

Forbes

Going To College Yields Strong Financial Gains Confirms New Major Study

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A [new large-scale study](#), conducted by the [Postsecondary Commission](#) along with the research firm Mathematica, confirms that going to college typically results in a substantial financial payoff.

Using a particularly sophisticated methodology, the Postsecondary Commission, a nonprofit seeking federal approval to be an accrediting agency, wanted the study to serve as a model for others seeking to develop “policy based on — rigorous, accurate, and scalable approaches to measuring economic outcomes in higher education.”

The researchers examined the earnings of more than 900,000 students who had enrolled in bachelor’s, associate’s, or certificate programs at 86 public colleges in Texas between 2008-09 and 2018-19. They found that even after subtracting out the educational costs of paying for college and the loss of earnings while students were in school, the cumulative net value-added earnings (VAE) for college students exceeded that of individuals who hadn’t attended college.

The ROI differed, depending on the institution the students attended, their majors, and whether they were pursuing a BA/BS, associate’s degree or a certificate, but the study found that going to college pays off most of the time,

even for majors that are sometimes suspected of not yielding long-term financial advantages.

Bachelor's Degrees

The research team analyzed financial outcomes for 309,213 bachelor's degree-seeking students who entered one of 29 public Texas colleges and universities. Of that group, 28,614 (including both degree completers and non-completers) had entered in 2008-09 and had finished the full 15-year follow-up period.

Based on an analysis of those students, the researchers found that compared to high school graduates, the college students realized almost an \$87,000 cumulative net VAE after 15 years.

The advantage varied widely by specific majors. Students who enrolled in STEM programs experienced a substantially higher cumulative net VAE (\$131,604) than students who did not (\$81,403). Students seeking a bachelor's in engineering and architecture saw the highest cumulative net VAE of \$204,686. By contrast, students who sought bachelor's degrees in liberal arts experienced a cumulative net gain of \$35,410. Students enrolled in any of the ten major groupings that were analyzed experienced higher earnings than their peers who didn't go to college.

Bachelor-level students reached a financial break-even point nine years after entry; by year ten, their earnings began to exceed the combined costs of their education and forgone income while they'd been in college.

Almost all institutions (27 out of 29 colleges) saw their students achieve positive earnings, but there was considerable variation in those outcomes. Cumulative net VAE ranged from \$174,632 for the highest-performing college to -\$14,803 for the lowest-performing one.

Associate's Degrees

Based on 559,068 associate's degree-seeking students entering one of 57 public institutions between 2008-09 and 2013-14, the study found a

cumulative net VAE of \$25,338 by year 10. The financial break-even point for these students occurred seven years after college entry.

Financial payoffs varied considerably by program of study. Associate's degree-seeking students pursuing STEM degrees experienced a higher cumulative net VAE (\$35,627) than non-STEM students (\$21,269).

Students who sought associate's degrees in construction trades experienced the highest cumulative net VAE of \$72,912, while AA students in logistics saw a negative cumulative net VAE of -\$15,401. While most programs yielded positive earning advantages, three degree areas (personal and culinary services, information technology, and logistics) did not.

Certificate Programs

Based on the records for 67,486 certificate-seeking students entering one of 57 public institutions from 2008-09 through 2018-19, the research team found these students achieved an average cumulative net VAE of \$3,818 by year five. They experienced the shortest time to reach a financial break-even point at four years, which is not surprising given the shorter program length and lower cost of most certificate programs compared to BA or AA degrees.

Program of study made a big difference for certificate-seekers. Only four of 11 certificate program areas realized a positive cumulative net VAE.

Construction trade students saw a net ROI of \$48,114, followed by those studying security and protective services (\$22,411), technical trades (\$17,013), and biology and health (\$8,899). At the extreme negative end, students seeking certificates in information technology experienced a cumulative net loss of -\$20,839.

Forty-three (75%) of the 57 public colleges yielded a positive cumulative net VAE for certificate students, ranging from \$47,231 at the top end to -\$11,257 at the bottom.

Student Differences

The study was also able to investigate the effects of two student background factors — household income and high school math scores. For example, considering just students seeking bachelor’s degrees, those who came from low-income homes achieved a very similar ROI (\$88,171) as their peers who were not low-income (\$86,416).

By contrast, high school math achievement mattered much more. For example, students scoring in the 76th to 99th percentile on standardized tests of high school math had a cumulative net VAE of \$111,504. Low-achieving students who scored in the 1st to 25th percentile on those tests saw a cumulative net VAE of \$23,766.

A similar pattern was found for associate’s degree seekers, while for certificate students, students from low-income backgrounds saw a higher cumulative net VAE (\$5,987) than those from low-income households(\$1,865). Cumulative net VAE for certificate-seekers varied little among students with differing levels of high school math achievement.

What It Means

A common narrative in the mainstream press is that skepticism about higher education is on the rise, and that an increasing number of Americans doubt that going to college is worth it. The job market is tight, AI is threatening to disrupt the labor market, and student debt is a personal dilemma and a drain on the economy. Those concerns might all be correct, but here’s what else is true: while the outcomes vary by major and institution, going to college — on average — yields a significant earnings premium, particularly for those students who complete a four-year degree.

If anything, the Texas study probably underestimates the economic impact of college attainment. It’s highly likely that the earnings advantage it found would continue to accumulate if the 15-year period the researchers analyzed were to be extended. In addition, the results mix the outcomes of those who earned degrees with those who attended college but did not finish.

This new study adds to the large empirical literature showing a clear wage premium associated with college attendance. In fact, the next time you hear someone claim that “college doesn’t pay” ask him or her to cite you one — just one — empirical study that has failed to find a long- or medium-term average earnings gain for individuals who went to college versus those who didn’t.

The real question we need to be asking is no longer “is college worth it?” Instead, the challenge is to better understand the postsecondary programs that consistently fail to achieve an economic benefit for students and either fix them or consider shutting them down.