



Bureau of Legislative Research
Policy Analysis & Research Section



ECONOMIC VALUE OF A COLLEGE DEGREE

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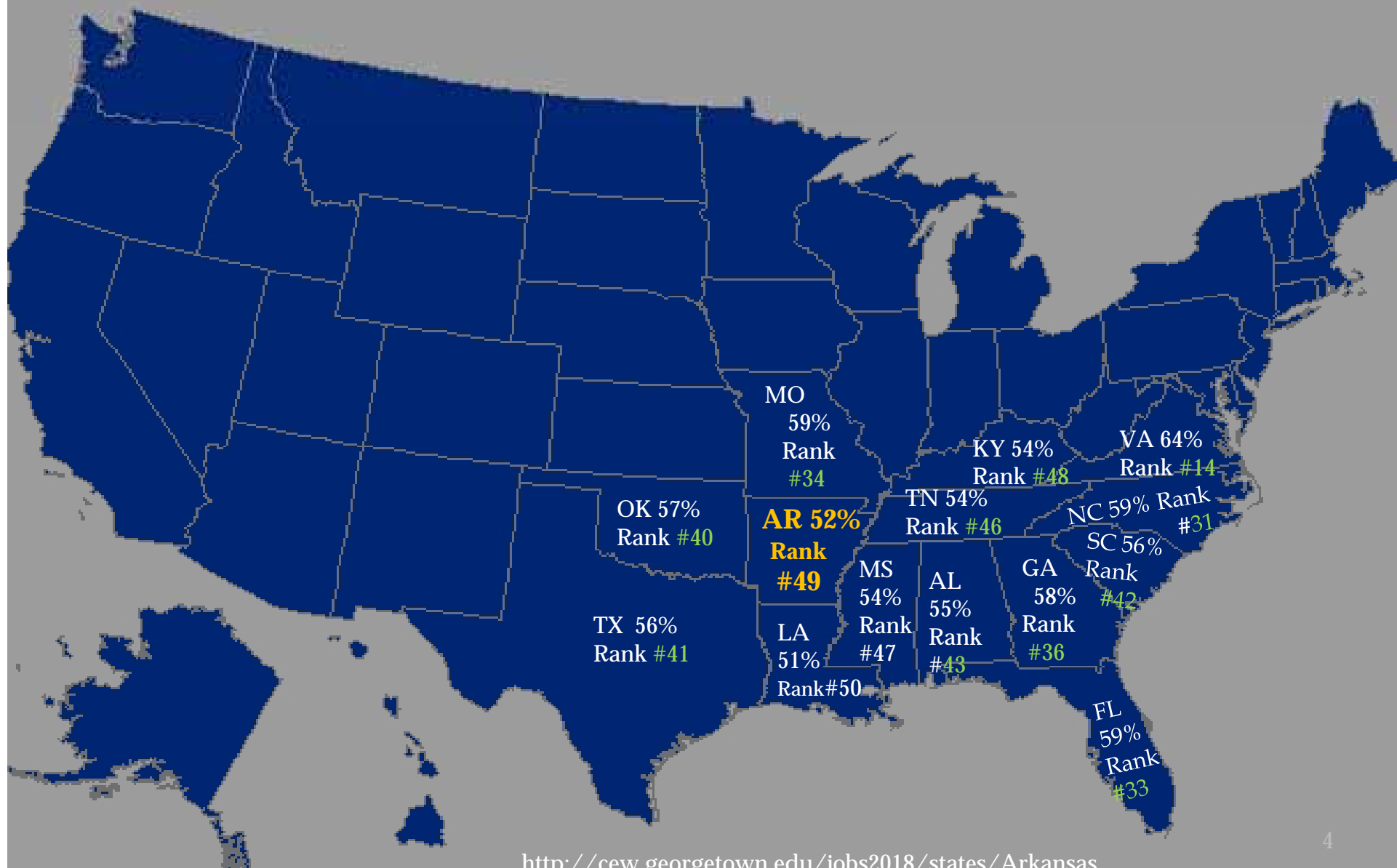
Summary of Reports Used

- ▣ “The College Payoff” Georgetown University Center on Education and the Workforce
- ▣ “What’s it Worth? The Economic Value of College Majors” Georgetown University Center on Education and the Workforce
- ▣ “Degrees” SREB Fact Book 2009
- ▣ “Arkansas” Georgetown University Center on Education and the Workforce
- ▣ “Median Earnings by Major and Subject Area” The Chronicle of Higher Education
- ▣ “The dreaded “P” word Delta Cost Project
- ▣ “Valuing Certificates: Defining the Value of Certificates” Georgetown University Center on Education and the Workforce

Different Majors Have Different Economic Value

- ▣ Any Degree is better than no degree, there are significant differences in degrees.
- ▣ Over a lifetime, a Bachelor's degree is worth \$2.8 million on average, 75% more than that earned by a high school graduate.

