

Surprise: Humanities Degrees Provide Great Return On Investment

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Humanities degrees have received a bad rap recently even from President Obama. Many people, including top policy makers, routinely push policies to encourage more students to major in STEM fields (science, technology, engineering, and mathematics). Some governors have even suggested that state subsidies for public universities should be focused on STEM disciplines, with less money going to "less useful" degrees such as the humanities. Yet, in contravention to this perceived truth, the data show that humanities degrees are still worth a great deal.

As part of a recent project estimating the economic impact of my university, I had a reason to compute the predicted value of college degrees in a wide variety of fields. While it is certainly true that science, engineering, math and business degrees all produce graduates with high expected salaries, those humanities degrees still pay off rather handsomely.

Just to provide some examples, I pulled out information on bachelor's degrees in art, drama, English, French, history, philosophy, and political science. Overall, this is a group that many would predict is destined to produce underemployed graduates, struggling to pay off their student loans, and perhaps happy to work as Starbucks baristas. However, conventional wisdom is wrong. In reality these degrees all produce expected lifetime earning increments far in excess of the cost of college tuition, even at expensive private colleges.

PayScale.com has collected data on salaries earned about 1.4 million Americans with a wide variety of degrees. They publish summary data on early and mid-career average salaries for people with a wide variety of college majors. This data is based on a person's major, not the industry they are employed in, so an history major earning millions working for a hedge fund is still counted toward the average earnings of history majors. It also uses only people who have bachelor's degrees but no graduate degrees, so humanities majors who went to law school are not skewing the results. Also, it should be noted that the data includes graduates of just over one thousand colleges; results from particular colleges might differ significantly.

I took the early and mid-career average salaries by major from PayScale.com and used those to estimate the annual average pay increase for each major's graduates. Then I computed the present value of 45 working years of those gradually increasing salaries (the present value is the lump sum in dollars you would accept now in exchange for all those future salaries). I then subtracted the present value of the same 45 years' worth of earnings from a high school degree. Thus, these are not lifetime earnings, but the value of additional earnings from a bachelor's degree.

Here are some of the highlights (with the table below showing more results). The present value of the extra earnings that graduates in humanities majors can expect over their lifetime is \$302,400 for drama majors, \$444,700 for English majors, \$537,800 for history majors, and \$658,900 for philosophy majors. If a person goes to a top-level, in-state, public university with no financial aid of any kind, the total cost is likely to run around \$80,000 (tuition, books, and living expenses). That means the much maligned humanities majors are still getting an A in economics because the returns on their investments are quite high (in the 300 to 700 percent range).

Even if a student attends a top private university, total four year cost with no financial aid will be around \$250,000. In this case, the returns are not as great, but they are still positive in all these cases. Plus, I suspect that humanities graduates from such top-notch universities probably earn

higher-than-average salaries thanks to both education quality, the abilities of their students, and the networks they have that help their graduates get jobs.

Major	Early Career Salary	Mid Career Salary	Lifetime Earnings Gain
Art	\$36,100	\$57,100	\$315,500
Drama	\$35,600	\$56,300	\$302,400
English	\$38,700	\$65,200	\$444,700
French	\$40,900	\$66,700	\$470,900
History	\$39,700	\$71,000	\$537,800
Philosophy	\$41,700	\$78,300	\$658,900

There are certainly degrees that produce higher returns than humanities majors (physics majors can expect a lifetime earnings gain of just over \$1 million), but there are plenty of majors that provide smaller financial returns as well. The simple reality is that an average student attending a public university or a high-quality private one will earn more over their lifetime from that degree than what it cost no matter what she majors in.

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