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New report estimates value of a GSW education at \$21.9 million for recent graduates

Study highlights jobs in demand, touts worth of a University System of Georgia degree

AMERICUS—A degree from Georgia Southwestern State University can mean millions to alumni looking for a competitive edge in a crowded job market.

A new report on higher education in Georgia shows that, for recent graduates of the University System of Georgia (USG), a college degree is worth an average of \$14,000 a year more than a high-school graduate could expect to make. Over the course of a working career, the average graduate of a public college or university in Georgia can expect to earn nearly \$1 million more than a high-school-educated neighbor.

Commissioned by the USG's Intellectual Capital Partnership Program (ICAPP), the "Value of University System of Georgia Education" study was conducted by researchers at the Georgia Institute of Technology. The authors analyzed the earnings of nearly 90,000 University System students who graduated between 1993 and 1997 and found that, overall, the increased earnings resulting from their college degrees added \$1.25 billion to the state's economy during 1998—the most recent year for which data was available. These graduates had widespread impact on the state, bringing at least a million dollars per year in additional economic impact to more than half of Georgia's 159 counties.

Of the 1,724 Georgia Southwestern graduates counted, wages totaled \$55.4 million—with \$21.9 million attributable to the value of their GSW education. The average wage was \$32,131.

"This report places a dollar amount on something our faculty, staff and students have known for years," said GSW President Michael L. Hanes, Ph.D. "Besides the intrinsic intellectual growth that comes with higher education, measurable financial rewards can also be achieved. We are proud of the competitive edge that a Georgia Southwestern education provides our students, and also pleased to be sparking the economic engine of the State of Georgia."

"The economic value of college graduates is so massive, so widespread and so long-lasting that we tend to take it for granted," said Bill Drummond, a professor in Georgia Tech's City and Regional Planning Program, who collaborated with Jan Youtie, a researcher in Georgia Tech's

Economic Development Institute (EDI), in preparing the report. “It is one of the huge, but hidden, drivers of Georgia’s rapid economic growth, which is the envy of most other states in the country.

“Georgia benefits from the University System in many ways, including the production of an educated labor force, the generation of new knowledge through research, the creation and expansion of businesses, and—perhaps most important in a democracy—the development of educated and responsible citizens,” Drummond said. “But this study has shown that one factor alone—the direct economic impact of University System graduates—more than justifies Georgia’s investment in higher education.”

“As our funding partners struggle with grave budget issues, I would encourage them not to harm this generator of economic growth,” said University System Chancellor Thomas C. Meredith. “Georgia so far has resisted the trend we see in many states to reduce substantially the state’s investment in higher education,” he noted. “Our economy has benefited from that decision, and as this study has shown, those benefits will continue to increase in the decades to come.”

Previous studies of the economic impact of the University System (released in 2002 and 2000) have been calculated on expenditure data, including the cost of constructing buildings and employing workers, and purchases made by students, noted Youtie. While this data is useful, “Universities are not in the business of spending money. They are in the business of educating people. So the methodology we used, comparing the annual earnings of higher-education graduates to the annual earnings of high-school graduates, is uniquely appropriate to measure the value of education.”

Youtie cautioned that comparing earnings of college graduates to persons with high-school diplomas can be problematic because of the difficulty in accounting for individual differences in energy, creativity and intelligence that affect earning potential.

Counties gaining the most educational value from the University System of Georgia included Fulton (\$276.1 million), Cobb (\$102.6 million), DeKalb (\$95.6 million), Gwinnett (\$82.6 million) and Chatham (\$28.4 million)—all home to major University System institutions. Sumter County’s gain was estimated at \$4.9 million.

In addition to measuring the value of a college education, Drummond and Youtie also looked at the educational specialties that offer the greatest financial rewards, the demand for specific college disciplines, occupations in which shortages are anticipated and migration patterns related to occupational needs.

Not surprisingly, the programs with the greatest earnings potential are professional degrees in dentistry, medicine and law. But business administration, nursing and teaching are the programs with

the greatest total economic impact, thanks to the large number of students who graduate with these majors.

Georgia Southwestern's School of Business Administration, School of Nursing and School of Education are working to provide a quality education to students pursuing careers in these critical fields, Hanes said.

Projections from the Georgia Department of Labor (DOL) indicate that occupations requiring a higher-education degree will make up 25 percent of all the state's jobs by 2010, a figure that has increased from 23 percent in 2000. The DOL forecasts that the top three occupations requiring higher education, based on numeric employment increases, will be registered nurses, computer support specialists and accountants and auditors. In terms of percentage increase, demand will grow the most for survey researchers, computer support specialists and physician's assistants.

"Our School of Computer and Information Sciences and School of Nursing are adapting to meet these changing needs," Hanes said. "Given everything from added degree offerings to technology upgrades, our students have the opportunity to be leaders in these fields."

The study found that significant shortages of labor exist in just 12 specialties, among them elementary and kindergarten teachers, registered nurses, pharmacists, medical records and health information technicians, and medical and clinical laboratory technicians. A shortfall in information technology graduates reported in a 2001 study has been significantly reduced, largely through shrinkage of the industry, though scarcities continue in certain software engineering and systems occupations.

Data from this and other studies helps the University System to anticipate the future needs of Georgia employers.

The study confirms that the University System of Georgia is the major source of recent college graduates in Georgia—about half of all Georgians who hold recent postsecondary degrees were educated by a USG institution.

The ICAPP-commissioned study adapted analysis techniques used by the U.S. Census Bureau in its 2002 report, "The Big Payoff," which examined the benefits of college education on a national basis. The study also relies on an analysis of U.S. Census Bureau data, combined with Georgia Department of Labor information.

Complete copies of "The Value of University System of Georgia Education" may be downloaded from the ICAPP Web site: www.icapp.org/publications.htm