

FIVE REASONS TO SKIP COLLEGE

Forbes Staff 04.18.06, 6:00 PM ET

http://www.forbes.com/technology/2006/04/15/dont-go-college_cx_lh_06slate_0418skipcollege.html?boxes=relstories

NEW YORK - College is expensive. Four years at an elite university like Princeton or Harvard will set you back around \$160,000.

That's a lot of money, but consider the benefits: The professors, the coursework, the people you'll meet and the invaluable experiences you'll have. And, of course, the bottom line: You'll earn more money afterward. In fact, on average, the holder of a four-year college degree will earn 62% more over their lifetimes than a typical high-school graduate. And that's just on average. The return on investment for attending one of the nation's 25 or so most selective colleges is far more impressive. Money well spent, right?

Well, not necessarily.

Although there is clearly a correlation between earnings and a four-year degree, a correlation isn't the same thing as a cause. Economists like Robert Reischauer ruffled feathers several years ago by pointing out that talented, driven kids are more likely to go to college in the first place--that they succeed, in other words, because of their innate abilities, not because of their formal education. Bill Gates, who dropped out of Harvard to start Microsoft, certainly doesn't fit the stereotype of a low paid college dropout.

In fact, more than a couple of billionaires never graduated from college. Larry Ellison, cofounder of database giant Oracle, dropped out of the University of Illinois and is now worth \$16 billion. Fellow billionaire John Simplot, inventor of the frozen French fry, never even finished high school. Neither did Alan Gerry, who built the first cable television network in upstate New York and then sold it to **Time Warner Cable** Cable for \$2.8 billion.

In fact, there is plenty of evidence that what really matters is how smart you are, not where--or even if--you went to school. According to a number of studies, small differences in SAT scores, which you take before going to college, correlate with measurably higher incomes. And, according to a report from the National Bureau of Economic Research, the lifetime income of high-school dropouts is directly associated with their scores on a battery of intelligence tests.

By this logic, the real economic value in a Princeton degree is not the vaunted Princeton education, but in signaling potential employers that you are smart enough to get into Princeton. Actually, attending the classes is irrelevant. A few years back, we even went so far as to speculate that an entrepreneur could build a healthy business by charging, say \$16,000, to certify qualified high-school graduates as Ivy League material. (See: "[Is Yale A Waste Of Money?](#)") College-skippers could invest the \$144,000 savings and have a nice nest-egg built up by the time they are in their mid-30s. And they could use their

formative years between 18 and 22 to learn an actual trade.

For, in truth, most professions—journalism, software engineering, sales, and trading stocks to name but a few—depend far more on “on-the-job” education than on classroom learning. Until relatively recently, lawyers, architects and pharmacists learned their trade through apprenticeship, not through higher education.

Certainly some jobs—medical doctors and university professors—require formal education. But many do not, and between the Internet and an excellent public library system, most Americans can learn pretty much anything for a nominal fee. By all means, go to college if you want the “university experience,” but don’t spend all that cash just on the assumption that it will lead you to a higher-paying job.

1. You'll be losing four working years.

There's an opportunity cost associated with going to college: Not only will you lose the money you'll have spent on tuition, you'll also be out the amount of money that you could have made if you'd worked during those four years. And if your family isn't wealthy enough to pay for your education on their own, you'll also owe a hefty amount in interest payments for your student loans. Perhaps more importantly, with four years of experience on your resume, you'll be far better off when looking for work than the average 22-year-old college graduate.

2. You won't necessarily earn less money.

College grads earn an average 62% more over the course of their careers than high school grads. But economist Robert Reischauer of the Brookings Institution in Washington, D.C., argues that those numbers are skewed by the fact that smarter kids are more likely to go to college in the first place. In other words, the profitability of higher education is a self-fulfilling prophecy.

3. In fact, you could probably make *more* money if you invested your tuition.

Put \$160,000—the approximate cost of a Harvard education—into municipal bonds that pay a conservative 5%, and you'll have saved more than \$500,000 in 30 years. That's far more than the average college grad will accumulate in the same amount of time.

4. You don't need to be in a classroom in order to learn something.

Truly motivated learners can teach themselves almost anything with a couple of books and an Internet connection. Want to learn a hands-on skill or trade? Consider an apprenticeship.

5. Plenty of other people did fine

Bill Gates, Larry Ellison, Quentin Tarantino, David Geffen, and Thomas Edison, among others, never graduated from college. Peter Jennings and John D. Rockefeller never finished high school.