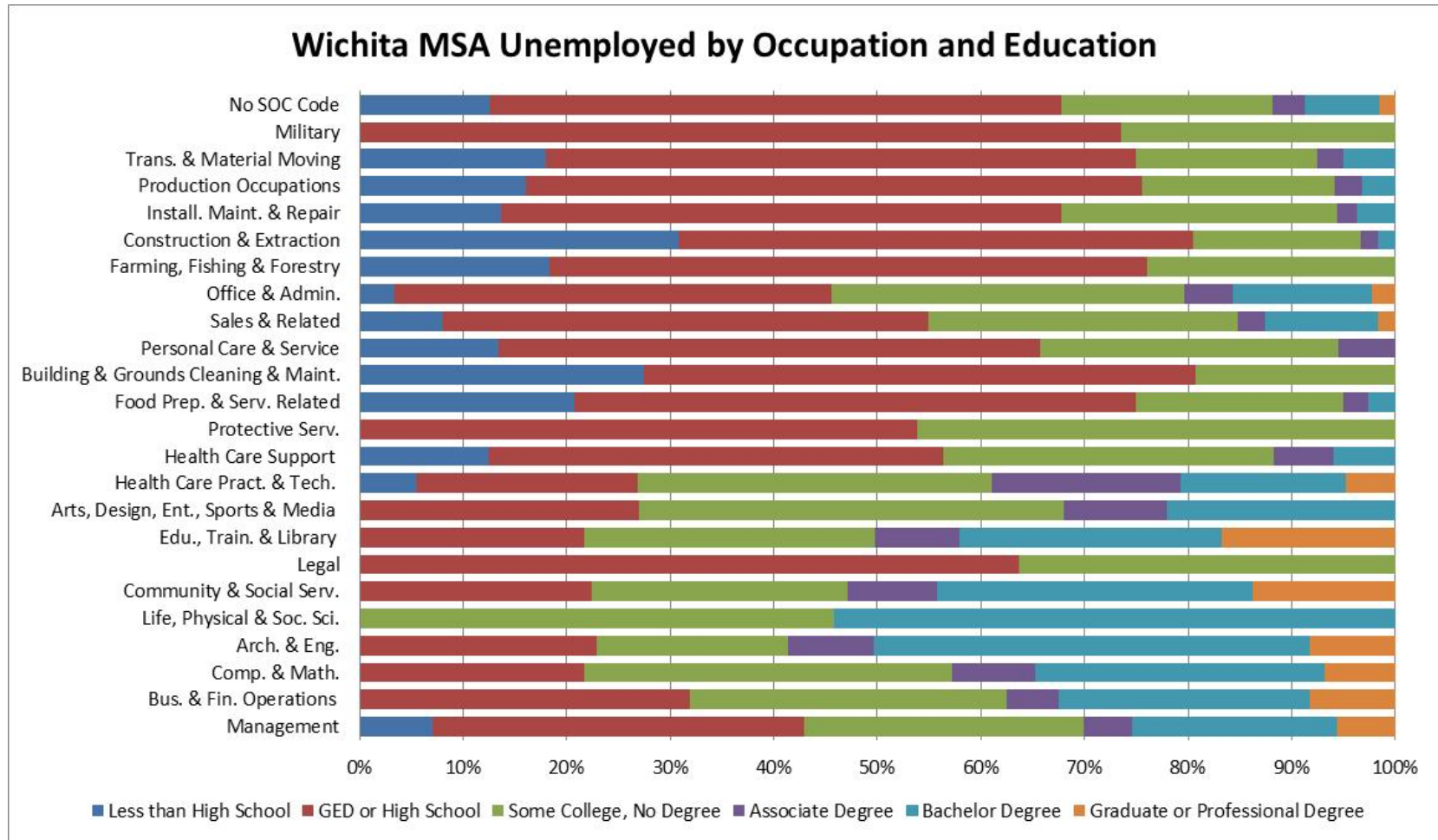
The second quarter 2011 median weekly wage for employees aged 25 years and over in the United States was \$794. The median weekly wage for employees with less than a high school diploma was \$458. The lowest 10 percent of paid individuals with less than a high school diploma brought home \$290 weekly while the highest 10 percent brought home \$873 weekly. The lowest 10 percent of paid individuals with an advanced degree made \$651 weekly while the highest 10 percent made \$2,886 weekly.

Estimated WEEKLY Earnings by Education in the United States, 2Q 2011*							
	Less than a High School Diploma	High School Graduates, No College	Some College or Associate Degree	Bachelor's Degree and Higher	Bachelor's Degree	Advanced Degree	Total
Employment (1,000's)	7,153	25,478	25,266	34,026	21,810	12,215	91,923
First Decile	\$290	\$355	\$388	\$571	\$520	\$651	\$383
First Quartile	\$348	\$465	\$516	\$772	\$730	\$906	\$528
Second Quartile (Median)	\$458	\$643	\$743	\$1,141	\$1,043	\$1,344	\$794
Third Quartile	\$637	\$928	\$1,054	\$1,733	\$1,548	\$1,923	\$1,210
Ninth Decile	\$873	\$1,272	\$1,472	\$2,476	\$2,204	\$2,886	\$1,855

*25 years and over, full-time employees only, not seasonally adjusted.
Bureau of Labor Statistics: Current Population Survey



The graph below depicts Wichita MSA unemployment insurance data for first quarter 2011 by educational attainment and SOC code. Persons with a GED or high school diploma have the highest unemployment for most sectors, while persons with a graduate or professional degree have the least amount of unemployment. Even though persons who have obtained a bachelor's degree incur periods of unemployment, it is less frequent than for those persons with less education.



ⁱ "FinAid | Saving for College | Tuition Inflation." *FinAid! Financial Aid, College Scholarships and Student Loans*. 2011. Web. 02 July 2011. <<http://www.finaid.org/savings/tuition-inflation.phtml>>.

ⁱⁱ Dougherty, Conor. "College Grads Expand Lead in Job Security - WSJ.com." *Business News & Financial News - The Wall Street Journal - Wsj.com*. 20 Sept. 2010. Web. 02 July 2011.
<http://online.wsj.com/article/SB10001424052748704362404575479603209475996.html?mod=WSJ_WSJ_US_News_3>.

ⁱⁱⁱ Clark, Kim. "How Much Is That College Degree Really Worth? - US News and World Report." *US News & World Report | News & Rankings | Best Colleges, Best Hospitals, and More*. 30 Oct. 2008. Web. 02 July 2011.
<<http://www.usnews.com/education/articles/2008/10/30/how-much-is-that-college-degree-really-worth>>.