The Minimum Wage and Higher Education

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Barriers to Entry

The cost of higher education can be a barrier for entry to those who do not want to take out loans. Roughly 70% of students who attend any kind of university graduate in debt, with an average graduating debt of $29,800. And at $1.56 trillion dollars, student loan debt exceeds credit card debt.

Individuals who do choose to attend higher education despite facing potential future debt have a number of financial stresses while in college; from tuition to textbooks to housing to groceries to gas to saving to pay off student loans in the future, the cost of a college education is daunting. All of these costs require many students to seek employment while enrolled in college.

Balancing Education and Earnings

When students are working 20+ hours a week, it takes them away from learning and studying, the very reason they are at college in the first place, which can have a negative impact on grades and can even lead some to drop out after already taking out hundreds of thousands of dollars in student loans. But being at college is not realistic for most students without having a job to help, or fully, pay the bills. Raising the minimum wage would mean that students would be more aptly able to pay bills, and could potentially mean that students could dedicate less time to work and more time to school with the increase in hourly earnings.

Aside from taking away from coursework itself, having to work while in college can prevent students from becoming involved in major-related activities and unpaid internship positions. In today's job market, this can be detrimental to a student's future job prospects as most "starting" positions expect college graduates to have some level of relevant experience in their field. Increasing the minimum wage could help students work less paid hours for the same amount of money, opening up time for campus involvement and studies-related enrichment through unpaid opportunities.

Additionally, when minimum wage increases, other low-paying wages are typically proportionally shifted up, meaning an increase in minimum wage would benefit not just students who work in minimum wage roles, but all students working low-wage jobs while enrolled.

Numerical Breakdown of the Cost of Education

A financially independent student who works full-time at the federal minimum wage would make $15,080 annually. In 2016, the average cost of attending a 4-year private university was $39,529 per year, a 2-year private college $24,367, a public 4-year university $19,189, a public 2-year college $9,939. The cheapest option possible leaves financially independent students with $5,141 for all costs outside of tuition and room/board such as food, transportation, clothing, medical care, and leisure expenses.

In 1985, the federal minimum wage was $3.35; when adjusted for inflation, $3.35 in 1985 is equivalent to $7.99 in 2019 dollars, higher than the 2019 federal minimum wage. Using the same hours from above, a student working full-time at the federal minimum wage in 1985 would make $6,968 a year. In 1985, the average cost of attending any 4-year university was $5,504 per year. Adjusted for inflation, an education from a 4-year university in 1985 cost about $13,132 current dollars, and the minimum wage was higher. It used to be realistic for a student to work their way through college, but now it is impossible without a crippling amount of student debt and a high burden of stress. Therefore, raising the minimum wage would have a beneficial impact on students struggling to make ends meet and facing the responsibility of full-time work and full-time education.

	Federal Minimum Wage	Full-Time Federal Minimum Wage Earnings	Average Cost of Any 4-Year University	Average Cost of Any 2-Year College
1985	$3.35	$6,968	$5,504	$3,367
1985 (adjusted for 2016 inflation)	$7.52	$15,642	$12,360	$7,561
2016	$7.25	$15,080	$26,120	$10,432

Analysis of a Full-Time Student/Full-Time Worker's Cost-Benefit in 1985 versus 2016

How Many Students are Impacted

A 2015 Georgetown study found that 70% of students work while enrolled in college. There are benefits associated with working and learning at the same time, especially when the work is linked to and enriches subject matter, but working too much can reduce graduation rates, particularly for low-income and first-generation college students. The study found that 40% of undergraduate students and 76% of graduate students work at least 30 hours a week, with 25% full-time students at all levels being employed full-time.

A report from the Institute for Women's Policy Research found that there is an increasing trend in financially independent students. 55% of students of color, 49% of white students, 55% of women, and 46% of men are financially independent while attending college. Almost half of these independent college students have dependent children. The study also found that only one third of financially independent college students complete their degree, when more than half of financially dependent students complete their degree. Findings from the report indicated that financially independent students faced obstacles in financial, work-related, familial, and educational areas, more so than their financially dependent peers, with low-income, students of color, and non-traditional students experiencing the highest impacts. Work-related and financial obstacles could be mitigated in part by an increase in the minimum wage.