

Returns to Higher Education using admin data: Report summary

Chris Belfield, Jack Britton, Laura van der Erve and Luke Sibieta (IFS), Franz Buscha (University of Westminster), Lorraine Dearden (IFS and UCL), Matt Dickson (University of Bath), Anna Vignoles (University of Cambridge), Ian Walker (Lancaster University) and Yu Zhu (University of Dundee)

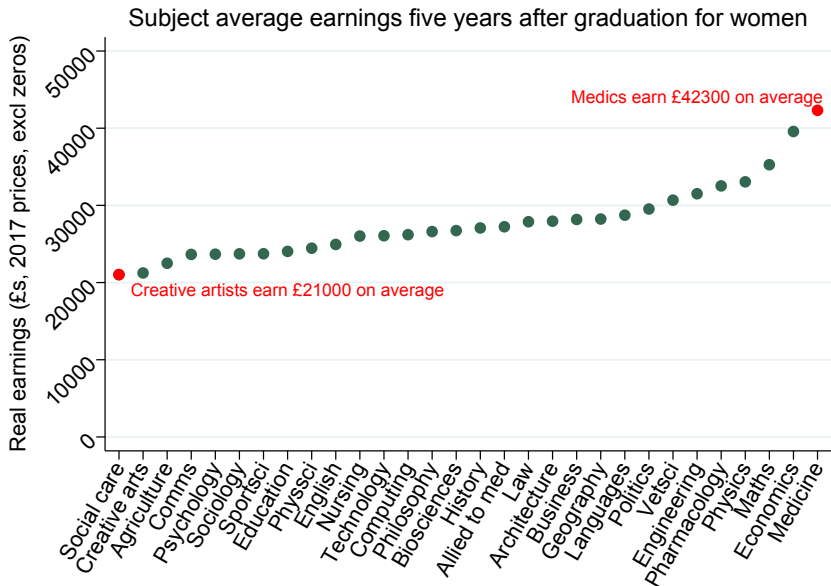
Research team lead by the Institute for Fiscal Studies

May 2018

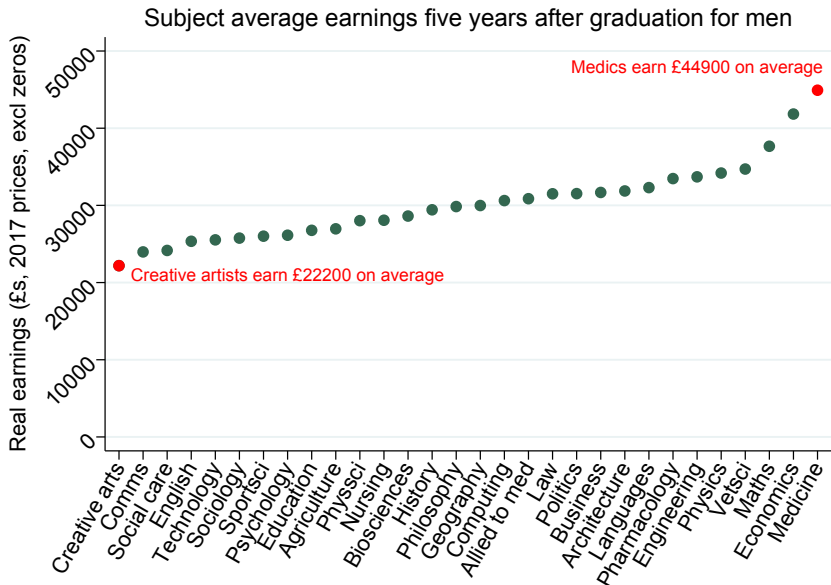
Project background

- It is well known that the average graduate earns more than non graduates, but less is known about the impact of different degree subjects and institutions on graduates earnings.
- We use new dataset of **school, university and tax records** created by the Department for Education to investigate returns to different degree courses.
- We examine the raw differences in earnings and the returns to degrees **holding prior attainment, socio economic background, region and ethnicity fixed.**
- These results focus on earnings five years after graduation for those in sustained employment. We use PAYE earnings, include HE dropouts and look at cohorts graduating university between 2008 and 2012.

