

Higher education and wages

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Expand universities

- The British government decided to expanded universities in 2010, ... and by 2012, the tuition-fee ceiling was trebled to £9,000 (\$14,000) a year
- With students shouldering the bulk of the cost of teaching at universities, the government was able to remove the cap on the numbers that universities were allowed to accept.

Competition

- An additional benefit of the shift, hoped officials, was that increased competition for students should drive up standards.
- So far competition has not had that desired effect.
- In a bid to ensure that students and taxpayers get better value for money, the government has created a ranking, the “Teaching Excellence Framework” (TEF).

University's impact

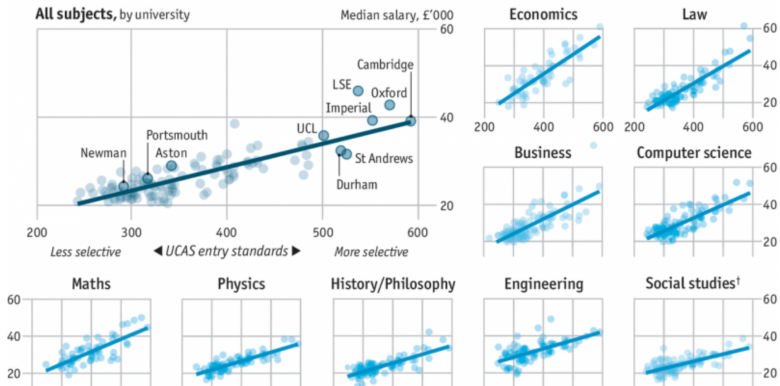
- One way to measure a university's impact is to look at earnings data.

A statistical model

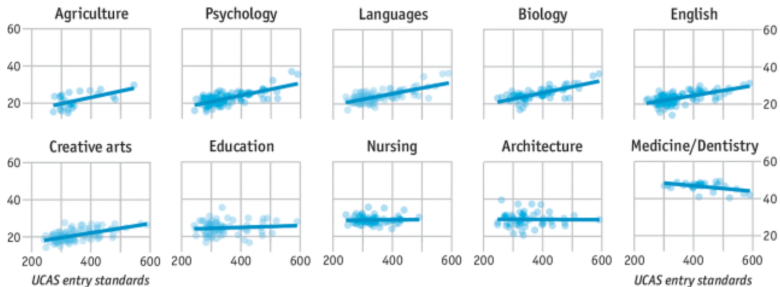
- Wages are determined by the subjects people study, their exam results at school, age, family income, private or state school and where the university was located
- The difference between the predicted and actual amounts that students earn ought to reflect a university's impact on graduate wages.

Hire education

Britain, median salary five years after graduation*, by programme of study, 2014, £'000



Wages



Sources: Department for Education; UCAS; *The Economist*

*From 124 institutions †Excluding economics

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- Which universities do most to boost earnings.
- Those at the top are a mix of the illustrious (Nottingham and Oxford) and the unfamiliar (Brunel and Robert Gordon).

Entering scores and subjects

- Most of the differences in median earnings can be explained by just two factors: how selective a university is and what subjects their students choose to study there.
- Differences in entry tariffs, as defined by UCAS points mostly earned in exams taken at 18, account for nearly 70% of the variation in median earnings.

Entering scores and subjects

- Subjects which include some element of maths are well-rewarded.
- The five fields with the highest salaries are medicine, veterinary science, economics, engineering and mathematics.
- By contrast, creative arts, agriculture and communications graduates earn the least.