

Degree can't always open door to middle class

There's no question higher education translates into larger paychecks for most college graduates, but wages for those starting out their careers have declined dramatically during the past decade

By David Knox
Beacon Journal staff writer

The man Gov. Ted Strickland picked to develop a 10-year plan to upgrade the state's system of higher education preached a simple sermon at the Akron Roundtable last month.

"Most people know that the single greatest indicator of how much an individual is going to earn in their lifetime is their level of education, but this is also true of the state as a whole," said Eric D. Fingerhut, chancellor of the Ohio Board of Regents.

"The single most important fact in building the economic prosperity of a state or nation is an educated work force."

But if a better educated work force is the key to creating good-paying jobs, why are paychecks shrinking for those who go on to college?

For nearly a decade, wages for most college graduates starting out their careers, adjusted for inflation, declined dramatically, according to a Beacon Journal analysis of census data:

- Median annual earnings in Ohio for men, age 20 to 29, with at least a four-year degree have fallen 17 percent since 1999, from \$42,352 to \$35,217. The decline for women has been less, but still substantial at 11 percent.

- Those with some college - up to and including associate degrees - fared even worse, with men seeing a 27 percent drop and women, down 22 percent.

- Those drops for workers in their 20s who went to college but didn't get a four-year degree meant that, in several recent years, their median pay actually dipped below that of those with only a high school diploma.

The trend of lower wages for those who go beyond a high school diploma raises questions about the central tenet of Fingerhut's presentation at the Roundtable - that higher education is the key to rejuvenating Ohio's economy, which never fully recovered from the 2001 recession.

"An educated work force helps companies that are already here grow and create new jobs and attracts new businesses and jobs to our state," he said.

"An educated work force is the cornerstone of an innovative, entrepreneurial state, creating new businesses and the jobs that come with them."

A shared view

Fingerhut's message wasn't new. While arguments over specific proposals abound, it's hard to find a public official or civic leader in Ohio or anywhere else in the nation who doesn't profess the faith that education is a solution to our economic ills.

The creed crosses partisan lines, geographic borders and levels of government, from Republican President Bush's No Child Left Behind Act to Democratic Akron Mayor Don Plusquellic's propos-

al this year to sell the city's sewer system to provide college scholarships for city residents.

There's no question a college education translates into much larger paychecks for most graduates: Workers with a bachelor's degree earned an average of nearly \$57,000 in 2006, compared to about \$31,000 for those with only a high school diploma, according to the latest census reports.

Impressive as those numbers are, they hide a disturbing fact: A college degree is no longer a sure ticket into the middle class.

That's because handing out more college degrees doesn't guarantee better-paying jobs, according to Gordon Lafer of the University of Oregon's Labor Education and Research Center and author of the book *The Job Training Charade*.

"Brain surgeons make a lot of money," Lafer said. "But if you had a thousand times more brain surgeons, would they all make that high wage? No. Most of them would be doing something else."

Lafer argued economists agree that

no more than a third of the jobs now or in the foreseeable future will require a college degree.

"When you're talking about saving the middle class, you have to look at the two-thirds of Americans who won't be working at jobs that require them."

Lafer said the occupations most in demand - lower-paying service sector jobs, such as guards, cashiers, waiters and waitresses - require only a high school education and some training.

Lafer cited his own industry - the public university - as an example of how the economy really works.

"A huge amount - two-thirds or more - of the teaching at all state systems is done by a combination of graduate students and part-time faculty who teach a bunch of different classes for \$2,000 to \$4,000 a pop," he said. "These are some of the most highly trained people in America, maybe making twenty-five, thirty or forty thousand a year, who will never become what they trained for because the jobs aren't there."

"That's not because of lack of education, but because those employers have figured out a way to get the work done cheaper."

Rather than pushing everyone to go to college, Lafer said, a better strategy would be to invest tax dollars in rebuilding and modernizing the nation's crumbling infrastructure - bridges, roads, and sewer and water systems.

"You'd have a tremendous number of decently paying jobs, exactly the right kinds of jobs for people who got laid off from manufacturing," Lafer said.

Pay lower nationwide

The trend of declining earnings for college graduates might be dismissed as a temporary aberration if it were limited to Ohio and other Rust Belt states struggling to find replacements for good-paying manufacturing jobs.