Percent of Jobs Requiring Postsecondary Education in 2018



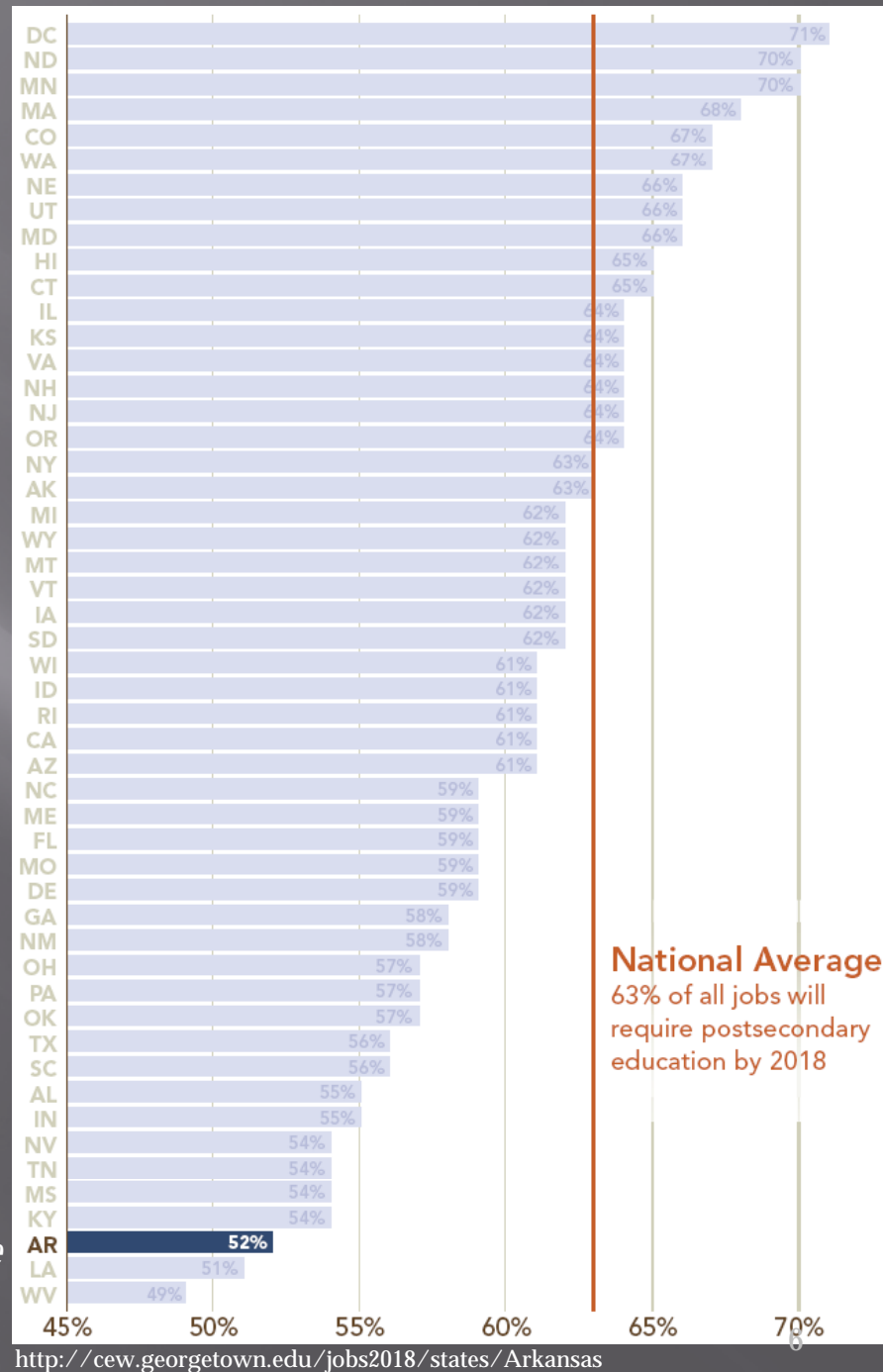
SREB STATES - Percent of Jobs Requiring Postsecondary Education



Arkansas

- Between 2008 and 2018, new jobs in Arkansas requiring postsecondary education and training will grow by 86,000 while jobs for high school graduates and dropouts will grow by 63,000.
- Between 2008 and 2018, Arkansas will create 419,000 job vacancies both from new jobs and from job openings due to retirement.
- 217,000 of these job vacancies will be for those with postsecondary credentials, 150,000 for high school graduates and 52,000 for high school dropouts.
- Arkansas ranks 47th in terms of the proportion of its 2018 jobs that will require a Bachelor's degree, and is 9th in jobs for high school dropouts.
- 52% of all jobs in Arkansas (750,000 jobs) will require some postsecondary training beyond high school in 2018.

Job vacancies arise from two sources: There are brand new positions created as an occupation grows, and there are pre-existing jobs that people leave behind when they retire, or move into other occupations.

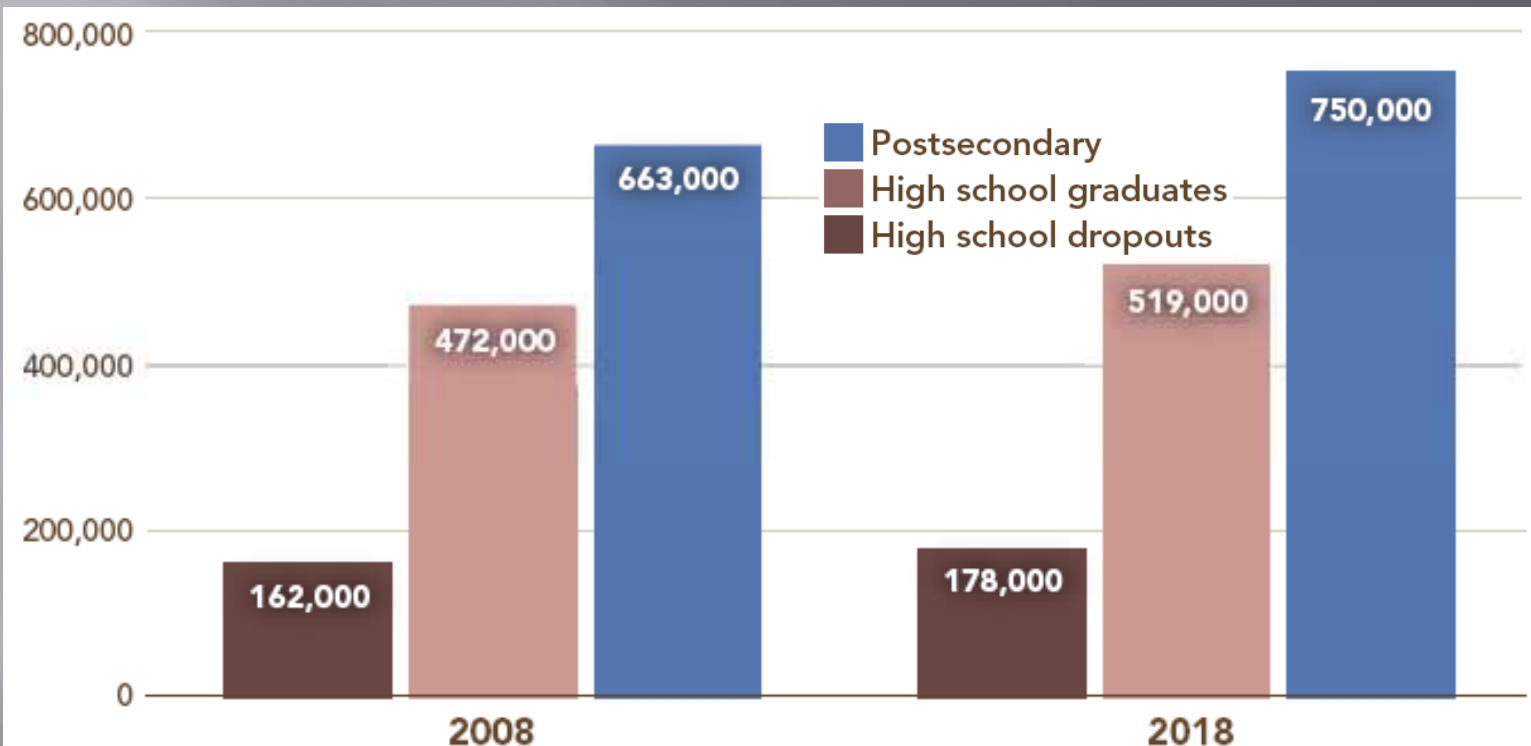


ARKANSAS (continued)

ARKANSAS'S RANK IN JOBS FORECASTED FOR 2018, BY EDUCATION LEVEL

Education level	2018 Jobs	Rank
High school dropouts	178,000	9
High school graduates	519,000	2
Some college, no degree	334,000	17
Associate's degree	108,000	47
Bachelor's degree	217,000	47
Graduate degree	92,000	51

ARKANSAS (continued)



CHANGE IN JOBS BY EDUCATION LEVEL: 2008 AND 2018.

