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College degree still worth the cost, study says

By The Associated Press

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NEW YORK — Some comforting news for recent college graduates facing a tough job market and years of student loan payments: That college degree is still worth it.

Those with bachelor's or associate's degrees earn more money over their lifetime than those who skip college, even after factoring in the cost of higher education, according to a report released Tuesday by The Federal Reserve Bank of New York. The study, by economists Jaison R. Abel and Richard Deitz, also found that a degree is still a good investment for college grads whose jobs don't require college. About a third of all college graduates remain underemployed for most of their careers.

A person with a bachelor's degree can expect to earn about \$1.2 million more, from ages 22 to 64, than someone with just a high school diploma, the report said. And someone with an associate's degree will bring in \$325,000 more than someone with a high school education. The study used data from the U.S. Census Bureau and the Bureau of Labor Statistics.

Rising tuition costs, surging student debt levels and an increase in unemployment rates among new grads since the recession have caused some to question the value of higher education. The New York Fed study is just the latest to say that a degree is a good investment. A Pew Research Center report from earlier this year said young adults with college degrees make more money, have lower rates of unemployment and are less likely to be living in poverty than those with just a high school education.

The New York Fed report said that between 1970 and 2013, those with a four-year bachelor's degree earned an average of about \$64,500 per year, while those with a two-year associate's degree earned about \$50,000 per year and those with only a high school diploma earned \$41,000 per year.

After subtracting tax benefits and average financial aid awards, the researchers said a bachelor's degree cost about \$122,000 in 2013, while an associate's degree cost \$43,700. Those numbers take into account that students held off earning money from a job to go to school. The study used data from the Bureau of Labor Statistics, Education Department and The College Board.

Even college graduates stuck in jobs that don't typically require higher education, such as coffee shop baristas or clothing store cashiers, have more earnings power than those with just a high school diploma, the report concluded. That suggests that even in those jobs, college graduates are paid more than workers with just a high school diploma.

Recent graduate Katie-Beth Vornberger thinks her degree will eventually pay off. The 24-year-old graduated from George Mason University in May with \$20,000 in debt, even though she worked part-time to help pay for some of the tuition.

She's working in a paid summer internship where she helps a consulting company in Fairfax, Va., manage their social media accounts. She said she is earning about \$4 more an hour than the job she had before graduating,

which she attributes to having a degree.

“I’m hoping it turns into a full-time position,” said Vornberger.

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