

## The Earning Power of College Degrees and Majors

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### The Earning Power of a College Degree

With the economy down, massive layoffs, and no sign of immediate recovery, what should current and upcoming college students do to position themselves for a stable and good paying career in the future? Should students gain admission into a college with lower tuition to save money? Should students drop out of college and accept any job offered to them? Is it possible for students to pursue their passion such as political science, history, philosophy, or mental health and achieve a stable and decent paying career upon graduation, or should students follow where the money is?

Investing in a college education pays off both personally and financially in the long-term. The former is the result of obtaining a greater understanding of ourselves, society, government, and the rest of the world. We, as citizens of this world, can make more informed decisions that affect our lives, the people around us, and the society in which we live in, which contributes to greater freedom, personal happiness, and social prosperity. A college education pays off financially in the long-term because earning a college degree will open up many employment opportunities in a society that is competitive and requires, more than ever, a greater specialization of skills. The combination of general knowledge, a college education, and resources enables upward mobility, not only for us, but for our children as well. For these reasons, our parents encourage us to go to school and to get a good job. The purpose of this article, however, is to focus primarily on the short-term and long-term financial outcomes of obtaining various college degrees and in various majors.

Is there evidence to show that a college degree correlates with higher income? Yes there is. According to data in 2007 provided by the U.S. Census Bureau, those who are 25 years and older and possesses a Bachelor's degree have a median income of \$47,240. Those with the Associate of Arts degree have a median income of \$36,362 and those with only a high school diploma have a median income of \$28,290. This equates to the college graduate earning 67% more than those with only a high school diploma.

Continued college education correlates with higher incomes. Those possessing a Master's degree have a median income of \$56,707, those with a Doctorate degree, \$75,638, and those with a Professional degree, \$89,602. This correlates to a salary increase of 20%, 60%, and 90%, respectively from those possessing only the Bachelor's degree.

Highest Educational Degree	2007 Median Income
High School Diploma	\$28,290
Associate of Arts Degree	\$36,362
Bachelor's Degree	\$47,240
Master's Degree	\$56,707
Doctorate Degree	\$75,638
Professional Degree	\$89,602

Okay then, earning a college degree does correlate to a higher income. Does it matter where a student graduates from? According to an article in a 2008 article in the *Wall Street Journal*,<sup>1</sup> those graduating from the Ivy League universities have a median salary that is 32% higher than those graduating from a liberal arts university.<sup>2</sup> There is also a difference in the median salaries 10 years into the graduate's career, with a spread of 34%.

The same article states that this can possibly be explained by more graduates from the Ivy League schools going into fields such as management and consulting, versus graduates from the state schools going more into individual and supporting roles. Graduates from the Ivy Leagues also have a higher tendency to go into finance fields versus those from other schools.

Surprising however, the salary increase 10 years into the graduate's career is not very different. Those from the liberal arts schools have a median salary increase of 95%, to \$89,379 from \$45,747, versus an 85% increase from graduates of what the *U.S. News* labels as "party schools", to a median salary of \$84,685 from \$45,715.

The data seems to indicate that it is not necessary the school one graduates from. It is rather the field that many students from these different schools tend to go into and also their mindsets. Nevertheless, students should consider gaining admission and graduating from a prestigious school to earn a competitive edge over their peers in the future. First impression is important, and graduating from a more prestigious school will give off a positive first impression.

### **Importance of School Prestige**

Our society values the upper class lifestyle – the money, the toys, the freedom, the power, and the status. This is why so many people shop for designer brands, such as Calvin Klein, and luxury cars like a Mercedes or a BMW. Many people are persuaded by the media and advertising that such a lifestyle is a part of the American Dream; it is part of happiness. Please note that I, and many others, do not promote this type of lifestyle, and would instead argue that the ultimate life is found in moderate levels of material consumption, balanced out with psychological and spiritual well-being, fulfillment of our human potential, and contributing to something much greater than ourselves like the pursuit of truth or the pursuit of justice within our society. Nevertheless, a positive image still plays an important role within society, like the concept of

name brand identity in the realm of business marketing. Employers and whoever else that look at our credentials will take this into consideration and this is why educational prestigious matters.

Part of the student's image is the result of school branding. Those graduating from more prestigious schools such as Stanford University versus a state school are likely to be more respected, valued, and preferred because of the image that the prestigious schools gives off. Prestigious schools are prestigious for several reasons, including the fact that they have the leading researchers in the field, they have faculty members who constantly contribute to the scholarly community with ideas that impact other areas of society, they have the best facilities, and they are highly selective in selecting students with the most potential of giving back to society. Many years of personal experience researching and applying to Ph.D. programs also indicates that there is a tendency for the more prestigious research universities to admit candidates who are from colleges and universities that are equivalent in level of prestige or higher.

