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Hawaii News

UH report touts college degrees' lifetime payoffs

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Many of the UH graduates decorated their mortarboards at the Mid-Year 2015 Commencement Exercise at the Stan Sheriff Center on Lower UH Campus.

Investing in a college education pays off with substantially higher earnings over a Hawaii graduate's lifetime, according to a newly released [report](#) by economists at the University of Hawaii that underscores the value of a college degree.

With some 11,000 students graduating from high schools in the islands each year, the University of Hawaii Economic Research Organization analyzed the financial benefit of

a college education at the undergraduate and graduate level. The analysis includes scenarios for a typical senior graduating from high school in 2016 who continues to reside in Hawaii.

HIGHER EARNINGS

Here's a look at the average increase in lifetime earnings for a 2016 high school graduate with the following education levels who continues to reside in Hawaii:

>> **Associate's degree:** \$360,000 more than high school diploma alone

>> **Bachelor's degree:** \$950,000 more than high school diploma alone

>> **Postgraduate degree:** \$1,560,000 more than high school diploma alone

Source: University of Hawaii Economic Research Organization

The study found that a UH graduate with an associate's degree on average makes \$360,000 more in his or her lifetime over a high school classmate who never went to college. The average UH bachelor's degree recipient, meanwhile, can expect to earn \$950,000 more over a lifetime of living and working in Hawaii, while the earnings gap increases to \$1.56 million for someone with a postgraduate degree.

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Given the rising cost of tuition nationwide and increasing student loan debts, the report calculated the potential rate of return for investing time and money in a college education.

"There's uncertainty and different options that are available to somebody graduating from high school right now. In general, you look at the landscape and it can be hard to tell, What should I do? What's the best thing I can do for my future?" said Jonathan Page, director of analytics at UHERO and the lead author of the report.

Page said the report confirms that a college degree — across majors — is worth the investment.

"If you have a bucket of money and you're weighing if you want to invest it in your education or invest it in something like the stock market, the answer is: You definitely want to go to college," he said.

The report's estimates are conservative, the economists said, because the study did not account for so-called nonpecuniary, or non-monetary, benefits that research shows college graduates enjoy such as better health, voting participation, and higher levels of self-reported life satisfaction.

The report does acknowledge that college is a big investment, citing the cost of tuition, supplies and foregone wages.

At UH-Manoa, where annual full-time resident tuition is \$10,872 for the 2016-17 academic year, 37 percent of undergraduates have taken out federal loans to help pay for college, and those students graduate with a median federal loan debt of \$19,000, according to the U.S. Department of Education.

By comparison, nationally nearly 7 in 10 students who graduated from public and nonprofit four-year colleges in 2015 had student loan debt, with borrowers owing an average of \$30,100.

Tuition at UH's community colleges is \$126 per credit hour for the 2016-17 academic year, or \$3,024 a year for full-time students. The percentage of students taking out federal student loans varies across the community college campuses from a low of 6 percent of students at Leeward Community College to 31 percent of students at UH Maui College (which offers some four-year degrees).

The UHERO report concludes that "across all levels of higher educational attainment, the lifetime benefits vastly outweigh the costs."

The study also found that for every \$1 a UH student invests in an associate's degree, they receive \$13.84 on average in increased lifetime earnings. For bachelor's and graduate degrees, the lifetime returns on every \$1 invested are \$11.09 and \$8.65, respectively.

Stephen Schatz, executive director of Hawaii P-20 Partnerships for Education, said the report highlights the value of a college education at all levels.

"One of the exciting aspects of this study is that it shows there is a benefit not just from attending and achieving a four-year college degree, but also from our community colleges," said Schatz, formerly the deputy superintendent for the state Department of Education. "As we think about preparing our kids for their careers, some of them will go to a four-year school and some will go to a two-year trade or technical school. In most cases, they're going to need some kind of post-high school training or education in order to achieve their dreams."

To view the UHERO report, go to: 808ne.ws/uhherocollege.

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