

The Biggest Gamble of Your Life

Should You Go to College?

Discussion notes

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Leading Questions

- Why did you come to college?
- What do you want to do when you “grow up”?
- What type of information influenced your decision to come to college?
- How was that information compiled?

Careers and Salaries

- *Lifetime Earnings Soar with Education.*
<http://usgovinfo.about.com/library/weekly/aa072602a.htm>
- United States Department of Labor. "May 2007 Occupational Employment and Wage Estimates -- National Cross-Industry Estimates."
Bureau of Labor Statistics.
http://www.bls.gov/oes/2007/may/oes_nat.htm

www.payscale.com

Hunting for Assumptions

- Summarize the theme presented in this data. Where else have you seen it before?
- What assumptions must be made to tell the story this way?
- What risks are involved in achieving this dream?

You Forgot the Cost!

- Calculating the cost of college:
 - Annual cost = tuition + room/board - grants
 - Four-year cost = FV(annual cost, inflation)

- 2009–2010 Tuition Rises 3.75 Percent

<http://www.bu.edu/today/campus-life/2009/03/13/2009-2010-tuition-rises-3-75-percent>

Comparing Apples to Oranges

- Present value of earnings
- Present value of costs
- Net present value of career/lifestyle
- Annual consumption/spending
- Economic Security Planner:

<https://basic.esplanner.com/>

Alternatives to College

- What do you like to do?
- What are you willing to do?

http://www.payscale.com/research/US/Industry=Electrical_Contractor_%2F_Electrician/Salary

Alternatives for College

- How could you make college a better investment?
 - What factors of the cost equation can you change?
- What does this suggest about career choice?

Follow up Reading

- Freeman, Richard B. "The Facts about the Declining Economic Value of College." *Journal of Human Resources* 15.1 (1980): 124-42. EconLit. ESBSOhost. Boston University Library. 25 Sep. 2008.
- Kotlikoff, Lawrence J., and Scott Burns. *Spend 'Til the End: The Revolutionary Guide to Raising Your Living Standard (Today and When You Retire)*. New York: Simon & Schuster, 2008.

Data and Tools

- "Loan Calculator." FinAid.
<http://www.finaid.org/calculators/loanpayments.phtml>
- "Physician First Year Starting Salary National Average." *Value MD*.
<http://www.residency.valuemd.com/physiciansalary.htm>
- United States Department of Labor. "May 2007 Occupational Employment and Wage Estimates -- National Cross-Industry Estimates." *Bureau of Labor Statistics*.
http://www.bls.gov/oes/2007/may/oes_nat.htm
- ESPlanner Basic. <http://basic.esplanner.com>