Education level	2008 Jobs	2018 Jobs	Difference
High school dropouts	162,000	178,000	16,000
High school graduates	472,000	519,000	47,000
Postsecondary	663,000	750,000	86,000

WHERE THE JOBS WILL BE IN 2018, BY OCCUPATION AND EDUCATION LEVEL (in thousands of jobs)*								
OCCUPATIONS		High school dropouts	High school graduates	Some college	Associate's degree	Bachelor's degree	Graduate degree	Total
Managerial and Professional Office	Management	3	21	19	6	21	9	79
	Business operations specialty	1	5	9	3	10	2	29
	Financial specialists	0	2	3	1	12	2	20
	Legal	0	1	2	0	1	4	8
STEM	Computer and mathematical science	0	2	6	2	11	2	24
	Architects and technicians	0	0	1	1	2	0	4
	Engineers and technicians	0	2	2	2	6	1	13
	Life and physical scientists	-	1	1	0	2	2	7
	Social scientists	-	0	1	0	1	2	4
Community Services and Arts	Community and social services	0	2	3	1	8	5	20
	Arts, design, entertainment, sports, and media	0	3	4	1	6	1	15
Education	Education	1	8	10	4	40	27	90
Healthcare	Healthcare practitioners	0	7	16	23	19	20	85
	Healthcare support	6	17	12	4	1	1	41
Food and Personal Services	Food preparation and serving	26	55	21	6	5	0	113
	Building and grounds cleaning and maintenance	15	25	9	2	2	0	52
	Personal care	4	15	10	2	2	1	35
	Protective services	1	10	12	3	3	0	29
Sales and Office Support	Sales	15	54	42	10	26	4	151
	Office and administrative support	11	79	66	20	27	3	206
Blue Collar	Farming, fishing and forestry	6	7	2	0	0	-	16
	Construction and extraction	18	34	13	2	2	1	70
	Installation, maintenance, and equipment repair	10	27	17	5	2	0	62
	Production	31	73	31	6	5	1	146
	Transportation and material moving	30	68	23	4	4	0	129
TOTAL**		178	519	334	108	217	92	1,447

* Zero does not necessarily mean no jobs. Since jobs are rounded to the nearest thousand, zero means less than 500 jobs.

**Total jobs are a snapshot of the economy that shows where jobs are located by education type. They differ from job vacancies because total jobs are filled by people currently working in these positions who may not be leaving in the short-term to create a job opening.

Earnings For The Top 10 Most Popular Majors

	Percent of All Majors	Median	Earnings at 25th Percentile	Earnings at 75th Percentile
Business Management and Administration	8	58,000	40,000	85,000
General Business	5	60,000	40,000	90,000
Accounting	5	63,000	43,000	95,000
Nursing	4	60,000	48,000	80,000
Psychology	3	45,000	31,000	65,000
Marketing and Marketing Research	3	58,000	40,000	88,000
Communications	3	50,000	35,000	77,000
Elementary Education	3	40,000	31,000	50,000
Computer Science	3	75,000	50,000	100,000
Finance	3	65,000	43,000	100,000

***Full-time, full-year workers with a terminal Bachelor's**

Source: "What's it Worth? The Economic Value of College Majors" Georgetown University Center on Education and the Workforce¹⁰

Earnings For The Top 10 Least Popular Majors

	Percent of All Majors	Median	Earnings at 25th Percentile	Earnings at 75th Percentile
Actuarial Science	<.01	68,000	53,000	126,000
Electrical and Mechanic Repairs and Technologies	<.01	57,000	39,000	70,000
Metallurgical Engineering	<.01	80,000	50,000	106,000
Naval Architecture and Marine Engineering	<.01	82,000	44,000	120,000
Botany	<.01	42,000	29,000	56,000
Mining and Mineral Engineering	<.01	80,000	52,000	125,000
Oceanography	<.01	70,000	42,000	110,000
Physical Sciences	<.01	69,000	50,000	92,000
Mathematics and Computer Science	<.01	98,000	75,000	134,000
Miscellaneous Agriculture	<.01	47,000	30,000	54,000

*Full-time, full-year workers with a terminal Bachelor's

Source: "What's it Worth? The Economic Value of College Majors" Georgetown University Center on Education and the Workforce

Top 10 Majors With The Highest Unemployment Rates

	Unemployment Rate
Social Psychology	16
Nuclear Engineering	11
Educational Administration and Supervision	11
Biomedical Engineering	11
Linguistics and Comparative Language and Literature	10
Mathematics and Computer Science	10
United States History	10
Court Reporting	10
Counseling Psychology	10
Studio Arts	9

Source: "What's it Worth? The Economic Value of College Majors" Georgetown University Center on Education and the Workforce

MEDIAN EARNINGS BY MAJOR AND SUBJECT AREA

<http://chronicle.com/article/Median-Earnings-by-Major-and/127604/>

Source: "What's it Worth? The Economic Value of College Majors" Georgetown University Center on Education and the Workforce

Arkansas Summary by Degree Level

Fiscal Year 2009-2010

	FTE Enrollment	No. of Majors	Degrees Granted	Average Cost of Degree	Total Cost to the State
Certificates	7,526	13,600	7,046	\$12,950	36%
Associate Degrees	35,222	65,676	6,583	\$22,750	31%
Bachelors Degrees	47,325	64,330	9,622	\$57,760	30%
Masters Degrees	6,968	12,803	3,154	\$21,650	44%
First Professional (Law)	1,033	889	269	\$66,770	14%
Educational Specialist	155	328	48	\$33,780	53%
Doctorate Degrees	1,286	1,936	247	\$72,470	65%
Statewide Total			26,969		

