

(Course Name):

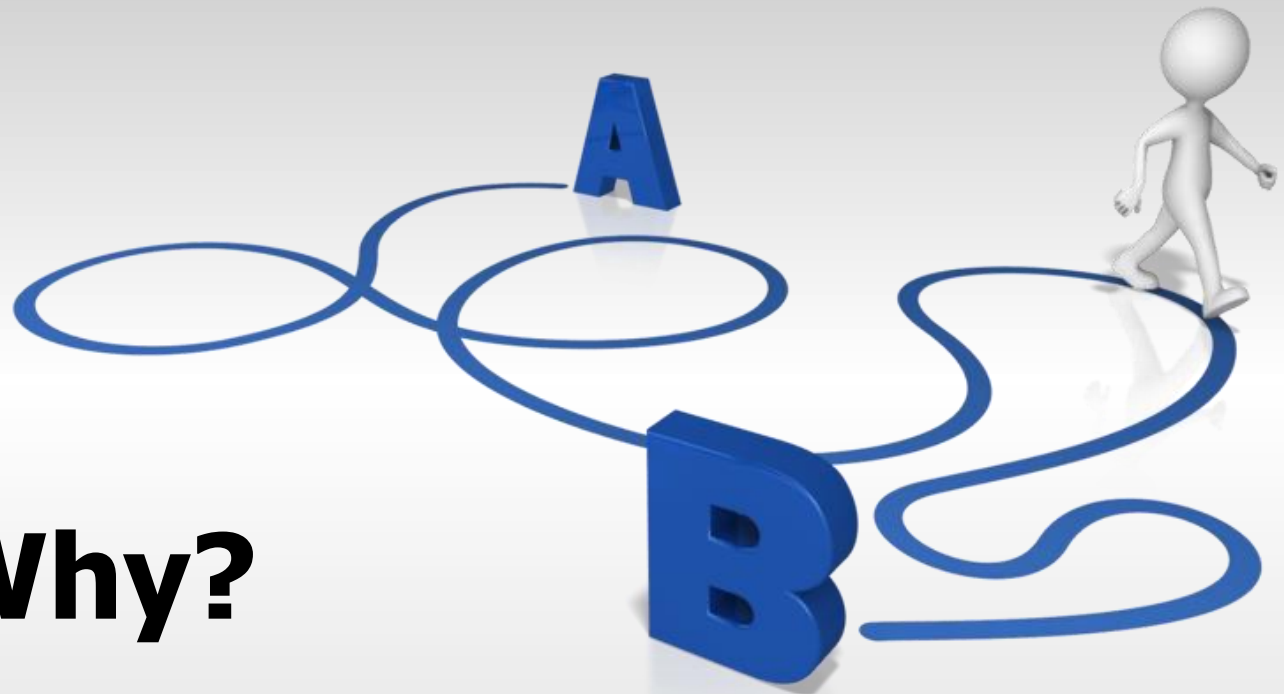
The Impacts of Education



Your “Best Path”

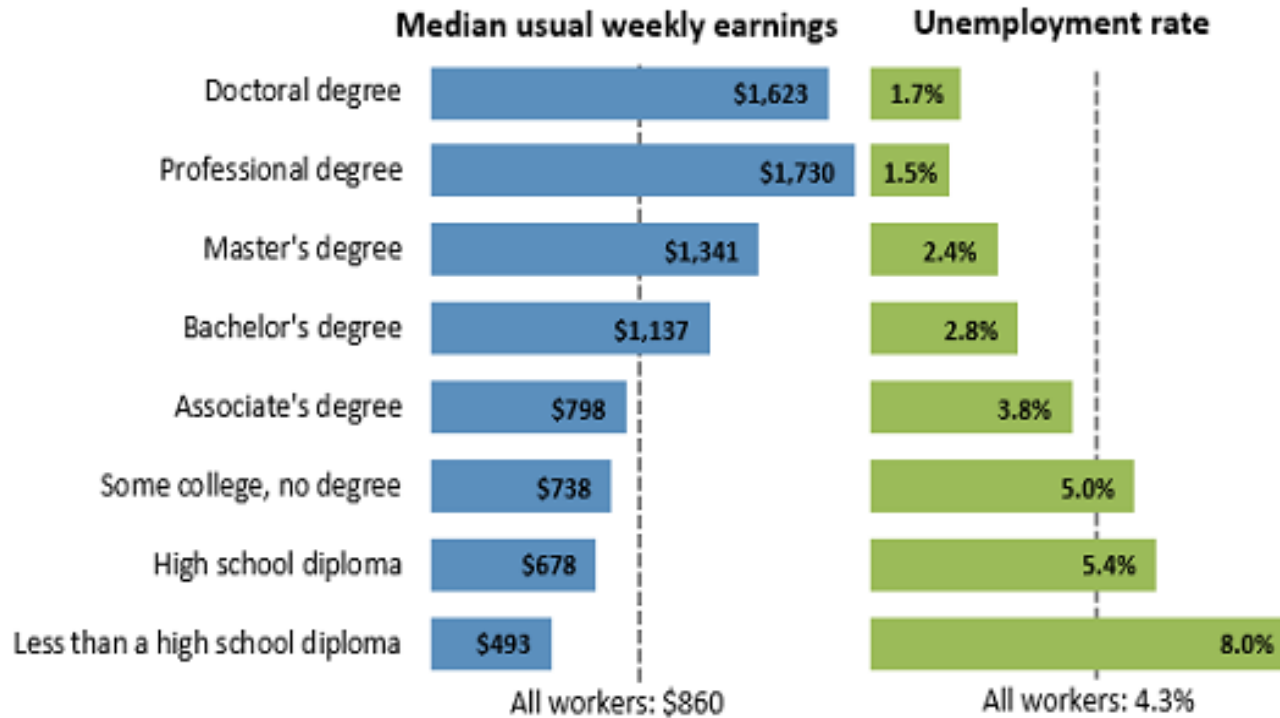
Which would be the best path for you after high school:

