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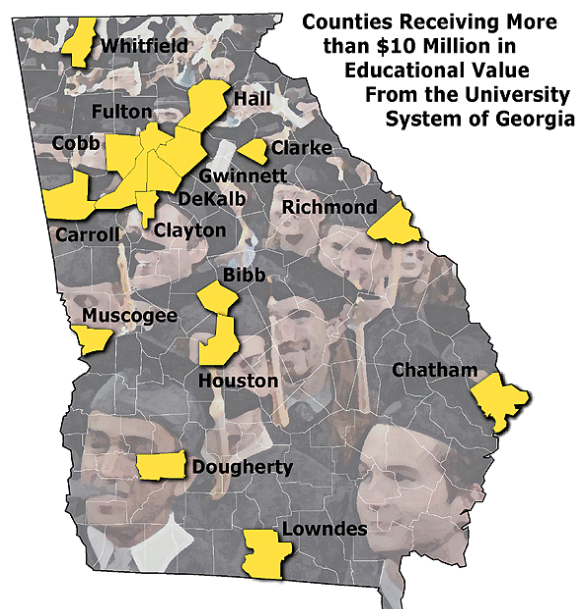
## **THE VALUE OF COLLEGE: STUDY POINTS TO PAYOFFS FROM A COLLEGE DEGREE IN GEORGIA AND HIGHLIGHTS AREAS OF DEMAND**

A new study of higher education in Georgia highlights the value of college education to both individuals and to the state, and points out occupational specialties with the greatest future demand and potential financial rewards.

Conducted by researchers at the Georgia Institute of Technology, the study shows that for recent graduates, a college degree from the University System of Georgia is worth an average of \$14,000 a year in additional earnings. Over the course of a working career, the average Georgia college graduate could expect to earn nearly a million dollars more than a high school-educated neighbor, the researchers found.

Overall, increased earnings of the 90,000 University System graduates analyzed in the study added \$1.25 billion to the state's economy during 1998 – the most recent year for which information was available. These University System graduates had widespread impact on the state, bringing at least a million dollars a year in additional economic impact to more than half of Georgia's 159 counties.

"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 and principal investigator for the study. "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."

The researchers studied University System students who graduated between 1993 and 1997. Commissioned by the University System's Intellectual Capital Partnership Program (ICAPP), the study relies on an analysis of U.S. Census Bureau data, combined with Georgia Department of Labor information.

Additional annual earning power attributed to a college degree ranged from \$5,706 for graduates of a two-year college up to

\$19,362 for graduates of the Medical College of Georgia. Other institutions at the top of the ranking for helping graduates increase their annual earnings included the Georgia Institute of Technology (\$18,621), Georgia State University (\$18,513), Southern Polytechnic State University (\$17,034), the State University of West Georgia (\$15,860) and the University of Georgia (\$14,682).

In total economic impact, Georgia State University led the state with \$217.8 million in total educational value for its 11,767 graduates, who had an average wage of \$42,465 in 1998. The University of Georgia's 14,383 graduates produced an educational value of \$211.1 million and had an average wage of \$36,018.

Georgia Tech led University System units in the average annual wages of its recent graduates -- \$46,535 -- though the smaller number of graduates studied (5,472) contributed a smaller total educational value: \$101.9 million.

"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."

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

The Georgia Tech 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.

"Traditionally, the impact of the University System has been calculated on expenditure data," noted Jan Youtie, a researcher in Georgia Tech's Economic

Development Institute (EDI) and Drummond's collaborator on the study. "But universities are not in the business of spending money. They are in the business of educating people. So the methodology we used 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 included Fulton (\$276.1 million), Cobb (\$102.6 million), DeKalb (\$95.6 million), Gwinnett (\$82.6 million), Chatham (\$28.4 million), Bibb (\$26.2 million), Muscogee (\$25.7 million), Clayton (\$23.6 million), Richmond (\$23.4 million), Clarke (\$20.4 million), Dougherty (\$17.3 million), Houston (\$16.7 million), Hall (\$15.1 million), Carroll (\$11.6 million), Lowndes (\$11.4 million), and Whitfield (\$10.1 million). All are home to significant University System institutions.

The study also examined the educational specialties with the greatest financial rewards.

"Not surprisingly, the top three programs with the greatest average values are the professional degrees: dentistry, medicine and the law," noted Youtie. "Reflecting the large numbers of students who graduate with these majors, the top program in terms of total impact are business administration, nursing and teaching."

The 34 units of the University System account for nearly half of all of Georgia's college graduates, the study found.

In addition to measuring the value of a college education, the study also looked at the demand for specific college disciplines, anticipated shortages and the migration patterns related to occupational needs.

Projections from the Georgia Department of Labor (DOL) indicate that occupations related to higher education will make up 25 percent of all the state's jobs by 2010, an increase over 23 percent in 2000. The DOL study forecast that the top three higher education-related occupations, based on numeric employment increases, will be

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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.

The study found that significant shortfalls 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 has been significantly reduced, largely through shrinkage of the industry, though scarcities continue in certain software engineering and systems occupations.

In-migration of skilled persons helped meet Georgia's demands in many specialized areas, though this migration may be expected to slow in the future. "Because in-migrants tend to have higher education levels than those staying in the state, the decline in in-migration may have a detrimental effect on the state's ability to fill higher education-related occupations," the report said.

Data from this and other studies helps the University System plan ahead for meeting the needs of Georgia companies.

"Georgia is one of the very few states that conduct supply and demand analyses for its graduates," noted Joy Hymel, executive director of the ICAPP program. "These studies help the University System prepare Georgians for jobs that are in high demand and have a good future. This is good for Georgians and the state economy because companies will be able to find the educational talent they need to succeed."

The full text of the study, "The Value of University System of Georgia Education" may be downloaded from the ICAPP Web site at ([www.icapp.org/publications.htm](http://www.icapp.org/publications.htm)).

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