

Title: **Is College Worth the Cost?**

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Is College Worth the Cost?

Many newly-minted high school graduates are wondering if it will be worth it. Some college graduates are asking was it worth it? For the vast majority the answer is yes.

What is "it"? It is the opportunity to explore new fields of learning. Does every class taken in college directly increase one's earning potential? No, because college is not trade school.

If a course, say Greek mythology, causes you to think about things differently than before, it is valuable. How are modern ideas based on ancient views? Can we still learn important ethical lessons that are relevant today? Thinking about such questions in college will make you a better manager, nurse, even parent.

Most think of "it" as the investment of going to college. The price of getting a college degree has risen faster than inflation for a while. One reason is because shrinking state support for public institutions has shifted costs onto students. Witness the ongoing efforts in Jefferson City to reduce state funding for post-secondary education, especially for community colleges.

Rising costs of faculty and staff also explain part of the rise. So does the significant cost of providing students with what once were conveniences. Rapid internet connection availability anywhere on campus, living suites with private bathrooms as opposed to shared dorm rooms with community-style showers, and dining halls with menus that cater to all tastes instead of cafeterias with limited choices are necessary to attract students. These non-educational costs to provide a college education have increased tuition and fees.

To meet the rising cost of getting a college degree, students (and parents) turn to loans and other forms of financial aid. The Department of Education's National Postsecondary Student Aid Study, or NPSAS, recently found that about 72 percent of all undergraduates received financial aid for the 2015-16 academic year. Such aid takes the form of grants, loans, work-study, and federal Direct PLUS Loans.

Outstanding student debt has increased in recent years, estimated to be over a trillion dollars. You have no doubt heard the average graduate today carries a staggering amount of student debt into the workforce, sometimes reported as well past the \$100,000 mark. Surely something must be done, right?

Such statistics can be misleading. One reason the total amount of debt is so large is because so many students are taking advantage of the various aid packages available and going to school. Focusing on the individual, a study by the Federal Reserve Bank of New York found that 65 percent of all student debt holders owed less than \$25,000 in 2016.

Another factor is that the numbers reported often lump together those getting a B.A. with those earning PhDs and MBAs, doctors and lawyers. Someone going for a medical degree is likely to borrow much more against their much higher future potential income.

Focusing on undergraduates, the NPSAS reports that in 2015-16 the average undergraduate received a total aid package of \$12,600 at public schools and \$23,800 at private schools. Assuming it is all debt—and it is not—that amounts to a debt bill at graduation of \$50,400 and \$95,200, respectively.

These are not trivial numbers. So is a B.A. worth that kind of investment?

Michael Greenstone and Adam Looney of the Brookings Institution's Hamilton Project answer that question. They calculate average college graduates will earn about \$570,000 more than their high school counterparts over their working lifetimes.

Or suppose you took the money spent for college and invested it? Using \$102,000 as the cost for four years in school, Greenstone and Looney find that getting the degree yields a 15 percent a return over the working lifetime of the graduate. Investing that money elsewhere would likely produce significantly lower returns: stocks averaged a 7 percent return over the last 60 years, bonds a 3 percent return, and an even lower return of 3 percent if invested in gold.

College may not be for everyone. But in terms of personal development and income potential, the costliest education is the one not taken.

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