1. College
2. Military
3. Career
4. Travel



Earnings by Education

Earnings and unemployment rates by educational attainment, 2015



Note: Data are for persons age 25 and over. Earnings are for full-time wage and salary workers.

Source: U.S. Bureau of Labor Statistics, Current Population Survey

Finances of The College Decision

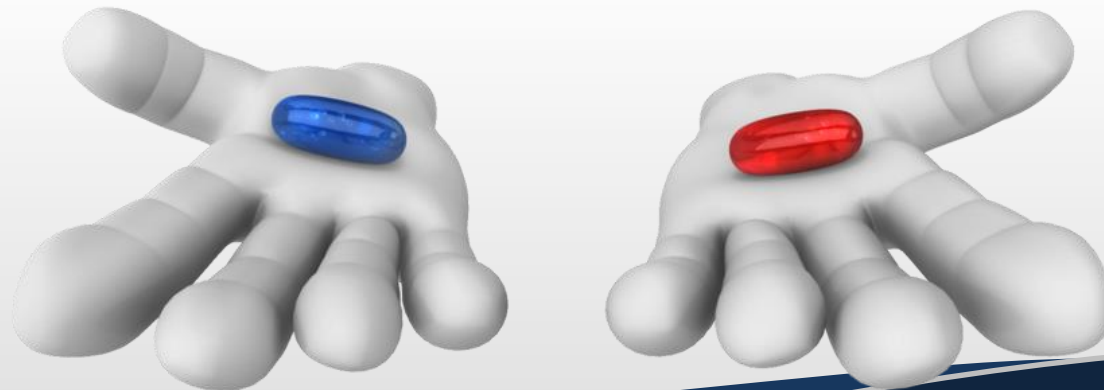
Is going to college financially worth it?

Career After High School:

- Education debt: None
- Median annual salary over career: \$35,724
- Immediate earnings

