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PA 710

The goal of this cost-benefit analysis is to determine if a graduate degree is worth the investment. I plan to evaluate this by using the following measures:

Determine costs of attending SFSU by using the fees posted on the website (http://www.sfsu.edu/prospect/fee.htm) and forgone undergraduate wage taken from 2005 census, under the following category: Female Hispanic (of any race) Under 65 years earnings (www.census.org)

Total CSU Registration Fee (Graduate)	$3,710 (full time, 2 semesters)
Books & Supplies	$1,314
Transportation (from home to school)	$450 (calculated miles x .445)
Lodging (relocated for school)	$9,000
Meals	$1,248
Total Graduate School Costs	**$15,722**
Forgone Undergraduate Wage	**$34,865**
Total Costs	**$50,587**

The time frame of this analysis will be from the year I began graduate school (January 2006) and the years I have yet to invest in work: 65 years old (assuming retirement age)- 26 (age I began graduate school) = 39 years (lifespan of work).

The following assumptions will be made in order to do the analysis:

- MPA from CSU will have same average income as the U.S. mean computed by the Census Bureau
- Ability factor = 10%
- Nominal Interest Rate= 8%
- Inflation Rate = 3%
- Discount Rate = 5%
- Graduate Income Rate = $52,349

After computing the cost-benefit analysis, I determined that receiving my graduate degree is worth my time and investment. The present value of net benefit is $217,582.44, the present value of costs is $94,152.52 and the benefit-cost ratio equals 2.31. With this information, I determined that the net present value of a college degree is $123,429.92 and is attaining a graduate degree is further justified because the benefits outweigh the costs (being greater than 1), as shown in the benefit-cost ratio. If I had not relocated to San Francisco to attain my graduate degree my benefit-cost ration would have been higher because my costs would have been lower because lodging would not be calculated. I was a little discouraged that the labor statistics did not have data for Hispanic Females with a Graduate degree in my age range, which my skew my results a little. I am assuming that since the average totals were used, this would actually drive down the income of female Hispanics with a graduate degree. According to my calculations, I should see a return on my investment in 9 years, that is I will have made back all my costs I incurred during the two years of graduate studies.