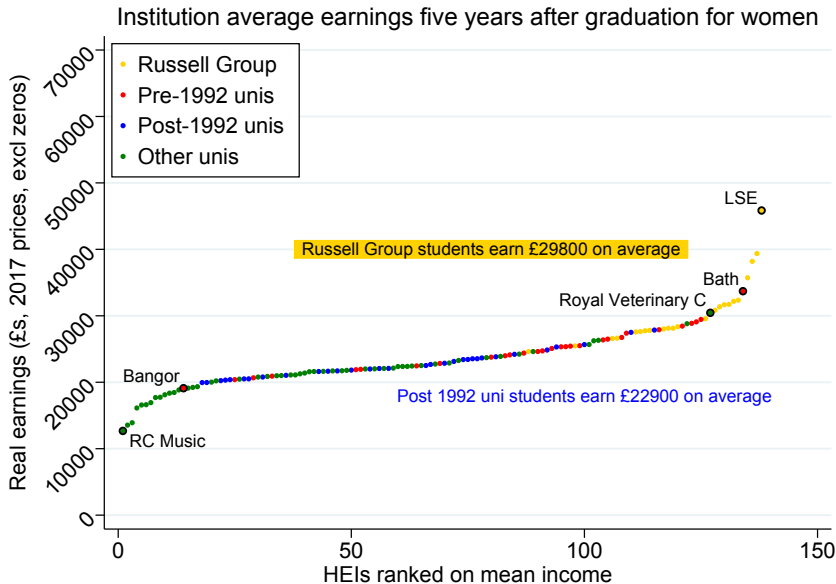
There is wide variation in earnings by subject studied...



There is wide variation in earnings by subject studied...

