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College remains a good bet to plump up the paychecks of millennials

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College got something of a bad rap during the recession and the “jobless” recovery.

Thousands of university graduates were unable to find full-time work in their target careers. They took jobs as baristas, bartenders or other part-time, low-wage workers, burdened with tuition debt that made their years in college seem like an expensive waste.

But take another look. Professional hiring has plumped up, and studies continue to indicate that college provides the odds-on path to bigger paychecks.

It’s not just that college graduates continue to earn more. What’s different recently — despite the recession — is that more and more employers are asking applicants to have bachelor’s degrees, even for jobs that don’t require such education.

For all sorts of jobs now, college degrees are the new “rule of thumb screen for hiring,” said Matt Sigelman, chief executive of Burning Glass Technologies, a labor analytics firm.

This “upcredentialing” means that these days, young people without degrees are less likely to even be considered for well-paying, full-time jobs.

If the ability to land an interview isn’t incentive enough to go to college, studies also find that the earnings gap between young adults who have bachelor’s degrees and those whose education stopped in high school is wider now than it was for any previous generation.

A detailed Pew Research Center examination of median annual earnings, published in 2014, found that millennials in that 25- to 32-year-old age group who had only high school diplomas were earning less than two-thirds — 62 percent — of what their college graduate peers were earning.

In contrast, a typical high-school-only member of the baby boom generation earned three-fourths — 77 percent — of what their bachelor’s-degreed peers earned when they were in that age group.

Pew said millennials with bachelor’s degrees or more had median annual full-time earnings in 2013 of \$45,500. That compared with \$28,000 for

millennial high-school-only graduates, a gap of \$17,500 in just one year of earnings.

Supporting a household on \$45,500 a year is hard enough. At \$28,000, quality of life takes a major hit.

The national job market appeared to have finally turned the corner last year, producing month after month of healthy job growth and lower unemployment rates. But analysts say trends need to be monitored to see how that affects millennial earnings and college decisions.

Here's the rub: Slightly less than two-thirds of the high school Class of 2013 enrolled in college that fall. It was the lowest percentage since 2006 and the third annual drop in a row. Last year's numbers are still being processed.

Economists said high school graduates opted for college during the recession because no jobs were available. Now that employers are hiring again, more of them are heading straight to the work world.

But cold, hard facts counsel against it. Not only are millennials with college degrees earning about 50 percent more than those with only high school, but analysts estimate that college grads are still likely to earn more than half a million dollars more over their careers.

Diane Stafford,

The Kansas City Star



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