



# College Is A Good Investment With A Bad Reputation

Why College Is Still Worth It Despite Growing  
Concerns About Cost And Affordability





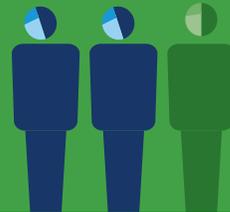
Student loan borrowers owe a collective \$1.75 trillion in student loan debt.<sup>i</sup> Tuition and fees cost between \$10,740 and \$38,070 per year on average.<sup>ii</sup> About 1 in 5 Americans hold student loans.<sup>iii</sup>

There is no question. The statistics above paint a grim picture of the higher education landscape — one that helps to explain why 64% of high school seniors think college is no longer worth the investment.<sup>iv</sup> This widespread skepticism in the value of a college degree has far reaching implications for individuals, institutions and society, because a college degree is a good investment. It just has a bad reputation.

In the pages that follow, this paper will examine some of the reasons public perception in the value of a degree has plummeted and demonstrate that college is still worth it.

# Nearly 2 in 3

high school seniors think college is **no longer worth the investment.**



## The Skepticism Surrounding The Value Of A College Degree

### Is college worth it?

This question is top of mind for many students and families. As costs — and the national student loan debt — continue to rise, so too does public concern.

It is not difficult to understand why prospective students (and families) are concerned about the value of a college degree when it is typically the second largest investment they will make in their lifetime (after the purchase of a house). While it is wise to be fiscally cautious, far too many now view the cost of a college degree with fear that the resulting debt will diminish benefits and leave individuals with burdensome loan payments. Such fears are so severe they are influencing college decisions.

A 2022 Ruffalo Noel Levitz survey reports 68% of families said loan concerns are negatively impacting their students' college planning.<sup>v</sup> This data is supported by a 2022 Princeton Review Survey, which found 39% of college applicants reported the level of debt they (or their child) will take on to pay for their degree was their top concern.<sup>vi</sup> However, the most alarming data point comes from a 2021 Third Way Higher Education survey, which reports 64% of high school seniors agree that higher education is no longer worth the cost to students.<sup>vii</sup>

“Sticker shock” may be one reason students and families question the value of a college degree. Most institutions offset the published tuition price, or sticker price, with grants or scholarships. The implication is that many students do not pay the full “sticker price.” During the 2021-22 academic year, the average discount rate for first-time undergraduates reached 54.5%, an all-time high.<sup>viii</sup>



Many might argue that while the discount rate is increasing — making college more affordable for students — tuition and fees rise, which counteracts this effect. However, data reported by the College Board indicates tuition and fees are rising slower than the rate of inflation. The average cost of tuition and fees for full-time undergraduate students is \$10,740 at a public four-year in-state institution, \$27,560 at a public four-year out-of-state institution, and \$38,070 at a private nonprofit four-year institution.<sup>ix</sup> Figure 1.0 shows increases to net tuition and fees are below the rate of inflation. This demonstrates that while the cost of college may seem to rise, the overall value of a degree has increased.