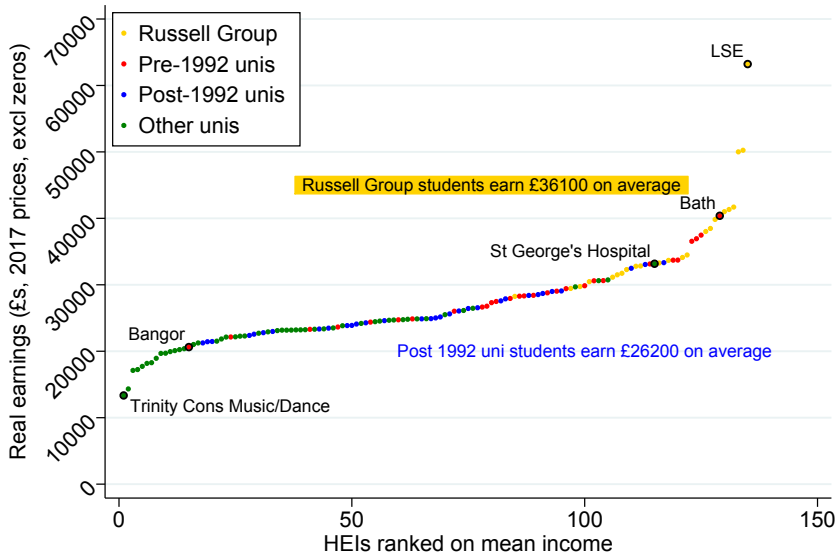


...and lots of variation in earnings across institutions

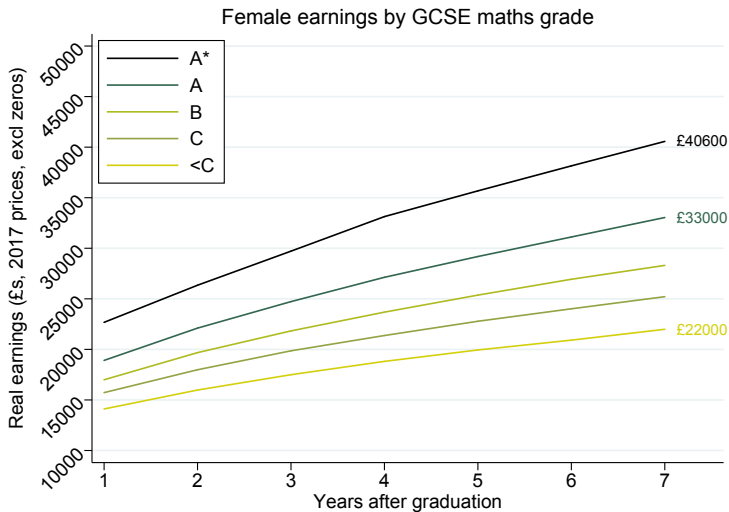


...and lots of variation in earnings across institutions

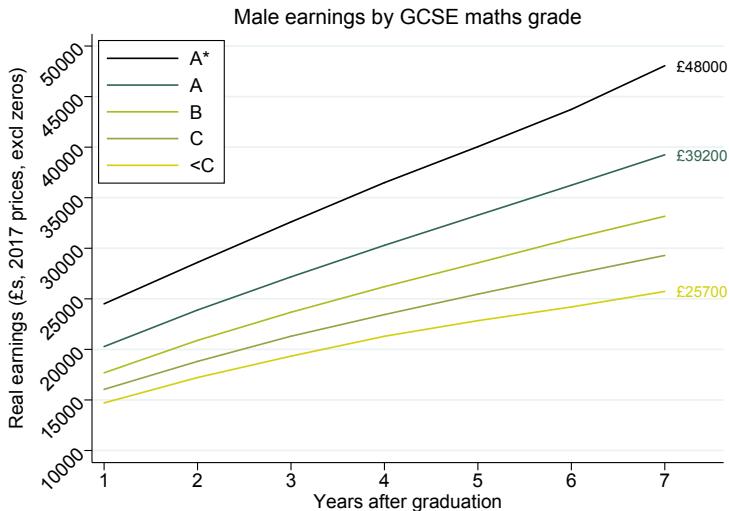
Institution average earnings five years after graduation for men

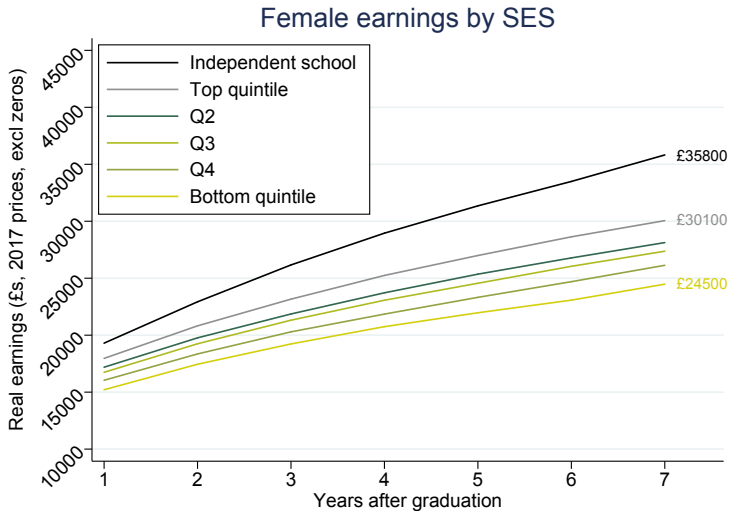


But there are also huge earnings differences by GCSE maths grade...