Loan Default Rates

4 Year Universities	2006	2007	2008	2009
Arkansas State University- Jonesboro*	7.7%	8.2%	10.1%	13.3%
Arkansas Tech University	8.9%	9.3%	9.8%	13.7%
Henderson State University	6.2%	6.8%	9.8%	11.9%
Southern Arkansas University	10.4%	11.5%	11.6%	10.8%
University of Arkansas Fayetteville	2.3%	3.4%	4.3%	4.7%
University of Arkansas Fort Smith	9.6%	11.2%	10.8%	12.3%
University of Arkansas Little Rock	6.9%	8.9%	9.1%	9.7%
University of Arkansas Monticello	11.5%	13.4%	14.7%	20.1%
University of Arkansas Medical Science	0.2%	1.2%	1.6%	1.4%
University of Arkansas Pine Bluff	15.4%	15.9%	17.3%	21.1%
University of Central Arkansas	6.9%	6.4%	9.4%	8.6%

* Arkansas State Mountain Home and Arkansas State Newport are included in Arkansas State University- Jonesboro

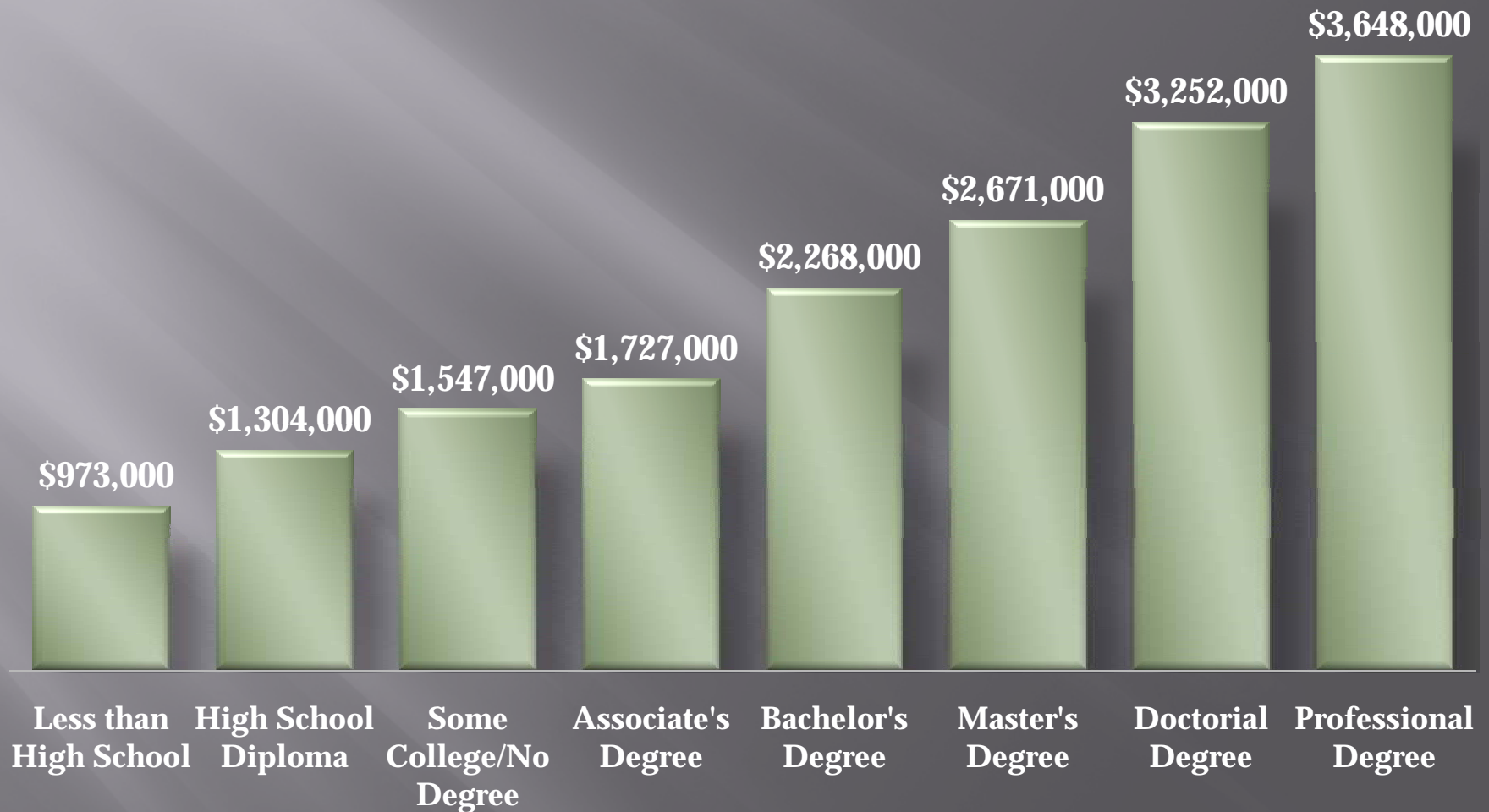
Loan Default Rates

2 Year	2006	2007	2008	2009		2 Year	2006	2007	2008	2009
ANC	10.8%	9.7%	12.8%	19.8%		COTO	15.4%	11.2%	9.9%	12.2%
ASUB	9.2%	8.9%	11.8%	14.8%		OZC	16.5%	7.5%	13.9%	26.3%
ASUMH						PCCUA	9.8%	8.6%	21.2%	17.2%
ASUN						PTC	10.3%	12.3%	14.9%	14.7%
BRTC	12.7%	14.4%	12.1%	16.1%		RMCC	0.0%	0.0%	0.0%	0.0%
CCCUA	0.0%	0.0%	0.0%	0.0%		SACC	10.5%	9.8%	9.0%	12.8%
EACC	10.2%	11.7%	21.4%	13.5%		SAUT	13.2%	15.8%	10.7%	12.3%
MSCC	0.0%	0.0%	0.0%	0.0%		SEAC	20.8%	13.6%	12.3%	16.3%
NAC	11.1%	16.0%	9.2%	13.1%		UACCB	13.8%	19.1%	18.5%	26.5%
NPCC	13.0%	18.5%	16.1%	18.8%		UACCH	12.9%	12.5%	11.7%	14.1%
NWACC	6.8%	7.8%	8.9%	13.6%		UACCM	11.1%	11.5%	7.5%	11.8%

