

Engaging the Right Brain: Investigating the Effect of Humanities Ranking on Future Salary

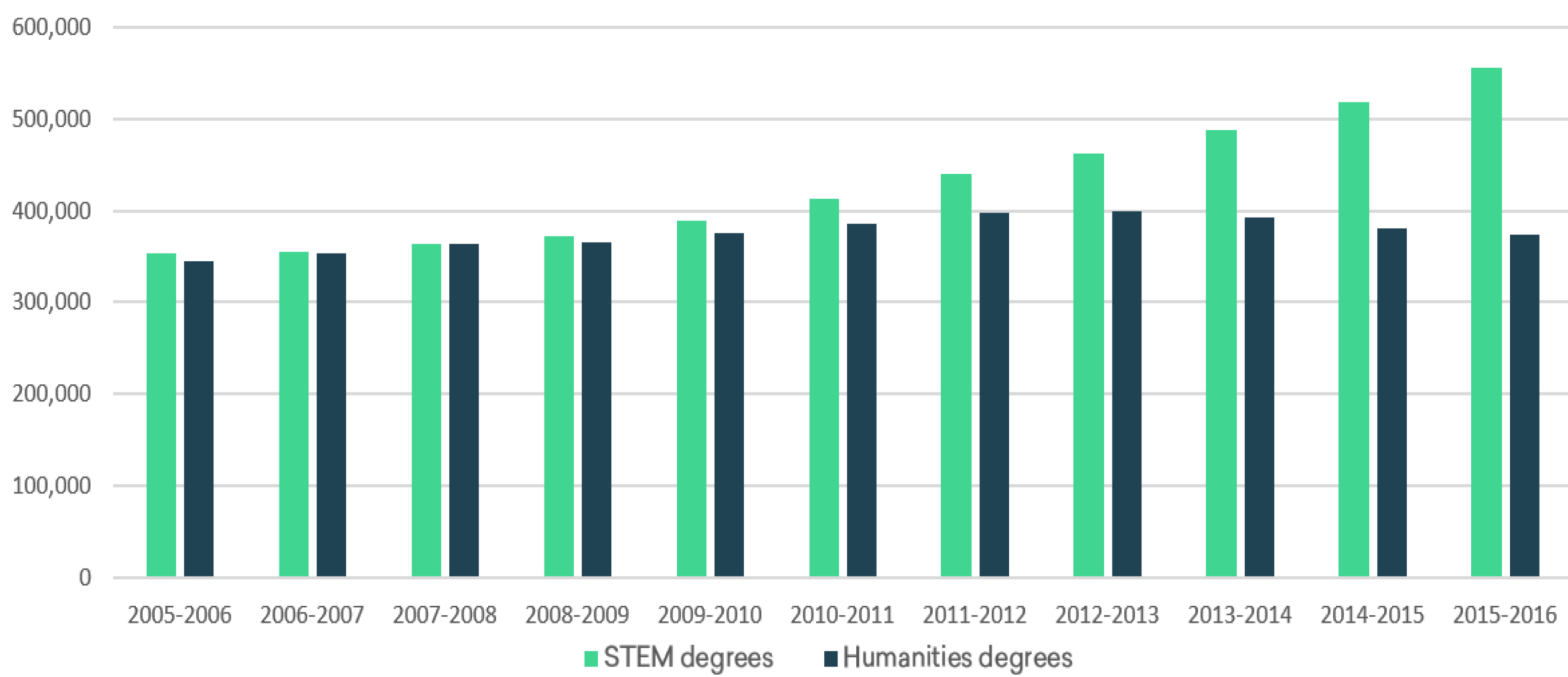
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Introduction

With the rise of STEM, the value of the humanities in upper education is questioned as it relates to potential future earnings.

STEM Degrees vs. Humanities Degrees
Bachelor's and Above



Source: Emsi via NCES (IPEDS); STEM and humanities definitions from NCES

Much of research into salary determinants and college education focus on the value of a major, which find that humanities majors earn lower salaries on average than science majors (Arcidiacono, 2004). By examining several factors that contribute to labor market outcome of graduates, this study will determine if quality of humanities at a school affects graduate salary.

Research Question



Does the ranking of humanities program have an effect on salary of graduates from an institution?

Hypothesis: A better humanities program ranking is expected to significantly increase the salary of graduates.

Empirical Framework

Average mid-career salary of institution is analyzed using an OLS regression.

OLS Equation:

$$\ln(\text{MidCareerSalary}_i) = \beta_0 + \beta_1 \text{HumanitesProgRank}_i + \beta_2 \text{CollegePrice}_i + \beta_3 \text{SAT}_i + \beta_4 \text{LiberalArts}_i + \beta_5 \text{Private}_i + e_i$$

Literature Review

There is a wealth of research about factors that affects salary of students who graduate college, including:

- quality of school
- field of study
- mental ability
- demographic factors

➤ However, there is not much research into how high-quality humanities at a university affects the labor market outcome for the entire student body.

Wales 1973: Finds that the top fifth of undergraduate quality institutions earned a significant premium compared to the bottom area of the college quality distribution.

Taubman & Wales 1973: Determine mental ability to be a significant determinant of earnings.

Brewer et al. 1999: Find a significant premium to attending a selective private school in comparison to less selective or public schools even after correcting for student selectivity based on college cost.

Regression Results

Dependent Variable: ln(Mid-Career Salary)	
VARIABLES	Estimation 1
HumanitiesProgramRanking2018	0.0009*** (8.78e-05)
NetPriceInThousands	0.0024* (0.00144)
AverageNewSATScore	0.0003*** (8.06e-05)
LiberalArts1	-0.0097 (0.0322)
Private1	-0.0449** (0.0209)
Constant	10.87*** (0.0791)
Observations	311
R-squared	0.619
Adj. R-squared	0.612

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Variables

Variable	Definition	Source
Mid Career Median Salary	Median salary for alumni of college with 10+ years of work experience	PayScale
Humanities Program Ranking 2018 *reverse order of normal ranking	Ranking of humanities program of institution in respective year	College Factual
Average New SAT Score	Average composite SAT score of students of institution	Prep Scholar
Liberal Arts dummy variable	Equals one if school is a liberal arts institution	PayScale
Private dummy variable	Equals one if school is private	Prep Scholar

Conclusions & Further Research

Conclusion:

Humanities program ranking is statistically significant, however one better ranking of the humanities program yields an additional approximately \$265 per year 10 years into an average graduate's career This is of low economic significance when placed in the context of yearly salary. The low change in salary per rank change may not be representative of the entire US college and labor market because the schools included are only this ranked by College Factual.

Further Research:

Use a different measure than salary for labor market outcome, for example a job performance study or survey about overall job satisfaction that weights salary among other factors.

