

# News story: Graduate earnings remain high

The vast majority of graduates with a degree are earning more at the age of 29 than those who do not go to university, it has been revealed today (27 November), following one of the biggest studies of its kind. The study shows that there continues to be a graduate premium, even as the number of students in higher education has grown.

The 'Absolute Returns' report, conducted independently by the Institute for Fiscal Studies, looks at earnings data up to the age of 29. The new data shows that female and male graduates are earning 28% and 8% more on average than their counterparts who opted for a different route of study after leaving school. As graduates' earnings rise more quickly during their early and mid-careers, particularly for men, it is expected that returns will increase further once looked at over a lifetime.

The research, which will help policy makers, regulators and students understand the different outcomes from different courses and universities, also shows that a number of institutions deliver negative financial outcomes for approximately 4% of male and 0.4% of female students. That is to say, graduates from these institutions earn less than the average person with similar A Level grades who did not go to university at all.

There are several possible reasons for this:

- Students choosing to study courses that have a high social value when in employment, but not necessarily high wages
- Students opting to study subjects such as creative arts, drama and music with low proportions of people going on to earn high salaries.
- Students attending a university in a part of the country where wages are below the national average, who then stay in that area, adding to its economy, but not necessarily earning as much as they could elsewhere.

But there are still cases where students aren't necessarily choosing the institution that will deliver the best returns for their course. The study shows how for some studying the same subject at a different institution – or indeed continuing their education at an alternative to university – could significantly increase their future earnings and career prospects.

Universities Minister Sam Gyimah said:

I want to see our universities competing on the quality of what they offer, value for money and strong positive outcomes for their students so that every degree is worth the investment.

This landmark research proves that the graduate earnings premium remains robust, even as we have made higher education available to more young people than ever before. Higher education is delivering

for students, the taxpayer and the economy, and will continue to do so as long as we focus relentlessly on quality.

The Office for Students, the new regulator we have set up to look out for students' interests, has the power to crack down on institutions delivering poor outcomes for students. I strongly support their work, and expect to see them use the full range of powers at their disposal to protect students' interests.

The graduate earnings premium could be even higher if all prospective students have the best information possible about where and what they study when making choices. The research we're publishing today, alongside other data like the Teaching Excellence Framework and our Open Data prize, will help make this a reality.

Many of the universities whose graduates enjoy high earnings premiums have strong links to employers and have built in work experience to help develop the skills that graduates need.

This must be built on even further. Our plans to expand Accelerated Degrees will boost the opportunities all prospective students have to access high-quality courses.

Value for money is recognised by the government as a crucial part of an investment in a degree, and that is why it is one of the key areas being looked at in the Post-18 Review of education and funding.

Financial outcomes are of course just one of the considerations that students have when choosing a university. The benefits of higher education are not limited to increasing a graduate's salary. For example, many people will wish to pursue public service, third sector careers or the arts which have a very high social value, but which aren't necessarily amongst the most highly paid. And the experience of higher education in itself can be valuable: in its exposure to new ideas, instilling a lifelong love of learning and the many social and health benefits graduates enjoy.

The Office for Students (OfS), the new regulator of Higher Education institutions, has a remit to drive quality and value for money for students. It has a range of levers to crack down on poor performance. Institutions breaching their registration conditions, may, in the most serious of instances, be deregistered.

The OfS is already using its powers to tackle institutions with poor student outcomes data, imposing additional registration conditions on university including [London Metropolitan University](#) and [Bolton University](#) in response to specific concerns.

Concerns were raised with Bolton over employment outcomes for PGCE students, while London Metropolitan were criticised over professional employment for undergraduates, and postgraduate progression. Both are now required to construct an improvement plan around their continuation and completion rates.

The publication of the IFS's research today is part of a government drive to shed light on student outcomes. It builds on the commitment to provide more and better information to prospective students, including historical earnings, employability, and teaching quality at universities.

The research published by the IFS is the second in the series of such publications exploring the value for money students receive from degrees. It follows the [first publication released](#) in June 2018, which compared university courses directly and revealed that studying the same subject at a different institution can significantly affect future earnings and career prospects.

This ground-breaking project arises from a 2016 HE White Paper commitment to better understand the benefits of higher education and how this varies by course in order to improve student information.