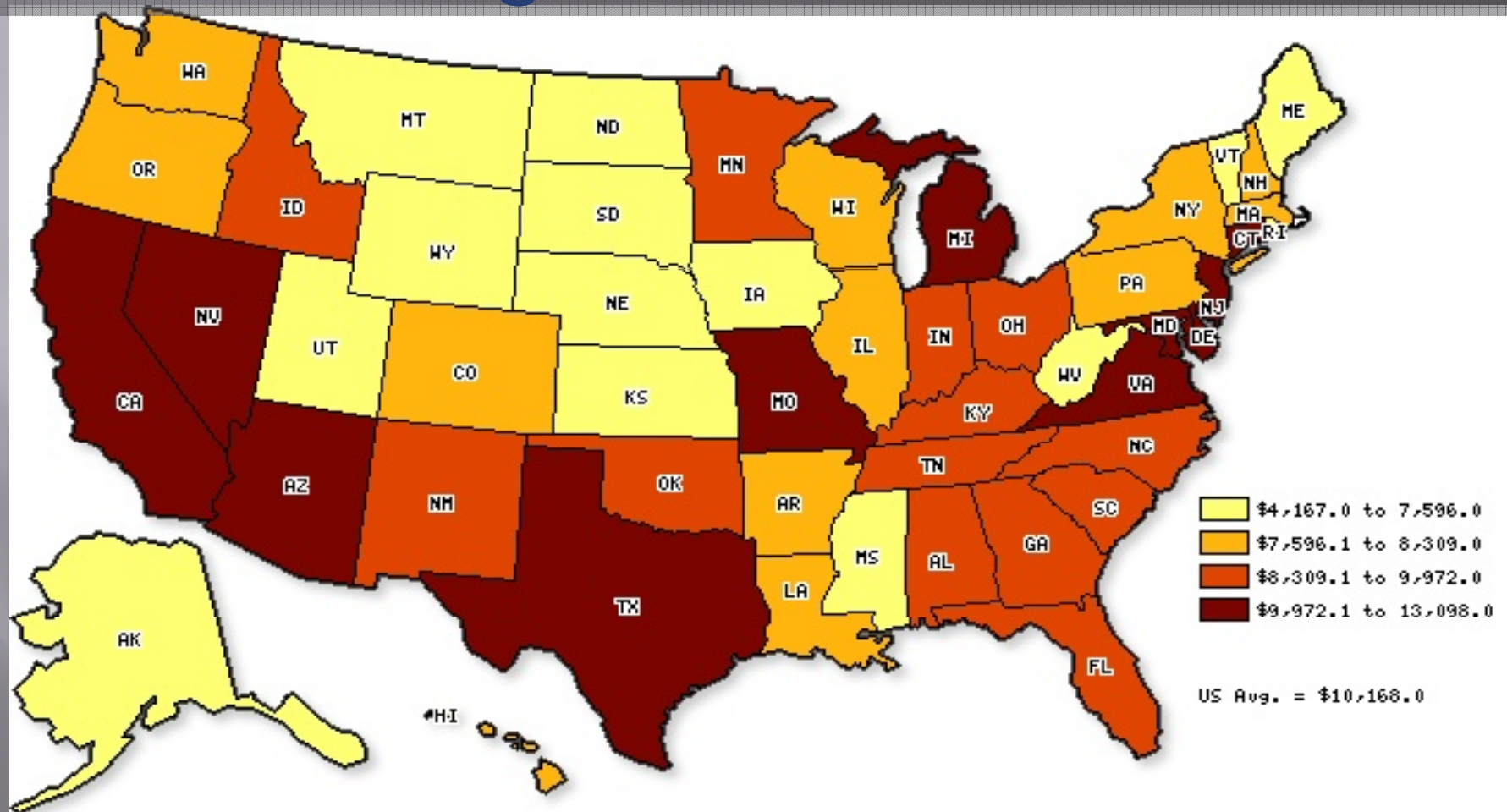
* Arkansas State Mountain Home and Arkansas State Newport are included in Arkansas State University- Jonesboro

Source: Arkansas Department of Higher Education

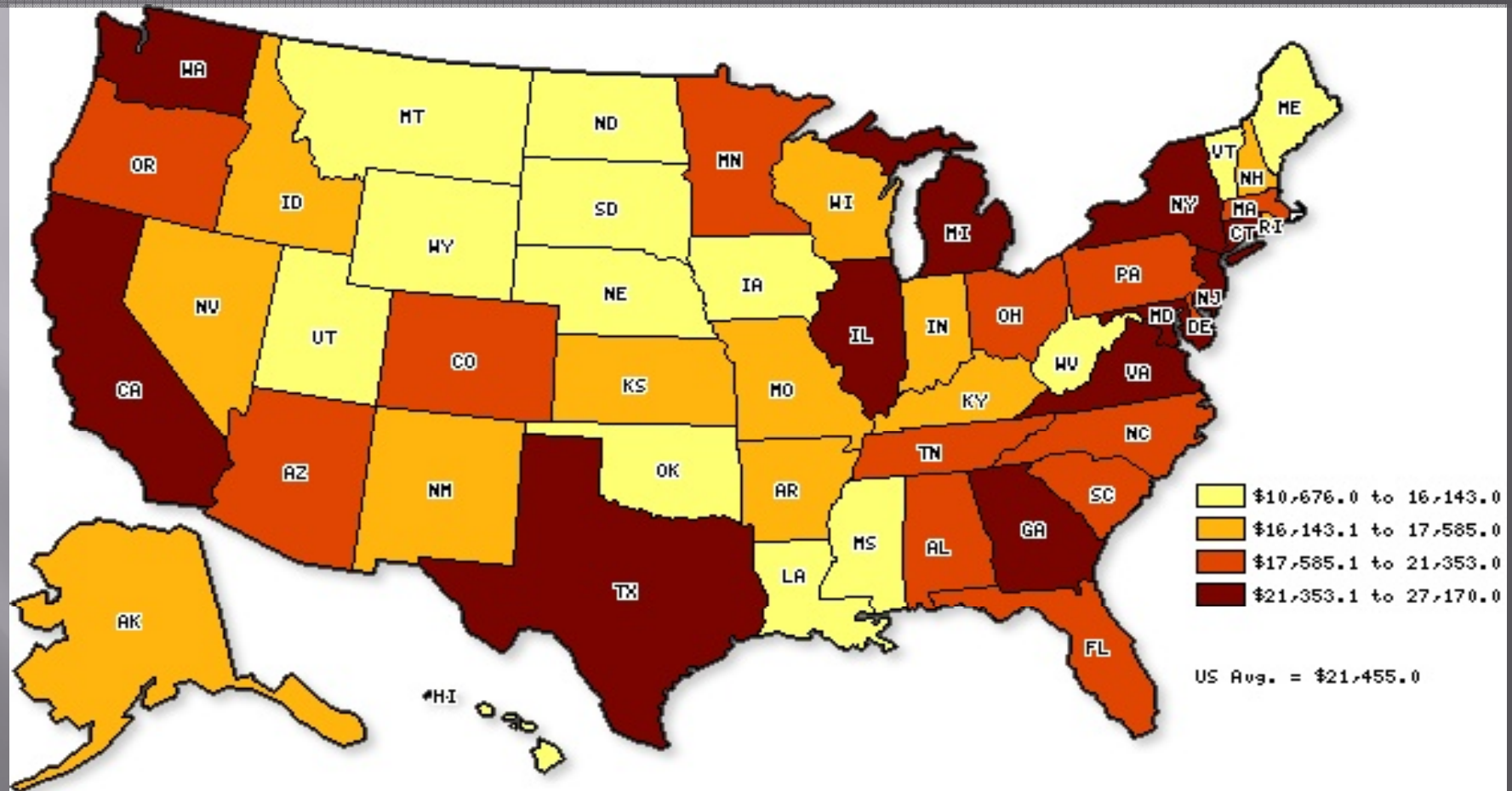
Median Lifetime Earnings by Highest Educational Attainment, 2009 Dollars



