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Weighing the Value of That College Diploma

By SUE SHELLNBARGER



As millions of students labor over college applications this month, they and their parents are pondering just how big a tuition bill they want to pay.

Students are increasingly skeptical about the value of a college degree; the proportion who are willing to borrow money for college if necessary has fallen to 53% from 67% in the past year, based on a survey of 800 college students by [Sallie Mae](#), Reston, Va.

Parents are thinking harder, too, about why they sign big tuition checks, based on a steady stream of email I have received since writing about the college cost-to-value equation a few months ago. Here is a look at a few perspectives on the issue:

- **A path to a better-paying job:** College graduates in general earn at least 60% more than high-school grads on average, both annually and over their lifetimes, and the income gap has been growing over time, says a 2007 report by the College Board, New York.

Beyond that, students who major in science- or math-related fields tend to earn more right out of college, compared with other majors, research shows. Phillip Hamilton, a St. Louis stockbroker, values the earning potential of a degree from a top professional school for his son, a high-school junior, over any prestige or network a degree from an elite liberal arts college might confer. "Is a degree in sociology, English or communications from a 'door-opening' school really going to help with that landscaping job that awaits you?" he asks rhetorically. He hopes his son, 17, chooses a college based on the quality of its engineering, food science or accounting program, and majors in one of those subjects. "Then if you decide to work at a surf shop after graduation, you can still snap out of it at 27 and get a real job," he says.

For parents who want to refine the cost-to-income analysis, a new tool is available that predicts how much money a student is likely to make after graduating. The online calculator, [HumanCapitalScore.com](https://www.humancapital.com), will generate a 10-year range of students' likely postgraduation income based on their test scores, high school and college attended, grades and major.

Developed by People Capital, New York, a peer-lending concern, as a tool to predict students' creditworthiness, the calculator can also be used to compare the likely outcome of various possible choices of colleges and majors. It makes projections based on data sets from more than a half-dozen government and private-sector sources, encompassing hundreds of thousands of actual grads. Prices start at \$19.95 to compare two scenarios.

I tested the calculator by entering information on six actual college graduates who voluntarily shared their data, and comparing the HumanCapitalScore.com projections to the grads' actual earnings. The grads' pay fell within the range projected by the calculator in five of six cases. The exception was a young entrepreneur who chalked up a mediocre record at a little-known college but blossomed later, when working for himself. The projections are based on what "an individual with certain attributes can reasonably expect to earn," says Alan Samuels, People Capital's chief product officer. "Clearly, some will do better than expected, while others will do worse;" the projections are likely to be accurate about 80% of the time, he says.

HumanCapitalScore.com's projections can also help a student figure out how much money to borrow for college. Many experts say total student loans shouldn't exceed a grad's first-year income after graduation.

More information on postgraduation pay can be found at [Payscale.com/best-colleges](https://www.payscale.com/best-colleges), which offers general information on median salaries of actual grads by college, type of college, major and job.

• **Preparing for a rich, well-rounded life:** To Megan DeLamar Schroeder, Texarkana, Texas, planning the college experience based entirely on future income demeans its true value. "The intangible benefits ... cannot be reduced to some kind of short-term cost benefit-analysis, as though one is purchasing a piece of property or an expensive sports car," she says.

She borrowed \$40,000 to earn an economics degree from Stanford University in the 1980s, which landed her only an entry-level job at a bank upon graduation. She spent 10 years paying off her student loans. But the experience was worth every penny, she says. The opportunity "to 'marinate' for four years in an amazing environment" served as a "springboard to lifelong learning and inquisitiveness," she says. She will encourage her 10-year-old twin daughters to hew to similar values when they start their college search, she says.

Research supports Ms. Schroeder's viewpoint. College grads generally show higher rates of civic participation, engaging in volunteer work and donating blood at more than twice the rate of high-school graduates, says the College Board study. They are less likely to smoke and more likely to exercise daily. College grads also have a much higher likelihood of being happy, says a 2005 survey of 3,014 adults by the Pew Research Center; 42% of college grads reported being very happy, compared with 30% of those who only finished high school or less.

- **Finding work you love:** James Landon, Apache Junction, Ariz., says this is a good reason to attend college, and he sees big public universities as the best and most cost-effective place to conduct such a search. Four of his five children attended big public universities. Two of them had no idea as freshmen what they wanted to do, Mr. Landon says, and the universities' broad offerings of programs, majors and facilities helped them figure it out. One wound up in finance and is a successful real-estate broker; the other majored in psychology and political science and is now pursuing a foreign-service career in graduate school.

College degrees can guide students' career choices in subtler ways. Jason Wotman, 24, loves his work as a co-founder of Tailwaiters, a Great Neck, N.Y., startup that runs tailgate parties for clients at sporting events and concerts. "It's mine, it's my baby. Every step, every ounce of progress, feels good," he says.

His degree in human and organizational development from Vanderbilt University helped launch him as an entrepreneur, he says. His courses in marketing, human-resource management and leadership equipped him well to size up opportunities and run a startup. "Taking it from an idea to an actual business, I felt like I had the tools," he says.

- **Gaining an influential network:** Many graduates of elite colleges swear by the value of their network of campus buddies in opening doors after graduation,

and say striving to gain admission to such schools is worth the effort. However, a long-term study of 6,335 college grads published in 1999 by the National Bureau of Economic Research found graduating from a college where entering students have higher SAT scores—a sign of exclusivity—didn't pay off in higher post-graduation income.

What matters more, it seems, is graduates' personal drive. In a surprising twist, a stronger predictor of income is the caliber of the schools that reject you. Researchers found students who applied to several elite schools but didn't attend them—presumably because many were rejected—are more likely to earn high incomes later than students who actually attended elite schools. In a summary of the findings, the Bureau says that "evidently, students' motivation, ambition and desire to learn have a much stronger effect on their subsequent success than average academic ability of their classmates."

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