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Parents Want to Know: Will My Child Make a Good Salary After College?

By Lynn O'Shaughnessy

With all of the cost and stress of sending children to college, parents want their graduates equipped to get high-paying jobs quickly. Find out which schools offer their children the best employment prospects with some newly available and very useful tools.

When searching for schools, parents are increasingly asking admissions reps this question: Will my child earn a good salary after graduating from your college? College and university admission staffers will enthusiastically answer yes to that question, but their proof is almost always flimsy at best.

BEWARE OF EMPLOYMENT FIGURES

Schools typically brag about high job placement statistics for their graduates because they rely on job surveys of their new alums. These surveys, however, are plagued with low participation rates—and those who do participate are usually the ones with jobs!

In a partial victory for families, last year the federal government started releasing aggregate salary figures for grads who earned bachelor's degrees at individual schools. This newly available salary data, which you can find on the federal College Scorecard website (collegescorecard.ed.gov), comes from graduates who either obtained federal grants, most notably the Pell Grant for lower income students, and/or borrowed federal college loans.

But this federal salary treasure trove leaves out the salaries of many affluent students who did not qualify for federal grants and didn't need to borrow. So, the available data fails to cover the salaries of roughly half the graduates.

GRAD SALARIES AND FAMILY INCOME

A huge factor in graduates' future pay is actually whether or not their parents are affluent. Grads are much more likely to earn better wages if they were raised in a high-income household.

This reality means that it's arguably more important where middle- and lower-income students attend college than upper-middle class and wealthy students. Yet ironically, it's affluent parents who are far more stressed about their children's college options.

FINALLY—REAL SALARY FIGURES

In an exciting development, a nonprofit called Educate to Career (ETC) has teamed up with Job Search Intelligence, a leading wholesaler of labor market data, in an effort to do now what the federal government hasn't been able to do—provide actual salary figures for all grads at specific schools. (Thanks to intense lobbying by private colleges and universities, Congress prohibited the federal government years ago from generating complete job figures.)

PULLING BACK THE CURTAIN ON SALARIES

Let's take a look at two tools on ETC's website (www.educatetocareer.org) that I'm excited about.

Tool 1: Salaries by college and major

On ETC's website, you can check out the average salaries of graduates who earned a particular academic major in specific occupations.

To access salaries by majors at an individual school, click on the Career Counselors link at the top of the website. Then click the Colleges and Majors Outcome button.

This tool could arguably be most valuable when comparing schools that attract students with similar academic profiles in a state or region that you are interested in exploring.

Interestingly enough, the salary figures that you see can be significantly different among schools that appear to attract the same type of students.

Tool 2: College ranking system

Educate to Career (ETC) has created a college ranking system (www.jobsearchintelligence.com/etc/college-rankings-result.php) that enables families to identify schools that provide a quality education with proven career placement records at the lowest cost possible. ETC defines a quality education as teaching students a skill set that is marketable and that leads to a real career with stable earnings.

In evaluating schools, ETC determines the added economic value that an institution provides its students. It defines this value as being the improvement in earnings and employability of graduates that is measured against the total cost of the education.

The tools offered on ETC's website measure the career outcomes of graduates from 1,182 four-year private and public colleges and universities. The site ranks schools based on such factors as the following:

- Percentage of graduates employed in occupations that utilize their field of study
- Average salary earned by recent grads at a school for each academic major (adjusted for region, occupation, and other variables)

- Percentage of persons employed within one year of graduation
- Number of years to graduate
- Tuition (in-state), net cost
- Loan default rates
- A basket of input variables that norm students

ETC says the top third of schools among the 1,182 evaluated share this in common:

- A relatively high percentage of graduates will be employed in their field of study
- Earnings of graduates are relatively high
- A majority of students will graduate in four or five years
- Loan default rates are very low

Colleges in the bottom third of the list share these things in common:

- Graduates are not employed in occupations that utilize their field of study
- Most students will graduate in six years or more
- A relatively high percentage of recent grads are delinquent or default on their student loans
- Recent grads have a high student loan balance
- The middle third of schools are doing okay, but it could improve.

The ETC list obviously looks much different than U.S. News' list, which relies heavily on factors that favor the wealthiest institutions such as general reputation (biggest factor), applicants' GPA, SAT/ACT test scores, graduation rates, and alumni giving.

WHERE THE DATA COMES FROM

So how accurate is the data that ETC is sharing?

I posed that question to Paul Hill, the founder of Job Search Intelligence, a leading provider of information relating to educational attainment and career outcomes. Job Search Intelligence's clients include more than 5,000 employers, among them over half of the Fortune 500. Hill said that the figures are extremely accurate and the methodology and algorithms are far more sophisticated than any other available.

Job Search Intelligence uses dozens of data sources from such places as the Census Bureau, Bureau of Labor Statistics, U.S. Federal Reserve, and National Center for Education Statistics when generating its college statistics.

BOTTOM LINE

With the high price of college, parents are extremely interested in whether a school will provide their children with degrees that will lead to well-paid employment. Use these resources to assess higher education for your children and how it will actually boost their job prospects in the real world.

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