

## Grade Point

# Is college worth the cost? Many recent graduates don't think so.

By **Jeffrey J. Selingo** September 30, 2015

In the coming weeks, tens of thousands of young adults who graduated from college last spring will get their first payment notice for their student loans. As they look at the bill — with an average monthly payment closing in on \$400 and with a decade of payments ahead of them — they inevitably will ask the question: “Was my degree worth it?”

If the results of [a national survey released on Tuesday](#) are any indication, many of them will question their investment. Just 38 percent of students who have graduated college in the past decade strongly agree that their higher education was worth the cost, according to results of 30,000 alumni polled by Gallup-Purdue Index.

Among those with debt, the perception of their degree's value was even lower. Just one in three strongly agreed that their education was worth the cost.

*[\[Are we nearing the end of college tuition pricing as we know it?\]](#)*

That's not surprising. For many of those with newly minted bachelor's degrees, the job market is still not what it was for their counterparts a decade ago. The unemployment rate for recent college graduates has remained stuck around 9 percent. And nearly half of college graduates in their 20s are underemployed, meaning the jobs they have don't require a bachelor's degree.

This question about whether a bachelor's degree is worth it tends to emerge as an issue during tough economic times. In 1976, Newsweek magazine ran a cover story asking “Who Needs College?” with a picture of two college graduates in their caps and gowns on a construction site with a jackhammer and a shovel, suggesting that as much as “27 percent of the nation's work force may now be made up of people who are ‘overeducated’ for the jobs they hold.”

At the time, fewer than half of high-school graduates in the U.S. went on to college the following fall. Today, nearly 66 percent go right to college. No wonder why the subject of higher education — how to get into college or how to pay for it — causes so much anxiety among parents and students: it's because the bachelor's degree is seen as the only entry ticket for basically any good job, what the high-school diploma was 40 years ago.

Since the early 1980s, when the recession essentially killed off the manufacturing sector in the U.S. as a place for widespread employment of high-school graduates, the wage premium for a college degree — how much more the typical bachelor's degree

5/16/2018 Is college worth the cost? Many recent graduates don't think so. The Washington Post recipient earns compared to a high-school graduate — has turned into a runaway train. In 1983, the wage premium was 42 percent. Today, it is more than 80 percent.

But in recent years that premium has been rising largely as a result of the declining economic value of the high school diploma. The average wage of workers with a bachelor's degree has declined 10 percent in the first part of this century, according to the Federal Reserve Bank of New York.

“Having a B.A. is less about obtaining access to high-paying managerial and technology jobs and more about beating out less-educated workers for the barista and clerical job,” according to [a widely cited study in 2014](#) that found demand for college-educated knowledge workers has slowed as the tech revolution has matured. In other words, there is plenty of truth in the stereotype of the struggling college graduate working at Starbucks or as a waiter.

An analysis of the new federal government's College Scorecard by [Vox's Libby Nelson](#) found that the majority of students who received financial aid at 15 percent of American four-year colleges ended up earning less than \$25,000 a year a decade after they enrolled.

While the question about whether a college degree is worth it is not new, what is different now compared to the 1970s is the level of debt that many students must take on to finance their education. As a result, students and their families are increasingly trying to measure the return on their investment by weighing the payoff of degrees from different colleges and certain majors.

Peter Cappelli, a professor at the University of Pennsylvania's Wharton School, lays out a guide for families in making this so-called ROI calculation in his new book, *Will College Pay Off?: A Guide to the Most Important Financial Decision You'll Ever Make*. In the book, Cappelli is dismissive of picking a vocational major based on the hot jobs of today because they might not even exist by the time students graduate. It's those types of narrowly tailored majors, such as social media or sports management, that are popular but often land students in the unemployment line or working odd jobs that don't require a college degree.

“The big news about the payoff from college should be the incredible variation in it across colleges,” Cappelli writes. “Looking at the actual return on the costs of attending college, careful analyses suggest that the payoff from many college programs — as much as one in four — is actually negative. Incredibly, the schools seem to add nothing to the market value of the students.”

Given the widening gap in the unemployment rate and wages of those without a college degree and those who have one, perhaps the greatest value of a college degree right now for new graduates is that it remains the screening device for basically any job.

That's true for even those jobs those that in the past didn't require a degree. [A report by Burning Glass](#), a company that analyzes the data contained in job ads, found that 65 percent of postings for executive secretaries and executive assistants now call for a bachelor's degree, when only 19 percent of those currently employed in these roles have such a degree.


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For employers, the college degree seems to signal that applicants had the discipline to finish what they started. Only a little more than half of those students who launch down the path toward a bachelor's degree end up earning one.

The “college-for-all” movement has flooded institutions with students who decades ago would have landed in solid middle-class jobs without a degree. The answer to the simple question of whether a college degree is worth it is certainly more nuanced today than it was in the 1980s. It's no longer the guarantee to a good life it once was: plenty of students are following the advice of their parents and counselors, getting a degree, and still failing to successfully launch into the job market of this new economy.

 **151 Comments**

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