Difference in Median Earnings Between a High School Diploma and an Associates Degree 25 to 64 Year Olds–2007



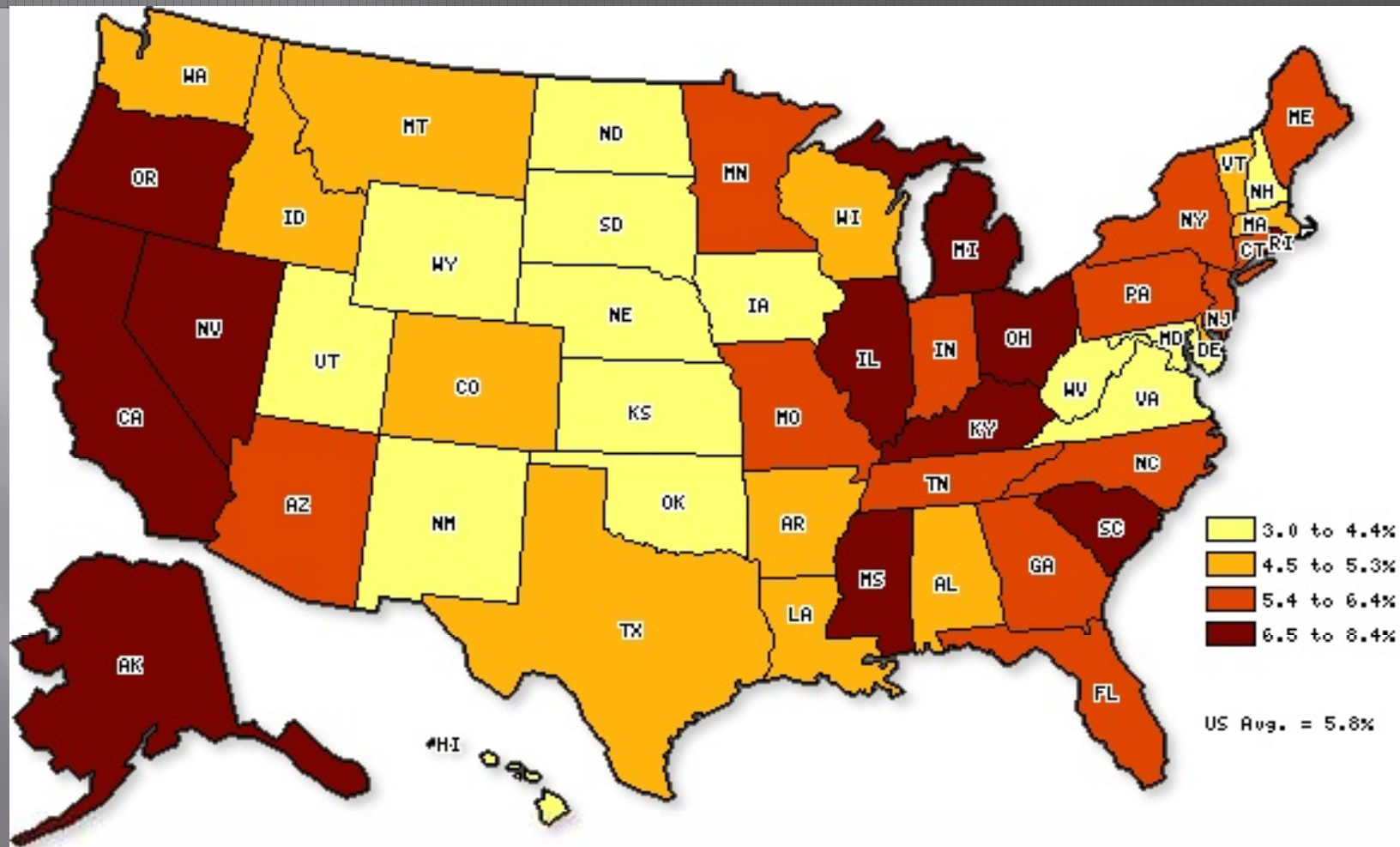
Difference in Median Earnings Between a High School Diploma and a Bachelors Degree 25 to 64 Year Olds–2007



Source: U.S. Census Bureau, American Community Survey (Public Use Microdata Samples)

Source: The National Center of Higher Education Management System <http://www.higheredinfo.org/dbrowser/index.php?measure=50>

