

## **Student Debt and the Value of a College Degree**

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Student debt and the value of college is of ever increasing concern. Certainly the costs of attending college continue to rise – and consequently the potential debt that students take on in completing their degrees is also likely to increase. It appears to be a vicious circle. I should point out though, that the question and discussion of the high cost of attending college is really not new – for at least the last fifty years, students (and parents) weighed the value of whether to attend private college with higher tuition costs than state public colleges and universities.

According to data from the National Center for Educational Statistics, the average cost of attending a 4 year public institution (tuition, room and board, and books and fees) in 1982 was \$3196 and attending a private institution was \$7126. By 2012, these costs had increased to \$17,474 and \$35,074 respectively. Over that same period of time, median family income rose from \$23,433 to \$62,241. Both costs and family income have continued to increase since that time. Thus, the cost of attending a public institution was approximately 14 percent of median household income in 1982 and as of 2012 was 28 percent. For private institutions the figure has gone from 30 percent of household income to 56 percent of median household income.

Student borrowing has increased significantly as well. Depending on the type of institution a student has attended, a typical graduate with a 4 year bachelor's degree that relied extensively on student loans may have accumulated anywhere from \$25,000 (public institution) to upwards of \$200,000 (private). These figures do not take into account yet the possibility that the individual may continue on to graduate school and professional training such as law school or medical school.

Many new graduates do have a significant level of debt in the form of both federal and private student loans. The issue for these individuals though is if they are able to find appropriate employment in the fields in which they studied and that ultimately provide them with a flow of income that allows them to repay their loans. This is of course a subject of much debate – but there is one thing that is clear, college

graduates (4 year degree or higher) earn significantly more than non-graduates (high school diploma or just some college).

The Bureau of Labor Statistics reports that median weekly income for individuals with only a high school diploma earned \$668 dollars a week (median earnings) in 2014 and reported an unemployment rate of 6 percent. Bachelor's degree holders had weekly earnings of \$1101 dollars with unemployment at 3.5 percent. The figures for those with graduate degrees were even greater. A variety of studies have also pointed to the vast differences in lifetime earnings for college degree holders versus non-degree holders.

There is ample evidence, college does pay. The issue is that salary scales and opportunities differ across all fields and across skill sets. Should individuals go into science and technology fields or study the liberal arts? Or should they study business? These are all valid and important questions, but each individual has to determine what they feel is the best field of study for themselves. There are opportunities for graduates across all fields, but individuals may need to find new and inventive ways to break into their chosen field. A college degree though is still one of the primary means for individuals to gain the necessary human capital skills that will equip them to succeed in not only today's global economy but to be prepared for what lies ahead in the future.