Lafer said Oregon isn't that different from Ohio - despite his state's reputation for a high-tech economy that includes computer giants Intel and Hewlett-Packard.

"I know a lot of graduates of the University of Oregon who are waiting tables, who are sales people at Home Depot - and not because they're choosing to have an extended adolescence," he said. "They can't find better-paying jobs."

Indeed, while the national numbers aren't as bleak as Ohio's, the pattern is the same.

"People who are getting their first jobs after college actually are getting employed at lower wages than people in the late '90s got," said Lawrence Mishel, president of the Economic Policy Institute, a Washington, D.C., think tank.

Mishel said the only workers who saw increased earnings are those at the very top of the educational ladder - those with master's, doctorate and professional degrees, such as law and medicine. Those lucky few make up only about 9 percent of the

work force.

A bachelor's degree "is a lot less of a guarantee of a middle income and growing standard of living," he said.

Mishel stressed that the pay premium that traditionally comes with a college degree - while shrinking - still exists, providing "a strong economic incentive to go."

And more people are going to college - despite the soaring costs and crippling debt.

That's certainly true in Ohio, where 38 percent of the men and 46 percent of women age 18 through 24 were enrolled in a college or graduate school in 2006, according to the latest census report.

Women closing gap

Although higher-education may not automatically generate high-paying jobs, more money clearly is a powerful motive for pursuing a degree.

That fact - coupled with a shrinking gender pay gap - helps explain why colleges in Ohio and most other states are attracting so many more women.

In 1979, median pay for Ohio women college graduates in their 20s was \$28,485 - about \$10,500 less than men. By 2006, that gap was cut by half, with women earning \$30,186 compared to \$35,217 for men.

As women's pay increased, so did their enrollment on campuses: over the past quarter-century, the number of Ohio women earning bachelor's degrees shot up more than 64 percent, compared to about 17 percent for men. Today nearly 60 percent of all graduates are women.

But more money isn't the only motive for going to college.

"There's a reason why most parents who didn't go to college want their kids to go - it gets to something deeper than you'll make more money," said Tamara Draut, author of *Strapped: Why America's 20- and 30-somethings Can't Get Ahead*. "You'll have a better quality of life."

While a college education has become a requirement for membership in the middle class, Draut said, young people are caught in a double bind: Soaring college costs mean more loans, but declining salaries make it more difficult to pay off the debt.

Nationally, the average amount owed by graduates has doubled over the last decade to \$19,646. Ohio's class of 2006 owed about \$1,000 more - the 14th highest amount among the 50 states.

That debt-load underscored the need for good-paying jobs. Without them, many of Ohio's new graduates will move to other states in search of better employment opportunities.

Draut knows that's true. It happened to her.