In the real, working, adult world, the Stanford graduate is likely to be viewed as being more intellectual, a harder worker, more disciplined, more reliable, more dependable, has more potential, and therefore a much more valuable employee than a graduate from a less prestigious school through the perceptual lens of the employer. Many people doing the hiring are themselves graduates of such institutions, and if not, still know and value the reputation of such institutions. If students want to better position themselves in the long run when the economy recovers, they should consider graduating from a more prestigious school. In the end, they will have the competitive edge, which can make the difference in being hired or not. Students must realize that this type of discrimination, which is based upon merit, is not uncommon in society. The sooner students understand this, the sooner they can work towards the appropriate educational background to prepare themselves for a future career.

In tough economic times, students should not pursue a more affordable public four-year institution just for the sake of saving money. This is likely going to hurt the students' image and competitive edge in the long-term. If money is a major concern, students should consider going to a community college first, where tuition is extremely cheap per unit, build up an exceptional academic resume, and then transfer to a relatively prestigious school. Many people choose this route, including two of my own recent philosophy students at De Anza College in Cupertino, CA. One is now majoring in philosophy at the University of California, Berkeley. Another is majoring in conservation biology at the University of Wisconsin, Madison. Both of which are extremely prestigious research universities. Upon graduation and with an exemplary curriculum vitae, these same students will have a very good chance of gaining admission into graduate programs at other highly prestigious research universities such as the University of California, Los Angeles, Stanford University, Princeton University, Yale University, Harvard University, University of Chicago, and elsewhere, if they decide to continue with their education. These elite universities tend to admit their own kind. It is worth taking note the prestigious educational

backgrounds of our current President and two former Presidents listed in the next section on majors.

Another option for students is to consider taking out educational loans. Students and parents have to remember that taking out an educational loan will pay off in the long run, as seen in the above salary figures, therefore it should be thought not as a financial burden, but as a form of investment – an investment into one’s one market value and earning potential.

### **What Should You Major In?**

It is important to balance your passion and financial reward. People who are passionate about what they do are more likely going to succeed and prosper in the long-term. At the same time, those who are passionate about what they do but lack a career that is stable and decent pay will likely to result in a lower quality of life due to factors such as concerns about paying the bills, meeting basic necessities, and having less freedom and control over one’s life. The psychologist Abraham Maslow suggested that we must meet these lower level needs before we can go up the “hierarchy of needs”, with the final stage as being “self-actualization”, a state in which people achieve extreme happiness, partly due to fulfilling some innate human capacity such as creativity or devoting one’s life to a much higher cause such as making society or the world a better place to live. But such a lifestyle will require a stable financial foundation and psychological well-being.

What are some of the highest paying majors? According to a year-long study of 1.2 million people possessing a Bachelor’s degree by Payscale, Inc., an undergraduate major in physician assistant tops the list with a starting median salary of \$74,300, followed by chemical engineering at \$63,200, and computer engineering at \$61,400.<sup>3</sup> This is great for people with a passion in mathematics, physics, building things, or for students who have been conditioned since childhood by parents of cultures that wants their children to be in such fields to be financially stable.

<b>Undergraduate Major</b>	<b>Starting Median Salary</b>	<b>Mid-Career Median Salary</b>
<b>Physician Assistant</b>	\$74,300	\$91,700
<b>Chemical Engineering</b>	\$63,200	\$107,000
<b>Computer Engineering</b>	\$61,400	\$105,000
<b>Electrical Engineering</b>	\$60,900	\$103,000
<b>Mechanical Engineering</b>	\$57,900	\$93,600
<b>Industrial Engineering</b>	\$57,700	\$94,700
<b>Aerospace Engineering</b>	\$57,700	\$101,000
<b>Computer Science</b>	\$55,900	\$95,500

What about for people who wants to pursue a career in helping other people? Is there any decent money to be made in this field? That would depend more specifically on the field. Nursing

majors have a starting median salary of \$54,200. It is worth noting (for readers that want to pursue nursing) that these programs have become extremely competitive and difficult to get into over the past few years due to a high demand of nurses. A psychology major has a much lower starting median salary of \$35,900, but has a mid-career median of \$60,400. Also, students who want to pursue a career in mental health should consider pursuing a Master's in Psychology, Education, or Social Work right after the Bachelor's to obtain a significantly higher starting average pay of \$55,000.<sup>4</sup>

<b>Undergraduate Major</b>	<b>Starting Median Salary</b>	<b>Mid-Career Median Salary</b>
<b>Nursing</b>	\$54,200	\$67,000
<b>Nutrition</b>	\$39,900	\$55,300
<b>Psychology</b>	\$35,900	\$60,400

If you are a student that would like to major in one of the liberal arts or social science majors because you are intellectually stimulated in such fields, the starting pay according to Payscale, Inc. is not as high the undergraduate majors listed above. However, statistics show that there is a significant increase by mid-career. International Relations majors have a starting median salary of \$40,900 and increases to \$80,900 by mid-career, a 97.8% change. Political Science majors start with \$40,800 and increases to \$78,200 by mid-career, Philosophy majors start with \$39,900 and increases to \$81,200 by mid-career (as a philosophy teacher, this is very reassuring to me), History majors start with \$39,200 and increases to \$71,000 by mid-career, and English majors start with \$38,000 and increase to \$64,700 by mid-career.

