

Economists: College education pays for itself

Ben Leubsdorf, Wall Street Journal

Even with tuition bills on the rise, a four-year U.S. college education still pays for itself in the form of higher wages in the decades to come, according to a new research paper from the Federal Reserve Bank of San Francisco.

“Although there are stories of people who skipped college and achieved financial success, for most Americans the path to higher future earnings involves a four-year college degree. We show that the value of a college degree remains high, and the average college graduate can recover the costs of attending in less than 20 years,” wrote San Francisco Fed economists Mary C. Daly and Leila Bengali. “Once the investment is paid for, it continues to pay dividends through the rest of the worker’s life, leaving college graduates with substantially higher lifetime earnings than their peers with a high school degree.”

Daly and Bengali analyzed earnings data for U.S. workers. In 2011, college graduates made an average of roughly \$20,050 more a year than high-school graduates. “The premium is much smaller, although not zero, for workers with some college but no four-year degree,” they wrote.

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