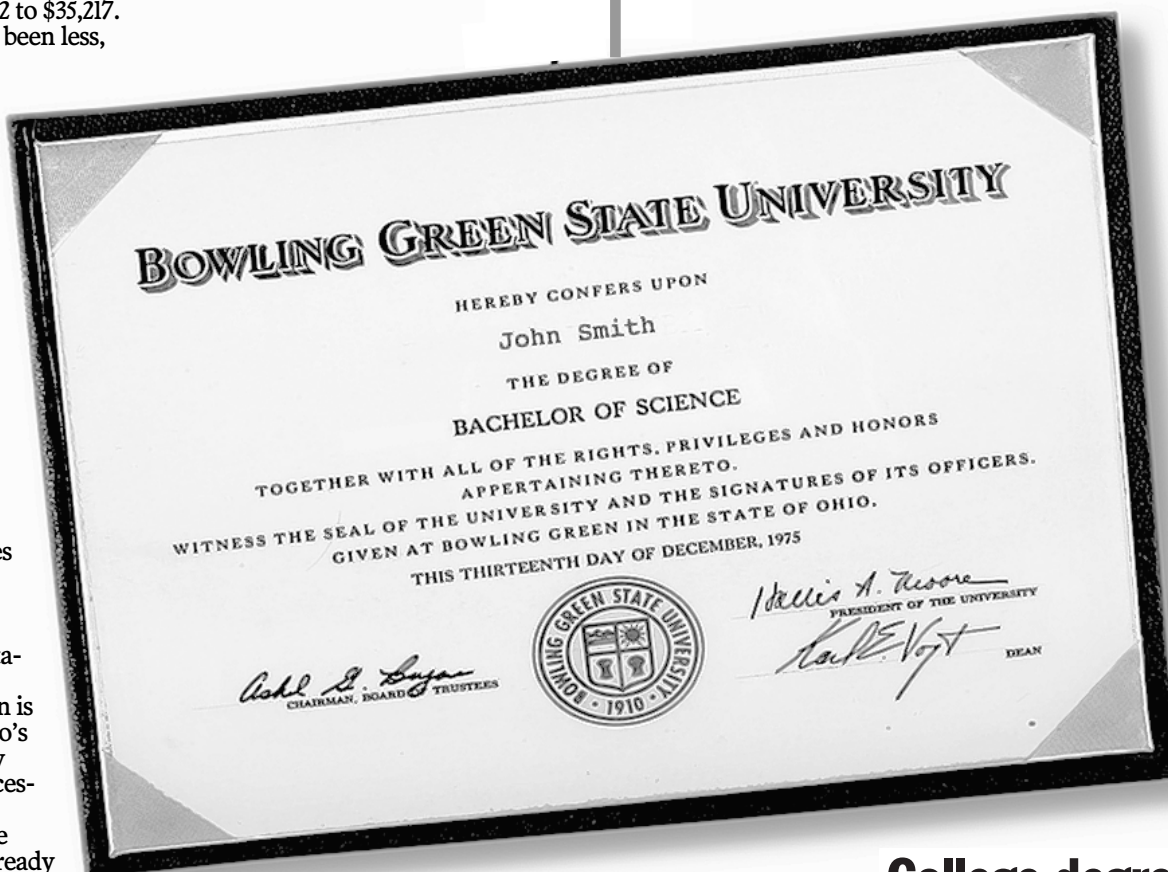
Raised in Middletown, north of Cincinnati, she graduated from Ohio University in 1993.

Draut always planned to move to New York City, where she is director of the economic opportunity program of Demos, a national think tank.

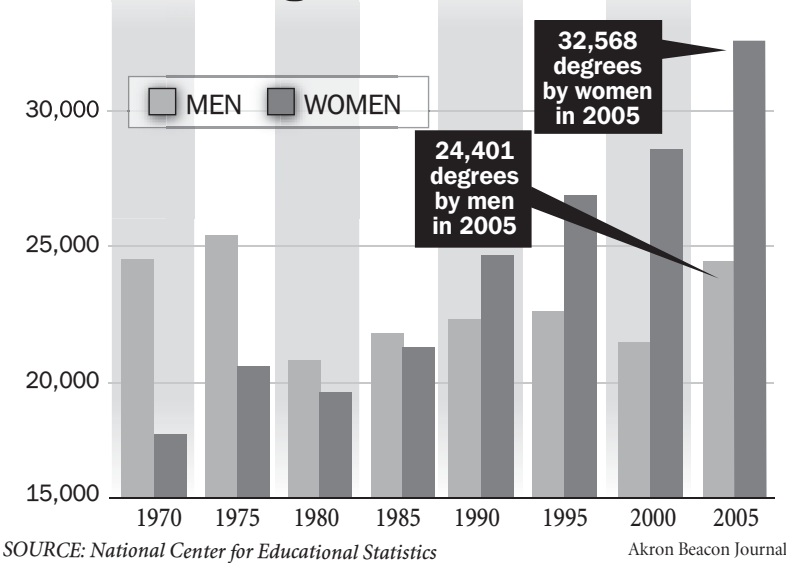
"But I ended up moving a lot sooner than I thought," she said. "My original intention was to start work in an entry-level job in advertising in Ohio for a couple years and save up money."

What changed?
"I simply couldn't get a job," she said.

David Knox can be reached at 330-996-3532 or dknox@thebeaconjournal.com.