<b>Undergraduate Major</b>	<b>Starting Median Salary</b>	<b>Mid-Career Median Salary</b>
<b>International Relations</b>	\$40,900	\$80,900
<b>Political Science</b>	\$40,800	\$78,200
<b>Philosophy</b>	\$39,900	\$81,200
<b>History</b>	\$39,200	\$71,000
<b>English</b>	\$38,000	\$64,700

Some of the people who major in these fields will later pursue a Master's degree or a Doctorate degree to go into teaching, which helps to explain the significant increase in median salary by mid-career. But many also pursue other fields such as business, law, consulting. Some people even pursue the Presidency of the United States. Our current leader, President Barack Obama received a Bachelor's degree in Political Science, with a specialization in International Relations from Columbia University, and then went to Law School at Harvard University. Former President George W. Bush received a Bachelor's degree in History from Yale University, and then later received a Master's of Business Administration degree from Harvard University.

Former President Bill Clinton received a Bachelor's degree in Foreign Service (which would fall in the realm of political science) at Georgetown University, studied government at Oxford University, and then went to Law School at Yale University.

The initial undergraduate major to fulfill intellectual stimulation and pure interest will often times lead into other fields that pay relatively well depending on the person's post-graduation interests. Majoring in the liberal arts or the social science, therefore, will not necessarily lead to being poor. Another important variable here is to factor in the person's mental abilities, personality, and motivation to determine the likelihood of success and earning higher salaries. Those who major in political science, history, or philosophy often possess valuable traits such as the ability to think analytically, think outside of the box, and solve complex problems, which are great skills for a career in law, politics, or business management.

### **Other Variables to Keep in Mind**

Students should also keep in mind other variables that contribute to long-term success. It's not purely the school one graduates from or the major. Some other significant variables include motivation level, work ethics, and marketing skills.

How successful you become is partly based upon how much you are willing to contribute to your success. If a student just wants to get by with a 2.0 average, it is very likely that this same student will not make it into the more prestigious schools, which requires a relatively high GPA. In fact, most graduate programs will require a minimum of a 3.0 GPA. The most successful people in this world are not average. They are more likely to be hard working, disciplined, educated, and are above their peers.<sup>5</sup> This is why the University of California only admits high school students that are in top 12% of their class, who enroll in Advance Placement courses, who have high GPA and test scores, and who are actively involved on and off campus. They want the best and the brightest students, because these are the ones that have the most potential to contribute to their university, to this society, and to this world. The more prestigious universities do not merely educate students. They are also in the business of creating a certain class of citizens, and these are often times the future politicians, business executives, intellectuals, inventors, researchers, doctors, artists, and others who will excel within their fields and who will make major contributions to society.

Students should also educate themselves with the same skills found within business marketing, such as building up a name brand, networking, and various forms of advertising. These same marketing techniques, which are not taught to most students, will greatly contribute towards the student's image, resume, and ultimately towards long-term success.

There are various resources out there for students to learn from, many of which are free and some of which are fee-based. It is up to the individual and whether he or she is motivated enough to go out there and seek the knowledge to achieve success, and then apply the knowledge to his or her own life.

About Trung Le:

*Mr. Le was educated at the University of California at Berkeley and San Jose State University. He holds a Master's degree in Philosophy and a Bachelor's in Psychology, both from SJSU. Mr. Le has taught philosophy courses at San Jose State University, Diablo Valley College, De Anza College, and San Jose City College, all located in the San Francisco Bay Area. He is the founder of Academic-Services.com, a private college admission consulting and tutoring business, and also the founder of the Le Foundation.*

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<sup>1</sup> “Ivy Leaguers’ Big Edge: Starting Pay”, July 31, 2008, *Wall Street Journal*

<sup>2</sup> A liberal arts school is a college or university in which at least half of all degrees are in the liberal arts.

<sup>3</sup> Information provided by the *Wall Street Journal* and Payscale, Inc. See [http://online.wsj.com/public/resources/documents/info-Degrees\\_that\\_Pay\\_you\\_Back-sort.html](http://online.wsj.com/public/resources/documents/info-Degrees_that_Pay_you_Back-sort.html)

<sup>4</sup> The salaries of mental health careers requiring the Master's in Psychology, Education, and Social Work comes from my own job hunting experience and is not from the study by Payscale, Inc.

<sup>5</sup> For more on this and other advice, see my article entitled “Three Tips for Students to Achieve Academic Success and Long-term Success,” October, 2008 at [www.Academic-Services.com](http://www.Academic-Services.com).