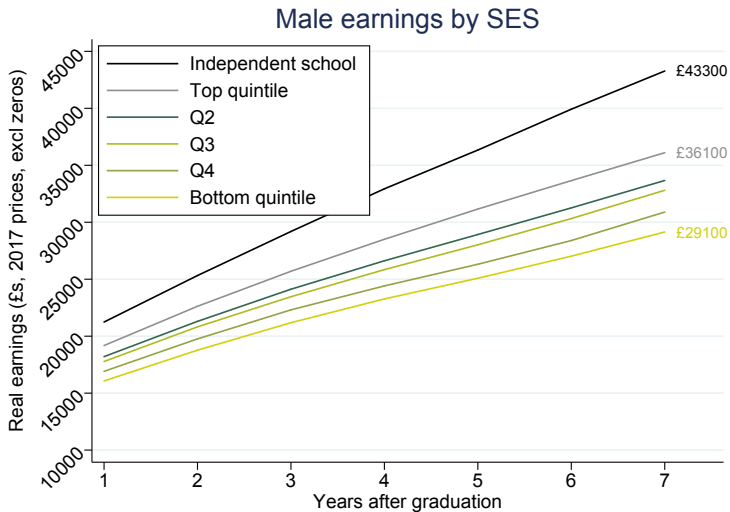


But there are also huge earnings differences by GCSE maths grade..





...and by SES background

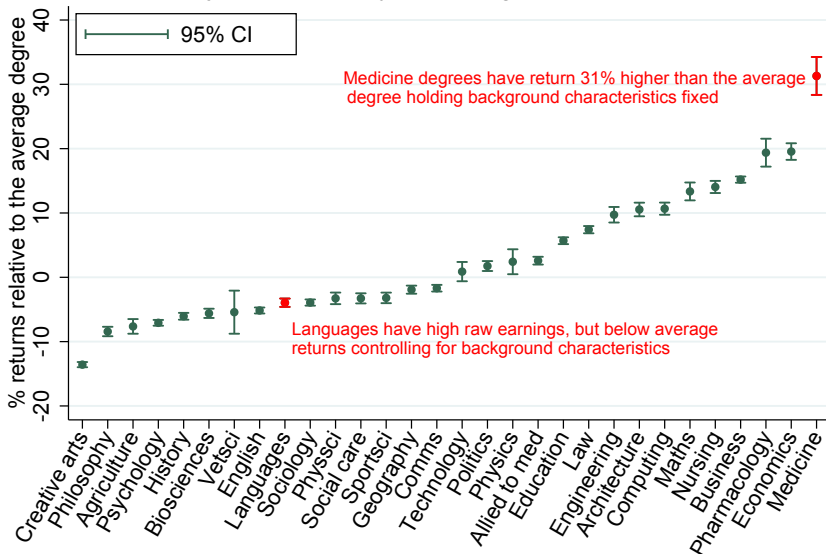


Important question

- Do people who go to the top universities and high-earning subjects earn more just because they have higher prior attainment and come from better-off backgrounds?
- Or are the differences a results of the direct impact of the university course itself?
- In what follows, we **remove the effect of these observable differences between individuals** and show the earnings returns to studying different subjects and at different institutions compared to the average degree.

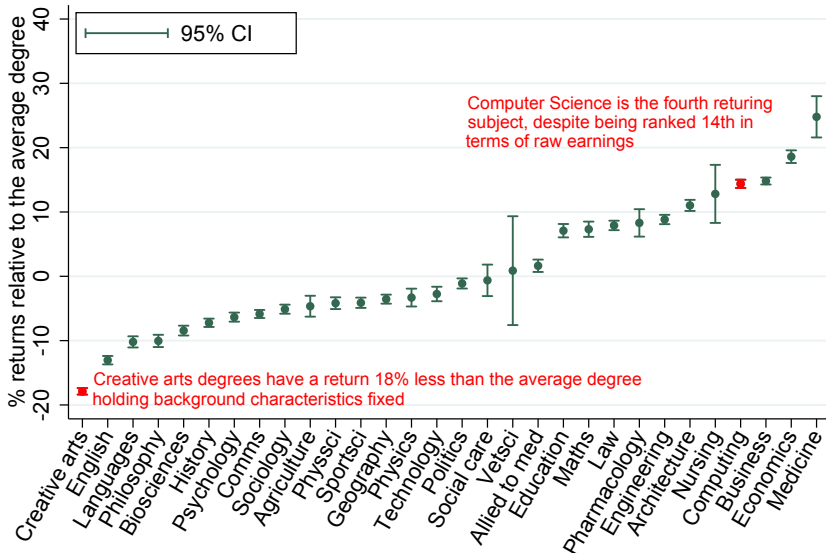
Significant differences in returns by subject remain

