"THE VALUE AND COST OF COLLEGE"

By Tommy Williams, CFP®

Does college open doors? A new study examined how college affects Americans' social mobility by cross-referencing data from the Department of Education (from 1999-2013) with 30 million tax returns. The researchers looked at the earnings of graduates from various colleges and how graduates' earnings varied relative to parental income. The Economist described some of the findings:


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"…some colleges do a better job of boosting poor students up the income ladder than others. Previously, the best data available showed only average earnings by college. For the first time, the entire earnings distribution of a college's graduates – and how that relates to parental income – is now known.

These data show that graduates of elite universities with single-digit admissions rates and billion-dollar endowments are still the most likely to join the top 1 percent (though having wealthy parents improves the odds). And despite recent efforts to change, their student bodies are still overwhelmingly wealthy…

…legacy admissions, which give preferential treatment to family members of alumni, exacerbate the imbalance. Of Harvard's most recently admitted class, 27 percent of students had a relative who also attended. There's evidence that this system favors the already wealthy. MIT and the California Institute of Technology, two elite schools with no legacy preferences, have much fewer students who hail from the ranks of the super-rich."

The top colleges by mobility rate (students moving from the bottom to the top 20 percent) included: Cal State University-Los Angeles, Pace University-New York, SUNY-Stony Brook, Technical Career Institutes, University of Texas-Pan American, CUNY System, Glendale Community College, South Texas College, Cal State Polytechnic-Pomona, and University of Texas-El Paso.

The top colleges by upper-tail mobility rate (students moving from the bottom 20 percent to the top 1 percent) were: University of California-Berkeley, Columbia University, MIT, Stanford University, Swarthmore College, Johns Hopkins University, New York University, University of Pennsylvania, Cornell University, and University of Chicago.

According to CNN Money, your degree will likely pay off "eventually":

"It takes an average of 12 years to recoup the cost of getting your Bachelor's degree, according to a new report from The College Board. In other words, you will have earned enough money to repay the cost of your degree and make up for your time out of the workforce by the age of 34. If that seems like a long time, consider this: college grads with a full-time job earned a median of 67% more than high school grads last year. That doesn't include those who went on to receive an advanced degree. And despite the horror stories of over-educated Millennials having a hard time landing a job, the unemployment rate for 25- to 34-year-olds with a Bachelor's degree was 2.6% last year, more than five percentage points below the unemployment rate for those with just a high school education. "A higher education is an investment that pays dividends over the course of a lifetime -- even for students who accumulate some debt to obtain a degree," said Jennifer Ma, senior policy research scientist at the College Board. The average undergraduate student loan borrower left school last year with $30,100 in debt."

Whether it is uplifting or not, it may be wise to remember the quote from the brilliant Albert Einstein, *"Education is what remains after one has forgotten what one has learned in school."*

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