



Landmark study confirms graduate premium variations

Analysis of Labour Force Survey data reveals extent of earnings boost for university leavers

September 8, 2016



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Source: iStock

Graduates from Russell Group universities earn almost £7,000 a year more on average than UK graduates in general at the age of 40, according to a major study on the lifetime earnings of university leavers.

Variations in the graduate premium have been revealed in the first analysis of graduate earnings data collected by the Office for National Statistics' Labour Force Survey, a quarterly poll of 100,000 individuals across the UK, since 2012.



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According to the analysis (<http://www.bestcourse4me.com/media/98090/BestCourse4Me-institution-analysis.pdf>), which was undertaken by the student information website bestCourse4me, graduates from the Russell Group's 24 elite universities earn £43,745 at the age of 40 on average – 18 per cent more (£6,720) than the £37,025 median salary of all UK graduates at the same age.

However, the lifetime salary premium (<https://www.timeshighereducation.com/features/employability-which-university-is-doing-the-best-by-its-students>) for graduates varies significantly within the Russell Group, says the report, which was released exclusively to *Times Higher Education*.

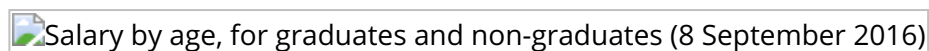
The emergence of the figures follows successful efforts by former universities minister Lord Willetts and bestCourse4me founder Steve Edwards, the multimillionaire software entrepreneur, to include a question about where graduates studied in the ONS' quarterly survey of UK households.

Previous research has emphasised the need to look at graduate earnings against the entry grades required to study at different institutions or the social backgrounds of students. Research published earlier this year by researchers at the Institute for Fiscal Studies, the UCL Institute of Education, Harvard University (<https://www.timeshighereducation.com/world-university-rankings/harvard-university>) and the University of Cambridge (<https://www.timeshighereducation.com/world-university-rankings/university-of-cambridge>) found that while "considerable" variation in graduate earnings is evident across different institutions, "much of this is explained by student background and subject mix" at those universities.

The bestCourse4me analysis of the Labour Force Survey data show that students from UK universities ranked in the top 20 of the 2015-16 *THE* World University Rankings (<https://www.timeshighereducation.com/world-university-rankings/2016/world-ranking>) (the University of Oxford (<https://www.timeshighereducation.com/world-university-rankings/university-of-oxford>), the University of Cambridge (<https://www.timeshighereducation.com/world-university-rankings/university-of-cambridge>), Imperial College London (<https://www.timeshighereducation.com/world-university-rankings/imperial-college-london>) and University College London (<https://www.timeshighereducation.com/world-university-rankings/university-college-london>)) earn £52,295 aged 40, which is 19 per cent more than students from the Russell Group as a whole. That median wage among global top 20 universities rises to £53,130 at the age of 55 – 28 per cent more than students from the Russell Group as a whole.

Salary by age, for graduates and non-graduates

(<https://www.timeshighereducation.com/sites/default/files/salary-by-age-for-graduates-and-non-graduates-080916-large.jpg>)



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However, the bestCourse4me data (<http://www.bestcourse4me.com/institution-analysis/institution-analysis-data/>) reveals that it still pays to go to university in general. By the age of 45, graduates are earning 82 per cent more on average than non-graduates – £38,415 compared with £21,095.

The new analysis of graduate salaries has been hailed as a significant milestone (<https://www.timeshighereducation.com/features/teaching-excellence-framework-tef-how-might-it-be-built>) for the sector as it relies on independent data, rather than information collected by universities themselves for the annual Destinations of Leavers from Higher Education (DLHE) survey.

“We are finally getting some high-quality data to look at these key issues,” said Anna Vignoles, professor of education at Cambridge, whose own research published (<https://www.timeshighereducation.com/news/graduate-earnings-data-by-course-and-university-draw-closer>) in April analysed HMRC tax data of graduates and non-graduates.

“We now have two relatively independent sets of data on what is happening in the graduate labour market,” Professor Vignoles added.

While the lifetime earnings of graduates varied by institution, subject and region, both sets of data underlined that, in general, going to university pays off in the long term, Professor Vignoles said.

“A lot of people are saying that the graduate wage premium is no longer there, but this data shows there is a wage premium and that it grows over the course of your working life,” she continued.

The Labour Force Survey data also cast light on the vexed issue of graduate over-supply. While 64 per cent of those based in inner London have a degree, that figure falls to between 25 and 30 per cent for most other UK regions.

Christine Buccella, director of bestCourse4me, described the data as an “important piece of the information that students should consider when making their choices about higher education”.

“Nowhere else can you find this level of detail about lifetime earnings and careers, including regional variations, variations among university groups, the correlation between Ucas entry points and lifetime earnings, and comparisons with non-graduates,” said Ms Buccella.

Among the surprising findings were the “significant variation in salary outcomes for graduates of institutions with similar low Ucas-point entry requirements”, she said.

Ms Buccella added that bestCourse4me could not give earnings information related to specific institutions because of ONS rules on the use of data relating to corporations.

“We hope that we can eventually move to a situation where students can have access to the institution-level data in order to enable them to make better-informed choices, but this is a good start,” she said.