Subject returns five years after graduation for women



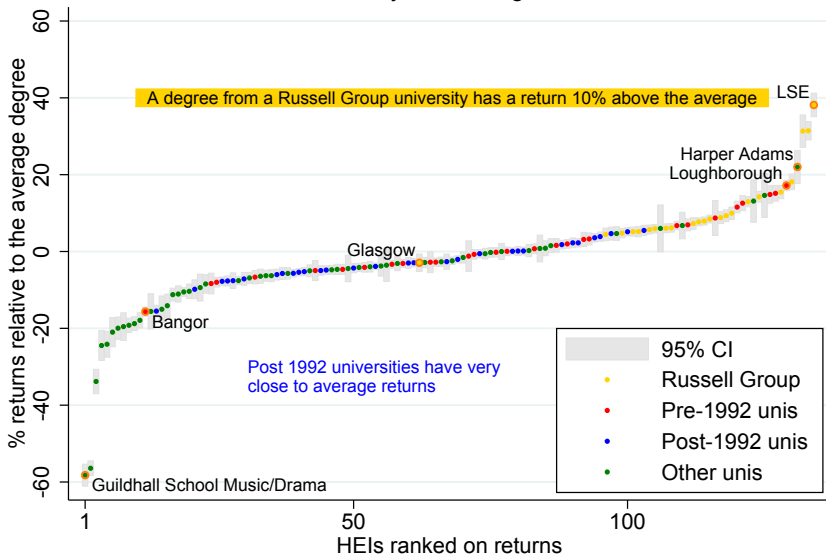
Significant differences in returns by subject remain

Subject returns five years after graduation for men



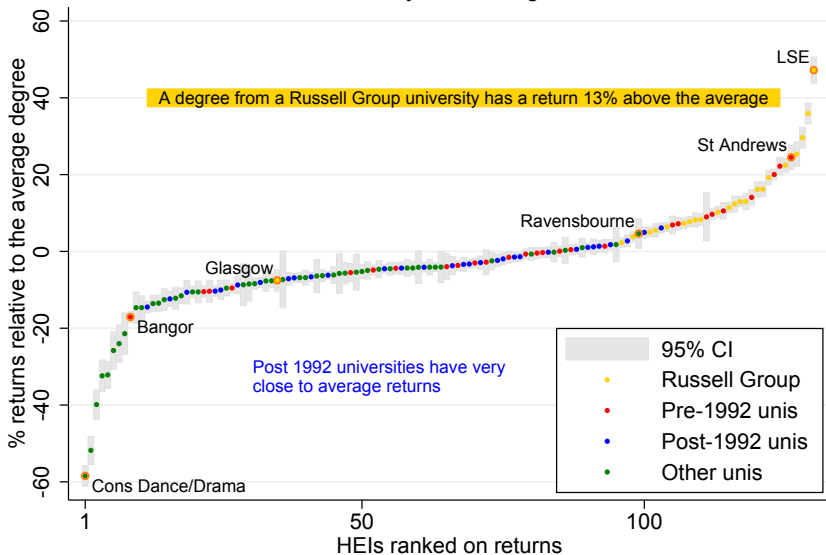
Russell Group universities have the highest returns

