

# Costs of a Medical Education: Comparison With Graduate Education in Law and Business

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**Introduction:** The costs of graduate school education are climbing, particularly within the fields of medicine, law, and business.

**Methods:** Data on graduate level tuition, educational debt, and starting salaries for medical school, law school, and business school graduates were collected directly from universities and from a wide range of published reports and surveys.

**Results:** Medical school tuition and educational debt levels have risen faster than the rate of inflation over the past decade. Medical school graduates have longer training periods and lower starting salaries than law school and business school graduates, although physician salaries rise after completion of post-graduate education.

**Conclusions:** Faced with an early debt burden and delayed entry into the work force, careful planning is required for medical school graduates to pay off their loans and save for retirement.

**Key Words:** Medical school, tuition, educational debt, salary, compensation

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## INTRODUCTION

One of most important decisions an individual makes during his or her lifetime is the choice of a career. Most people make this decision at a relatively young age, during the impressionable years of undergraduate education. For many, the decision is based on an idealized end point, without a full understanding of how the road to that endpoint will affect their lives. In professions such as medicine, law, and business, the journey requires sacrifice, self-discipline, and a willingness to delay gratification. For those who attain their goals, the results can be accomplishment, personal growth, and, if they are fortunate, the enjoyment of their professions and careers.

Inherent to almost any career choice are the time obligations and financial burdens that ensue from education and training. The rising cost of education is one of the greatest limiting factors for individuals in their career pursuits. Universities have endeavored, through scholarships and student loans, to make educational opportunities readily available for all qualified individuals who seek

them. Nevertheless, the financial burdens that education and training create remain significant and should be considered in the career decision-making process.

Ideally, one's chosen occupation should provide sufficient potential income to meet the demands of educational debt repayment while supporting an acceptable standard of living.

In this paper, we present the spectrum of educational financial burdens that are placed on students pursuing graduate degrees in business, law, and medicine. We will also illustrate the starting salaries available to these graduates and offer a glimpse into their long-term earning potentials.

## METHODS

An extensive list of US graduate programs was compiled for the purposes of our research. This list included the 391 MBA degree graduate programs accredited by the Association to Advance Collegiate Schools of Business, the 189 law schools accredited by the American Bar Association and the Law School Admission Council, the 125 allopathic medical schools accredited by the Liaison Committee on Medical Education, and the 20 osteopathic medical schools accredited by the American Osteopathic Association.

Each of these programs was evaluated by means of

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e-mail and telephone communication with the admissions, student relations, and financial aid departments and through extensive study of school Web sites. Data were collected and analyzed with regard to student body demographics, tuition and fees, total educational debt, and statistics on job placement. Information on individual programs was also obtained from the *US News and World Report* [1,2] issue “America’s Best Graduate Schools” and from *BusinessWeek*’s “Report on Full-Time MBA Profiles [3,4].”

A large number of published reports and surveys were reviewed to collect data on the debt that medical, law and business graduate students accrue, including the debt carried over from the undergraduate level and non-educational debt [5-12]. Literature was also reviewed to evaluate the employment opportunities that medical, law and MBA graduates have upon completion of their education [1-4, 13-18]. Additional reports were analyzed with respect to the wide range of earning potentials for physicians, lawyers and businessmen across various subspecialties [19-31].

## FINDINGS

### Tuition and Fees

The one consistent trend in the educational arena is the unrelenting escalation of costs. The Association of American Medical Colleges has documented a steady climb in tuition and fees at US medical schools throughout the past decade through their annual *Tuition and Student Fees Report*. The 2004 report demonstrated a 93% increase in the tuition and fees for state residents at public medical schools since 1995, reaching an average of \$18,402 in 2004, compared with an average of \$9,546 in 1995 [32,33]. Similarly, tuition and fees for nonresidents at public medical schools increased by 84% over the same time period, with an average of \$37,241 in 2004, compared with \$20,275 in 1995. As for private medical schools, tuition and fees increased by 51%, reaching an average of \$36,377 in 2004 compared with \$24,141 in 1995 (see Table 1). Comparatively, the US Department of Labor [34] reported only a 24% increase in the Consumer Price Index during this time frame.

Law schools across the country have experienced similar trends. Although costs have not yet reached the level of medical schools, there have been significant increases in tuition and fees. A 2003 American Bar Association [12] commission report stated that in 1995, the average tuition and fees for state residents at public law schools was \$4879 [12]. *US News and World Report* documented an increase in this average up to \$12,241 for the 2004-2005 academic year, representing a 151% increase in tuition and fees from 1995 to 2004 compared with a 24% increase in the Consumer Price Index [1]. Tuition

and fees for nonresidents at these public institutions increased by 91% during this time period, with the average reaching \$22,283 in 2004, compared with \$11,656 in 1995. As for private law schools, the tuition and fees increased 63%, with an average of \$27,560 in 2004, compared with \$16,930 in 1995 (Table 2).

The average tuition and fees for state residents at public MBA programs was \$8506 for the 2004-2005 academic year, representing a 36% increase from the 1995 average of \$6,254. The average tuition and fees for nonresidents at public MBA programs increased by 22% during this time period, with averages totaling \$13,373 in 1995 and \$16,252 (range \$3488 to \$37,876) in 2004. With regard to the private MBA programs, average tuition and fees increased by 18%, totaling \$25,211 in 2004, compared with \$21,318 in 1995 (Table 3) [2-4].

An additional factor to consider in the comparison of tuition and fees for medical schools, law schools, and graduate business schools, and one that further differentiates the total educational debts that graduates accrue, is the total length of the respective programs. Medical school spans 4 years of didactic and clinical instruction, whereas law school is 3 years in length and most full-time MBA programs last only 18 to 24 months. Therefore, on the basis of the information reported above, the average cumulative total of all tuition and fees is \$145,508 for an MD degree from a private medical school, \$82,680 for a JD degree from a private law school, and \$50,423 for an MBA degree from a private business school (see Table 4).

### Educational Debt

Over the past decade, the US Department of Education and the National Center for Education Statistics have published the National Postsecondary Student Aid Study, which has investigated the national average educational debt burdens across a wide range of degrees. In the 2003-2004 study, the reported nationwide average undergraduate debt level reached \$19,202 for all degrees and all institutions. The study also reported an average debt level of \$37,067 for all graduate and professional degrees, compared with a 1995 average of \$26,250, representing a 41% increase in the cost for graduate education [10,11].

Table 5 presents a summary of the 2004 National Postsecondary Student Aid Study with information regarding the educational debts for various graduate degrees and the overall percentage of students requiring financial aid for those degrees [10]. Figure 1 shows the average amounts that were borrowed for a graduate degree alone between the years 1996, 2000, and 2004 [9-11].

More recently published reports demonstrate continued increases in the total educational debts for students pursuing business, law, and medical degrees. The Asso-

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