

International New York Times<http://nyti.ms/1IkvZ6B>

EDUCATION LIFE | DATA POINTS

Why You Can't Catch Up

By NANCY HASS AUG. 1, 2014

College counselors have used this chestnut to assuage ambitious, cash-strapped students for decades: Don't worry about attending a top college. What matters is where you go to graduate school. A stellar master's degree can "scrub" an undergraduate diploma from a less prestigious, and more affordable, institution.

"I've always been told, and I tell the kids, that your career and salary aren't really affected by where you wind up at college, and anyway, you can go to a better graduate school," said Carla Shere, who, in addition to counseling private clients, is director of college planning for Humanities Preparatory Academy, a progressive public high school in Manhattan.

Unfortunately, that consoling bit of advice is wrong, according to Joni Hersch, a Vanderbilt University economics and law professor.

It is extremely difficult for students from less competitive colleges to gain admission to top graduate programs, including law and business schools, regardless of how good their grades and scores are. And those who do rarely attain the earnings power of peers who attended elite colleges. "The myth is that there are lots of entry points in the system, ways for people to rise up, to climb the educational ladder, but the numbers tell a different story," Dr. Hersch said.

For her working paper "Catching Up Is Hard to Do: Undergraduate Prestige, Elite Graduate Programs and the Earnings Premium," Dr. Hersch used data from the National Survey of College Graduates to analyze the long-term income of graduates with master's and professional degrees and Ph.D.s. She assigned tiers based on institution type according to the Carnegie Classification of Institutions of Higher Education and Barron's college rankings. Graduates were separated into those who had earned their undergraduate degrees from lower-prestige colleges, referred to as Tier 4

(nearly 60 percent of bachelor's degrees come from such schools), and those who went to more competitive institutions.

Tier 1 consists of major private research institutions like Yale, Johns Hopkins and New York University. Tier 2 schools are selective private liberal arts colleges like Middlebury and Vassar. Tier 3 are major public research universities, among them most of the University of California system. The remainder — less research intensive and selective, like Middle Tennessee State, Golden Gate University or the for-profit Grand Canyon University — fall into Tier 4.

While nearly a third of students from Tier 4 schools go on to earn a graduate degree, only 7 percent of them do so at a Tier 1 school; 66 percent remain in a Tier 4 program. This is significant because higher-tier schools provide graduate students with better training, facilities, funding and access to job recruiters.

The news is discouraging even for the tiny cohort who get into higher-tier grad schools. Regardless of the sheen on their new credential, their earnings never catch up. While a male graduate of a Tier 1 college with a graduate degree from a Tier 1 to 3 school earns on average \$185,695 a year, a Tier 4 college graduate with a higher-tier graduate degree earns only \$133,236. The gap for women is even more striking: A Tier 4 college graduate who attended a higher-tier law school, for example, earns about 60 percent of the salary of a lawyer with a B.A. from a Tier 1 college.

The reasons for the disparity are easy to track, said Christopher Avery, a professor of public policy at Harvard's John F. Kennedy School of Government who has written extensively on college as an agent of social mobility. Students who earn a degree from an elite college, even those with unimpressive grades and test scores, are simply too far ahead of those who don't, he said.

Even though some elite institutions are using their vast resources to recruit low-income applicants, a majority of their students come from well-off backgrounds. Tier 1 and 2 graduates are about twice as likely to have parents who graduated from college than students who went to Tier 4 institutions. Their children are instructed from a young age not only in academics but also in the social nuances of making contacts and building relationships.

Tier 4 schools have fewer resources for research and opportunities for undergraduates to take advanced courses and find mentors. With graduation

rates below 50 percent at many such institutions, there is little chance to create useful social networks.

"What's disturbing about this research is that it shows that even if you distinguish yourself as a great student at a Tier 4 school, and by some miracle you get into a good grad program, you aren't likely to wind up with the tools you need to ever catch up to those people who went to a more selective four-year college," Dr. Avery said. "You want to think that at some point the playing field is level, but the truth is increasingly clear that the answer is it probably never is. By high school, it's pretty much over."

Nancy Hass writes often about business.

A version of this article appears in print on August 3, 2014, on page ED28 of Education Life with the headline: You Can't Catch Up.

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