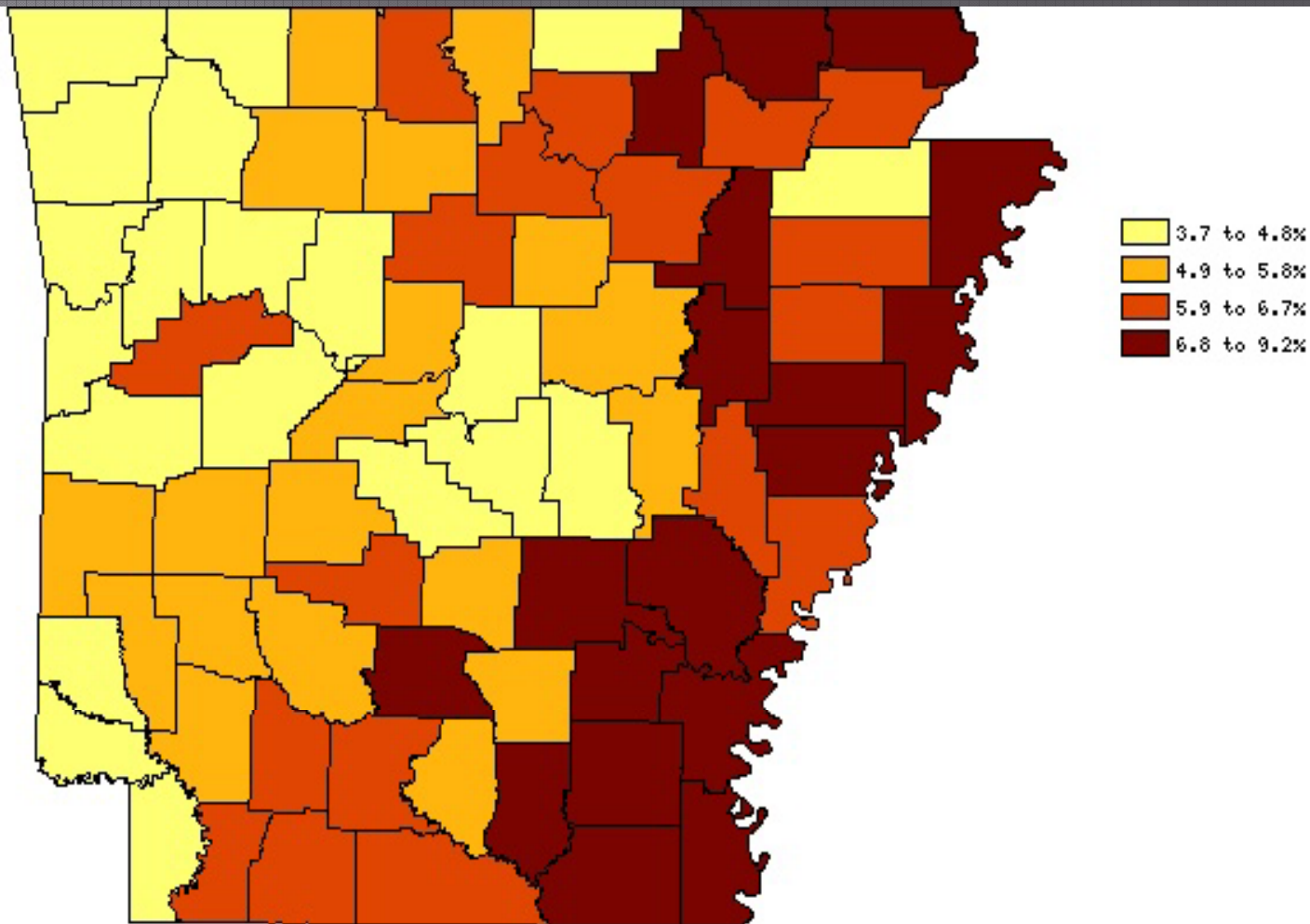
Unemployment Rates- 2008



Source: US Bureau of Labor Statistics

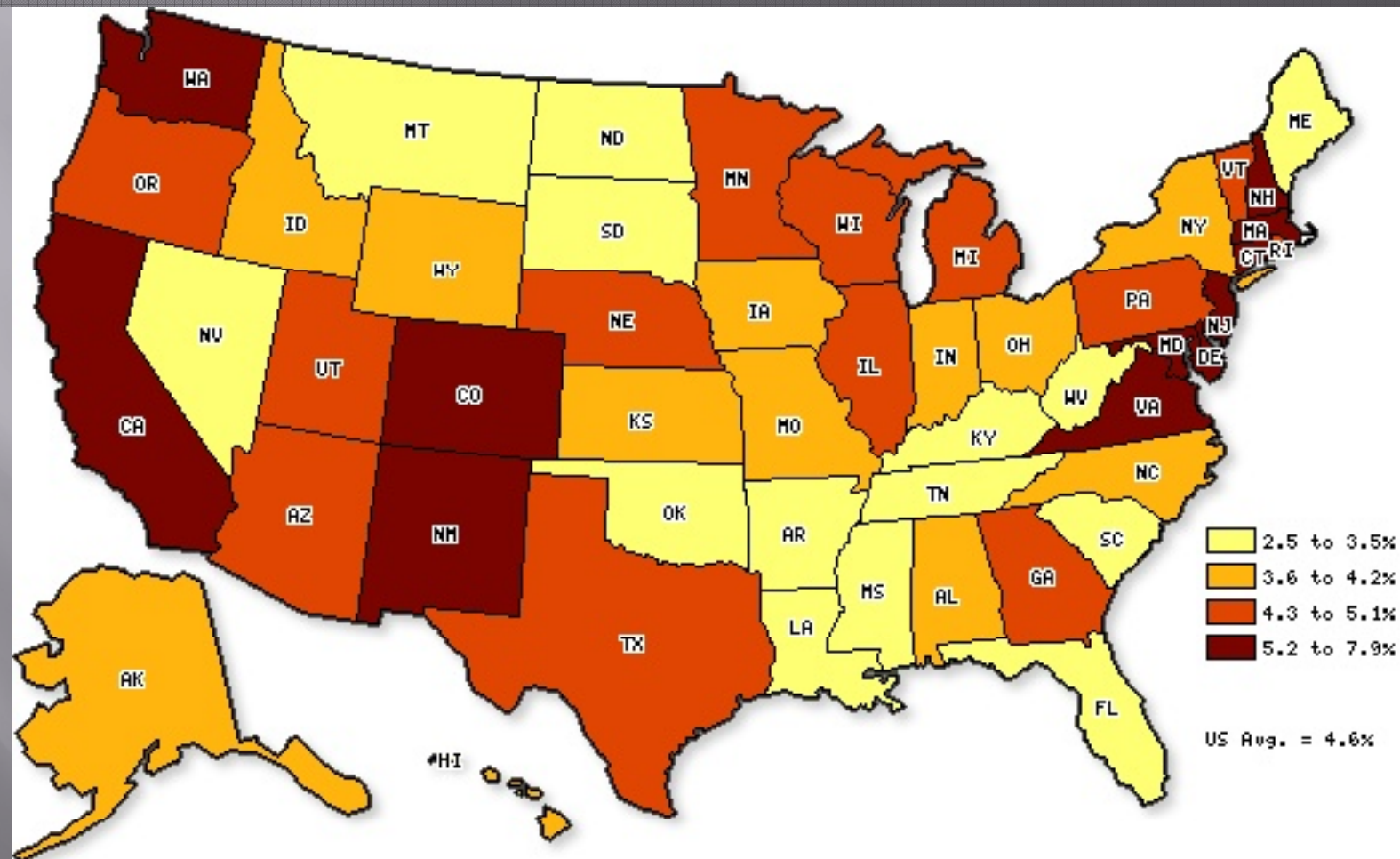
Source: The National Center of Higher Education Management System <http://www.higheredinfo.org/dbrowser/index.php?measure=500>

