

New pressure on colleges to disclose grads' earnings

By [Jon Marcus](#)

Joyce English was about to start studying toward an associate degree she hoped would lead to a job as a consultant to healthcare companies around Tacoma, Wash., where she lives.

Then she discovered [a database](#) created by the state's workforce training agency estimating what she'd earn with that degree versus how much she could make in other jobs with other majors and degrees from colleges and universities across the state. They paid more, she found.

"You obviously want something out of your education," says English, who changed her mind and is now majoring in what she learned is the more lucrative field of business management at [Pierce College](#). "You don't want to go into something that's going to pay you less than it cost to go to college."

Efforts to disclose the earnings potential of degrees in specific majors from particular colleges and universities are picking up steam, promising to bring competitive pressure to bear on institutions by steering students away from programs with lower market value and colleges whose graduates fare poorly—and holding higher education directly accountable for the return on investments made by families and taxpayers.

"We're on the cusp here of something really big," says [Grover "Russ" Whitehurst](#), a senior fellow at the [Brookings Institution](#) who was an assistant secretary in the U.S. Department of Education during the George W. Bush administration.

Wage information—by major, degree and institution—was made available for the first time this fall in [Arkansas](#), [Tennessee](#) and [Virginia](#), which joined [Florida](#) and [Washington](#). Colorado, Nevada and Texas are in the process of producing it, and [a bill in Congress](#) would require every college in the country to disclose the average annual earnings of its graduates.

The data already released reveal not only which majors pay more than others, but which universities' graduates earn more and which earn less.

In Virginia, for instance, graduates of four-year nursing programs earn more than twice as much as liberal-arts majors, on average, and graduates of the [University of Richmond](#) make almost 72 percent more than graduates of [Hollins University](#).

In Tennessee, majors in health professions make two and a half times what philosophy and religious-studies majors make, and graduates of the [University of Memphis](#) earn 13 percent more than graduates of the [University of Tennessee at Chattanooga](#).

"I can imagine some hard questions being asked" by parents, students and legislators armed with knowledge like this, says Mark Schneider, a vice president at the [American Institutes for Research](#) and president of [College Measures](#), which is helping states create such earnings databases.

Despite the appearance of choice, says Whitehurst, there's historically been "no reliable information on which consumers can base a rational decision" about which college to attend. "But lots of students are making this decision largely for one reason, which is to improve their economic prospects. And not giving them that information has put all the power in the hands of the sellers instead of the consumers."

In fact, nearly 90 percent of incoming freshmen say the main reason they enrolled in college was "to be able to get a better job," UCLA's [Higher Education Research Institute](#) reports. "And probably 100 percent of their parents say that," says Schneider.

State legislators and governors are also looking more closely at what they're getting for the money they put into public higher education. "The question is, what are we getting out of that support?" says Tod Massa, director of policy research and data warehousing at the [State Council of Higher Education for Virginia](#), where it was the General Assembly that ordered the creation of that state's earnings database.

The information has significant limitations. It can be hard to find and difficult to follow, for example. Proponents hope it will be picked up by private college-rankings services such as Barron's and The Princeton Review and distributed more widely. It typically provides earnings of people only a year after they graduate, and it compares colleges that admit considerably different kinds of students who go on to work in places where living costs and wages vary.

The information is also based on such things as state unemployment insurance records, so it doesn't take into account graduates who work for the federal government, join the military, move away or go on to graduate school. An analysis by the [University of Virginia](#) found that 22 percent of its degree recipients went on to graduate school and 43 percent left the state, meaning they weren't being counted.

But the data could eventually put substantial pressure on colleges and universities whose poor rates of return cost them applicants and state support in favor of institutions with the best results.

"It's the no-name comprehensives, the regional campuses, the third-tier not-for-profits—their business model is going to be held up and people are going to ask about it," Schneider says. " 'Why are you charging me \$40,000 a year? What's the outcome at the end of the day? What am I getting for all this time and money?' "

Higher-education leaders complain that judging degrees based on prospective wages diverts students from the liberal arts and overemphasizes narrow skills and majors, not the broad knowledge they say employers really want, including the ability to problem-solve and communicate clearly.

"We are misleading students when we tell them over and over again that the major is the only thing that matters," says Carol Geary Schneider, president of the [Association of American Colleges and Universities](#). "And we're making that even worse when we're saying, 'Pick a major that will make the most money for you.' "

Though she acknowledges that universities should be providing so-called "soft skills" to students regardless of what major they select, Schneider says that what she calls "major myopia" makes students "push back" against learning writing and math.

“Your college decision should be about becoming an educated person—giving yourself a resource that will increase in value your entire life, finding something you care deeply about, and developing the skills to go on learning what you need to learn,” she says. “We should not be telling them the only thing that matters is how much money they’ll be making a few years out. The more important message is, follow your passion.”

But proponents of disclosing earnings say spiraling tuition is driving the demand for information about returns on families’ investments in a college education.

That’s the same force behind a contentious regulation proposed by the U.S. Department of Education called the “gainful employment” rule, which would disqualify from federal financial aid those programs in fields whose earnings aren’t enough to justify their students’ loan debt. The proposal has stalled by litigation brought by for-profit colleges and universities.

[Senator Ron Wyden](#) (D-Ore.) has introduced [legislation](#) that would require colleges to disclose the average annual earnings of their graduates, along with such things as average debt. “Students are entitled to know the value of their education before they go out and borrow tens of thousands of dollars from the banks and from the government” to pay for it, Wyden says. “Right now, consumers don’t have this information.”

Mark Schneider says that, given what colleges and universities charge, they shouldn’t object to being judged on graduates’ earnings.

“‘Leave us alone,’” he declares, mimicking what he says are the universities’ arguments. “‘Our students don’t get jobs, but it’s not my problem. They don’t graduate, but it’s not my problem.’ We’ve heard all these things. So I say, ‘Show me the return on investment. Show me what happens when you graduate. If you want to talk like that, then show me the outcome.’”

In Washington, Joyce English still sees many classmates start college not knowing whether there’s demand for the careers they want to pursue.

“That’s the crazy thing,” she says. “When you’re younger, you chase your dreams and sometimes you don’t look at the salary. That’s something you don’t even think about. But you need to make a living.”