Institution returns five years after graduation for women



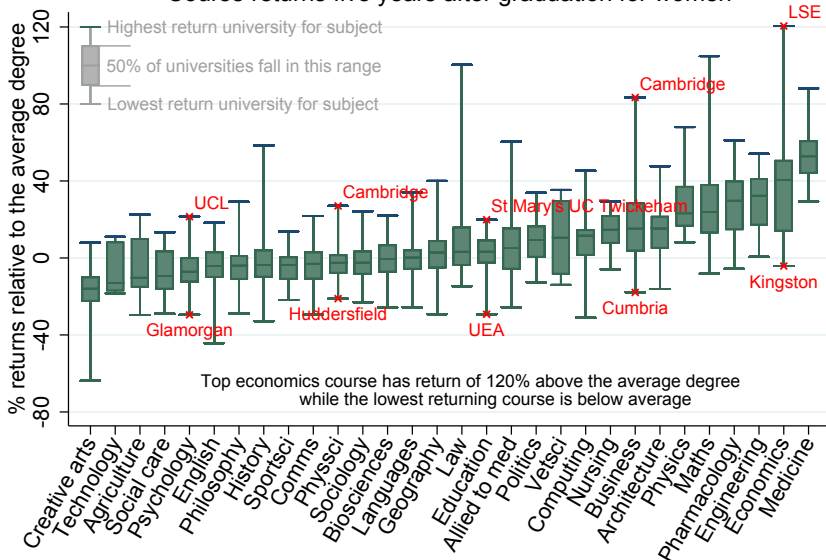
Russell Group universities have the highest returns

Institution returns five years after graduation for men

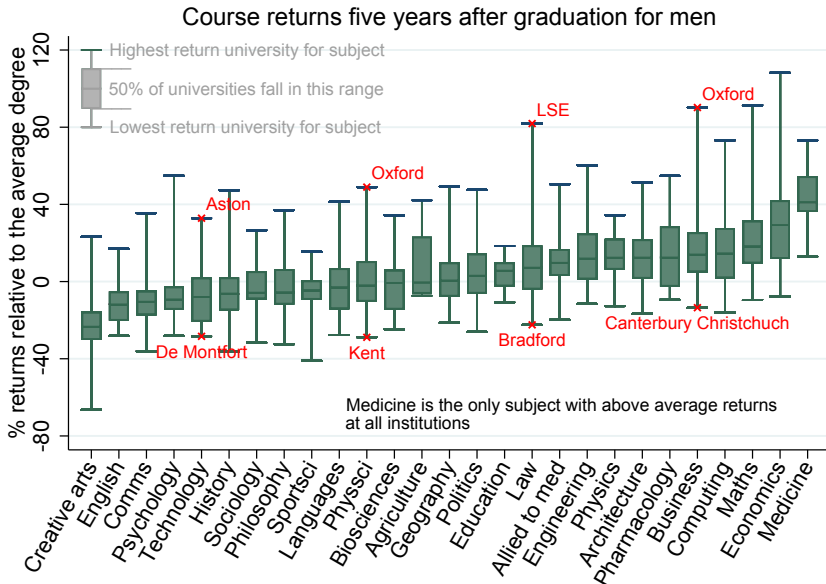


Wide range in returns across units even within subject

Course returns five years after graduation for women



Wide range in returns across units even within subject



Conclusions

- Characteristics determined before students begin HE are important for future earnings, but even after accounting for these characteristics different subjects and institutions have significantly different impacts on the earnings of these students.
- Medicine, economics and business are amongst the highest returning courses, with creative arts, philosophy and English amongst the lowest returning courses.
- Even after accounting for the fact they take students with the highest prior attainment, Russell Group universities still have the highest returns.
- Choosing a 'high-return' subject is not enough to guarantee high earnings. There is a wide variation in returns to studying the same subject at different institutions.
- These results focus solely on the *earnings returns* to different degrees and there are clearly many other important outcomes which factor into students' HE decisions and the evaluation of universities.