Unemployment Rates- 2008



Source: US Bureau of Labor Statistics

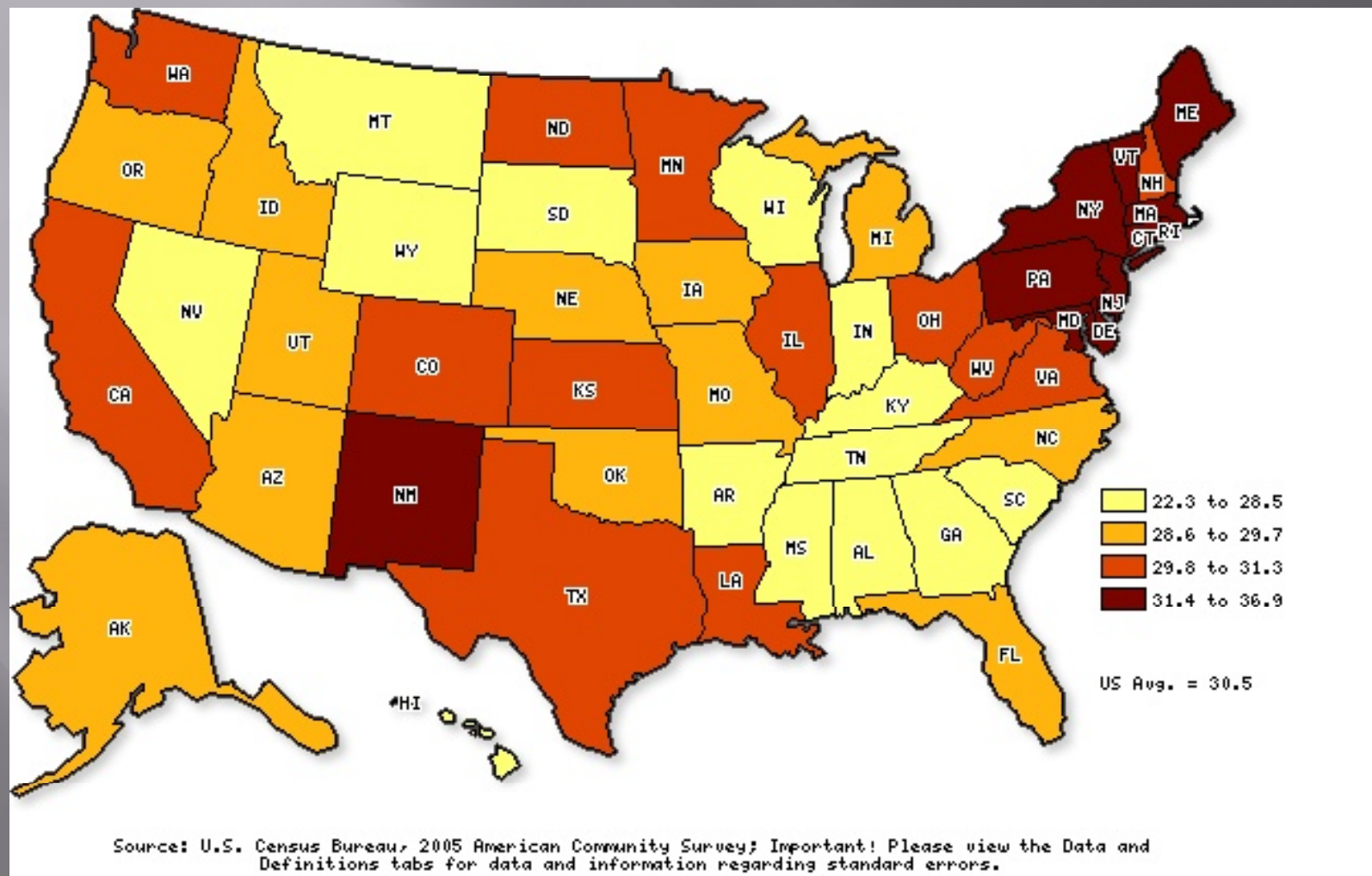
Percent Employment in Science, Technology, Engineering, and Mathematics Occupations - 2006



Source: U.S. Census Bureau, American Community Survey (Public Use Microdata Samples)

Source: The National Center of Higher Education Management System <http://www.higheredinfo.org/dbrowser/index.php?measure=50>

Percent Employment in Professional, Education, Health, and Social Service Industries - 2005



Source: The National Center of Higher Education Management System <http://www.higheredinfo.org/dbrowser/index.php?measure=50>

“When considering the question of whether earning a college degree is worth the investment in these uncertain economic times, here is a number to keep in mind”

84 Percent

Examples of Debt Issues

Arkansas Democrat-Gazette & Arkansas Times

- ▣ A 21 year old International relations major from the U of A has been looking for a job for 4 months, and hasn't had a single interview.
- ▣ A 22 year old computer science major from the U of A secured a job in October before his spring graduation date.
- ▣ 2009 Central High graduate attends the University of Arkansas on a Bodenhamer Fellowship, which pays for tuition and fees and a stipend of \$1,000 a semester. Worth \$50,000 over 5 years, pays for study abroad, also.

Debt of College Graduates

USA Today

- ▣ The average college senior graduated this year with more than \$19, 000 in debt.
- ▣ A 25 old graduate from Rutgers University with a master's degree in public policy has student loans exceeding \$116,000.
 - His payments will average about \$ 800 a month
 - His final year of graduate school his tuition was paid
- ▣ Nearly a quarter of four-year public school graduates and 38% of private-school graduates who become teachers can't afford to repay their debts on a starting teacher's salary.
- ▣ For social workers, the statistics were worse: 37% of public and 55% of private school graduates start their careers with unmanageable debt.

Debt, Debt and more Debt

The Wall Street Journal

- ▣ The U.S. Education Department in 2008-2009 academic year show that the total amount borrowed by students grew about 25% over the previous year, to 75.1 billion.
- ▣ The new numbers highlight how debt has become commonplace in paying for higher education.
- ▣ Two-thirds of college students borrow to pay for college, and their average debt load is \$23,186 by the time they graduate.

South Lacking in “Middle-Skills” Workers

News from Clark County

- ▣ The National Skills Coalition released information that show 51% of all jobs in the American South fall into “middle-skills” category, requiring education and training beyond high school but less than a four-year degree.
- ▣ A study done also indicates that the shortage will continue to rise unless efforts are made to promote more training and education programs at the two-year technical schools.
- ▣ A report last fall indicated that student debt had reached \$850 billion, nearly \$25 billion more than the nation’s consumer credit card debt loan.

Governor Mike Bebee

- ▣ “There is something to be said for learning for learning’s sake, without regard to how it relates specifically to a job. We have heard that what companies want is not necessarily someone with a specific skill, but somebody who can think and change directions from job to job and year to year.”

Questions Please Contact

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