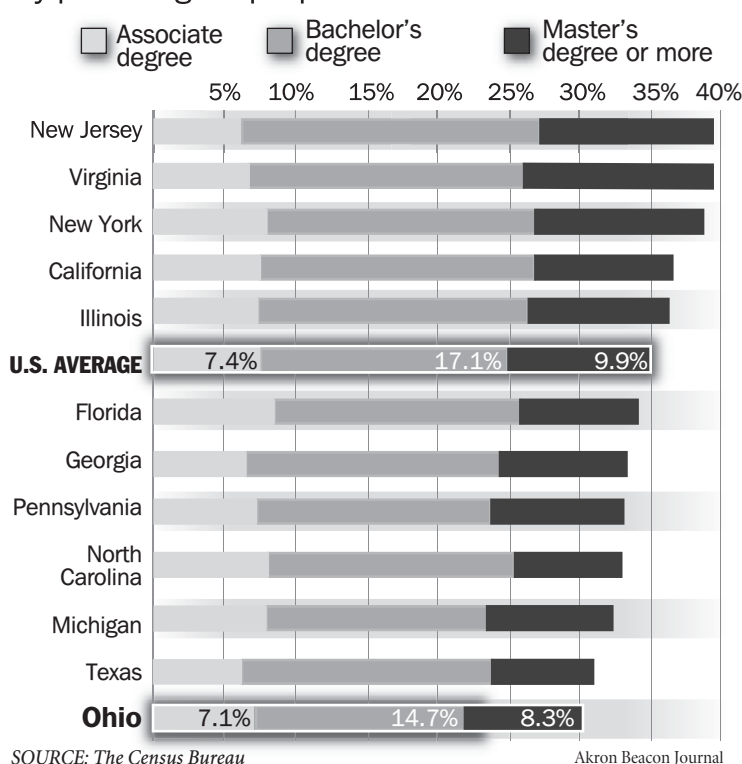
Bachelor's degrees awarded in Ohio



For other information about the middle class including more on college debt, go to Ohio.com

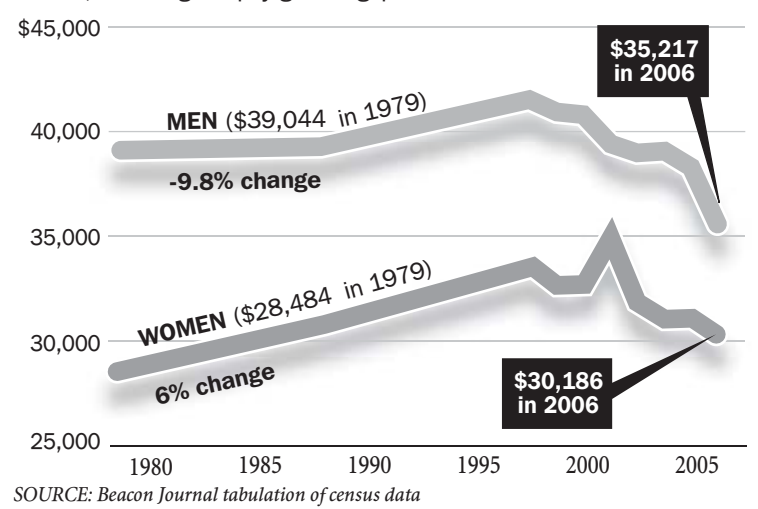
College degrees in Ohio, elsewhere

By percentage in people 25 and older



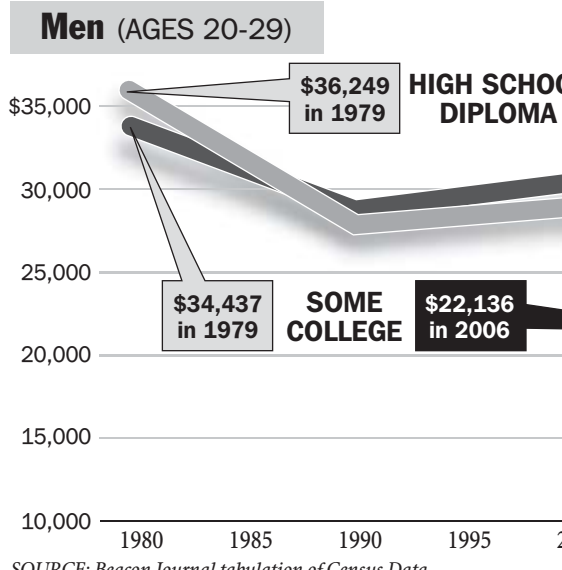
Ohio median wage: College graduates (AGES 20-29)

Median pay for young Ohioans with four-year college degrees dropped dramatically since 1999. Men saw larger declines than women, shrinking the pay gender gap.