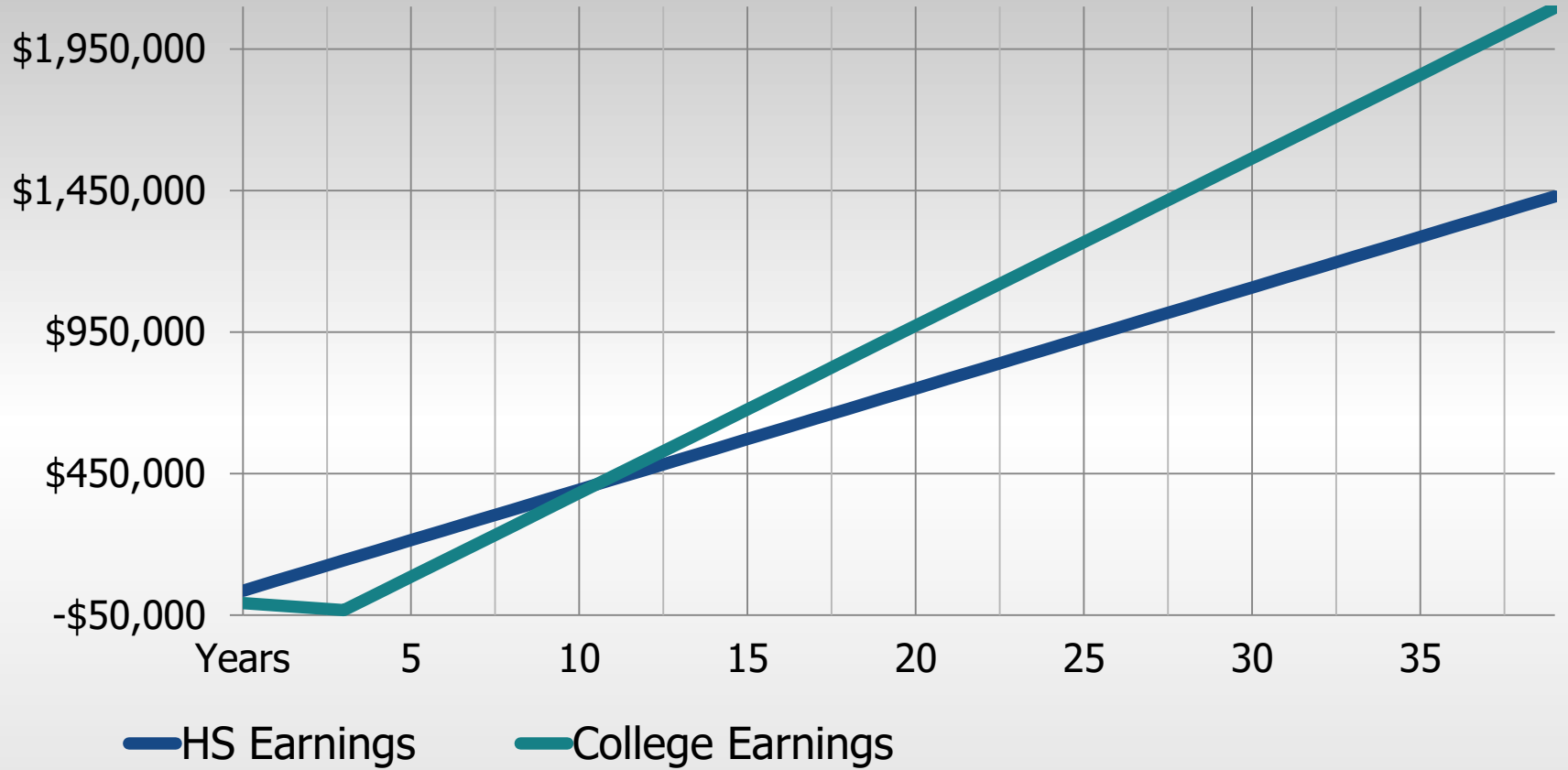
College* After High School

- Education debt: \$35,000
- Median annual salary over career: \$59,124
- Delayed earnings: 4 years



Finances of The College Decision

Lifetime Earnings Based on Education



The ROI of College Degrees

ROI: Return ON Investment (how much you *benefit*)

- Expressed as a percentage ratio.

$$\left(\frac{\textit{Benefit}}{\textit{Cost}} \right) \times 100 = \textit{ROI}\%$$

- Sometimes "Return OF Investment"
 - How **long** it will take to recoup the initial investment
 - We refer to ROI as "ON" not "OF" in this class

The ROI of College Degrees

ROI Example Problem: Your degree costs \$50,000 and allows you to get a job that pays \$60,000 a year.

Step 1: Calculate the *benefit*

$$\textit{Revenue} - \textit{Cost} = \textit{Benefit}$$

$$\text{\$60,000} - \text{\$50,000} = \text{\$10,000}$$

The ROI of College Degrees

Step 2: Calculate the ROI

$$\left(\frac{\textit{Benefit}}{\textit{Cost}} \right) \times 100 = \textit{ROI}\%$$

$$\left(\frac{\$10,000}{\$50,000} \right) \times 100 = 20\%$$

This is interpreted to say that in one year you will get a return of all of your investment plus an ROI of 20%.

The ROI of College Degrees

Go to my course website. On the “Links” page, click on:

“ROI of College Degrees”

Determine the ROI for the first two occupations listed:

1. Advertising, marketing, etc. **42%**
2. Economist **19%**



The ROI of College Degrees

Without doing the calculation, what would you predict about the ROI of a veterinarian?



- There is a **negative** benefit.
- In order to get an ROI, you must consider **more than one year**.
- This is an example when the return OF investment should be taken into consideration when making career decisions.

My Career ROI:

Research online to find the cost of the degree you are most interested in as well as the annual salary of the career you want to have.

Multiply the gross salary by 0.75 to get the net pay (benefit)

Calculate the ROI of your college/career then write it on the board with the name of the career and degree.