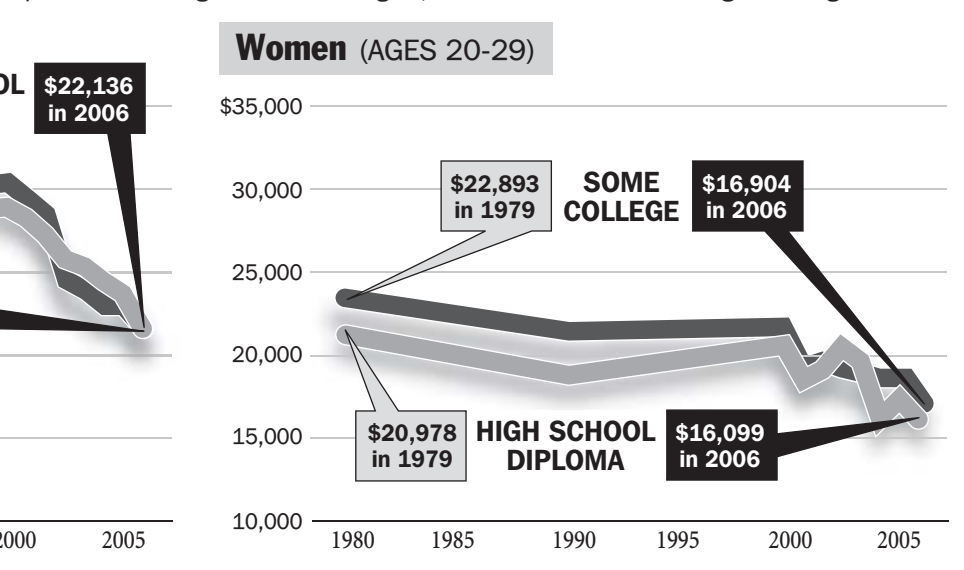


Some college vs. high school

Ohioans who went to college but didn't get a four-year degree saw the biggest decline in wages. Since 1999, median pay for both men and women in their 20s with some college, up to and including an associate degree, went down faster than for high school graduates.



Ohioans who went to college but didn't get a four-year degree saw the biggest decline in wages. Since 1999, median pay for both men and women in their 20s with some college, up to and including an associate degree, went down faster than for high school graduates.



TODAY'S STORY ABOUT THE COST OF HIGHER EDUCATION is the second installment in the Akron Beacon Journal's look this year at the pressures on the middle class.

The first installment appeared on March 16 and is available on the newspaper's Web site, <http://www.ohio.com>.

Others will appear throughout the year as we examine employment, housing, health care, retirement and the future of the diminishing middle class.

This project is an outgrowth of a study by David Knox, the Beacon Journal's specialist in

computer research. In the first half of 2007, he participated in a Kiplinger Fellowship at Ohio State University, where he used the horsepower of university computers to analyze 51 million records spanning five decades of Census Bureau data, prepared by the University of Minnesota's Population Center.

In September 2007, the Beacon Journal published his findings, showing that successive generations of Americans are earning less than their parents.

The Web version of the story included an interactive database, allowing readers to

compare their own incomes with national statistics. That project is available at <http://www.ohio.com/hotopic/10675396.html>.

After publication of that project, the Beacon Journal invited readers to participate in a series of focus groups, which were held in late October. The purpose was to listen to citizens discuss how they related to the trends in Knox's finding.

The seven sessions were facilitated by Alice Rodgers of Jemez Pueblo, N.M. Formerly a resident of Stark County, she facilitated many discussions for the newspaper over a 25-year

period, including the Beacon Journal's examination of race relations in 1993, which resulted in the Pulitzer Prize for Public Service.

Out of those focus groups arose the several topics that will be examined prior to the 2008 presidential election.

Knox and Beacon Journal columnist David Giffels are the reporters on this project. Photographer Ed Suba Jr. and artist Deborah Kauffman Barry prepared the photos, illustrations and graphics for today's installment.

- The editors