### Tuition Is Rising Slower Than The Rate Of Inflation

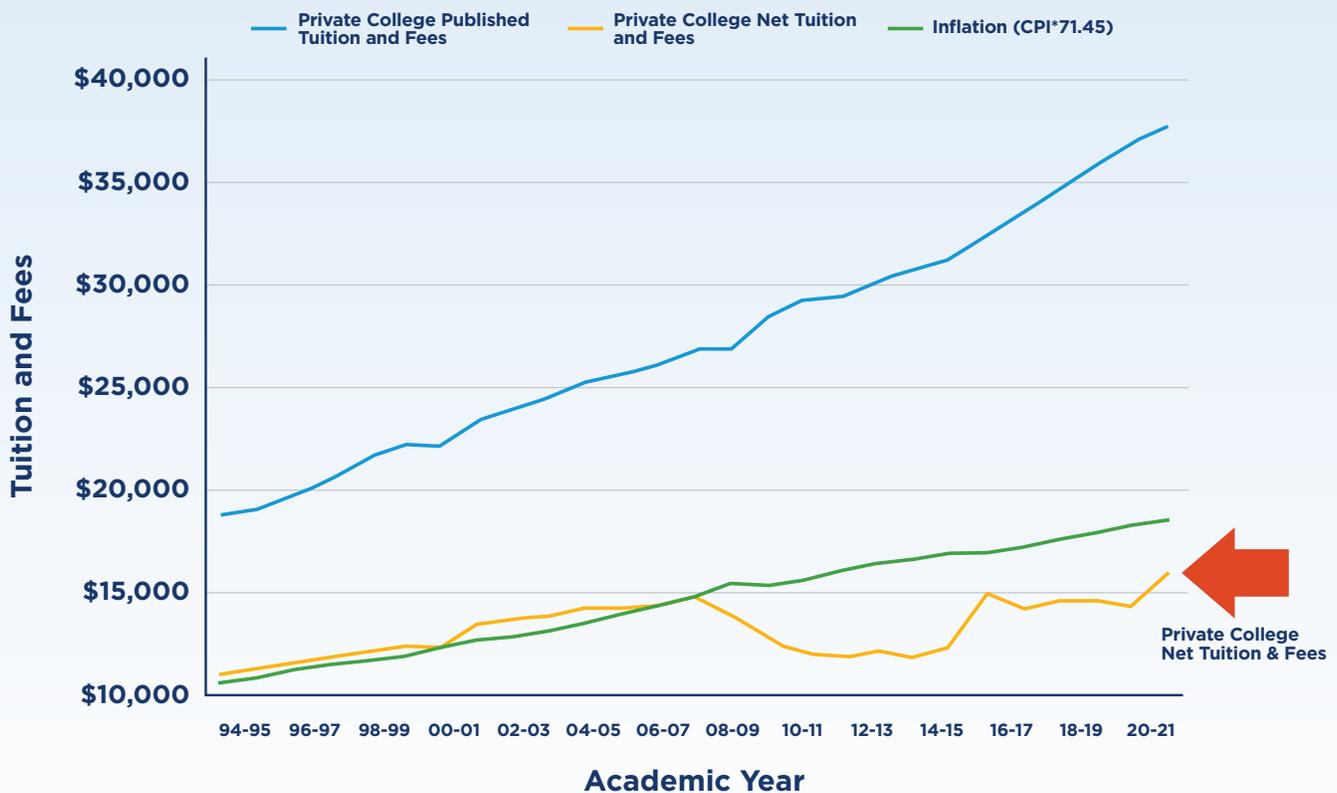


Figure 1.0



## News Stories Focus On Extreme Student Debt Cases

**\$93,393**

Average loan balance held by individuals featured in stories published by top 20 U.S. news sources<sup>x</sup>



**\$28,400**

Average student loan debt at graduation, according to the College Board<sup>xi</sup>



Figure 1.1

The media is another source influencing public opinion on the value of a college degree. An Ardeo Education Foundation evaluation of the top 20 U.S. news sources found coverage gave readers the impression students typically borrow more than \$90,000 to finance their degrees, as shown in figure 1.1. (The actual average student loan burden at graduation is \$28,400.) These types of stories give readers an inaccurate understanding of the cost of a college degree.

In addition to its effects on individuals, many argue the increasing amount of student loan debt will negatively impact the U.S. economy. Roughly 40% and 60% of Generation Z and Millennials, respectively, report student loan debt is delaying or has postponed homeownership.<sup>xii</sup> Colleges and universities are already feeling the reverberations of the growing skepticism in the value of a college degree. Just over 8 in 10 admissions directors believe their institution is losing potential applicants due to concerns about accumulating student (and parent) loan debt.<sup>xiii</sup> Broader society — including the U.S. workforce and job market — will also be impacted as fewer students obtain degrees due to the fear of student loan debt. When the fear of student loans negatively impacts a student's future education, the student, institution and society lose out on numerous benefits.



## A College Degree Provides Lifelong Economic Returns

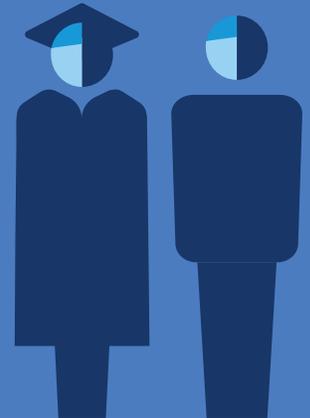
# 14%

The return on a college degree, which exceeds several investment benchmarks such as stocks (7%) and bonds (3%).<sup>xiv</sup>



# 100%

**The difference in median income** between families led by bachelor's degree holders and families without a degree recipient.<sup>xv</sup>



# \$24,000

**The additional amount degree holders are likely to earn in annual wages compared to high school graduates.**<sup>xvi</sup>

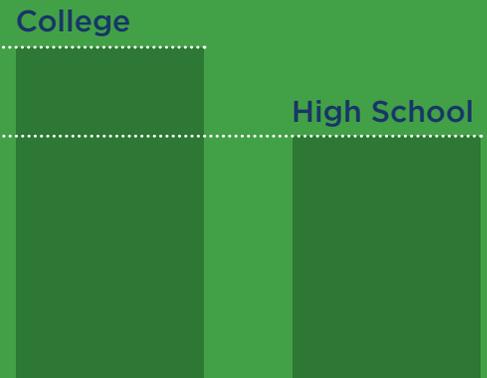


Figure 1.2

### The Benefits Of A College Degree

With numerous long-term benefits, a college education remains one of the best investments an individual can make. In fact, there are many measures indicating a college degree correlates with positive economic outcomes, as shown in figure 1.2.

While it is true that student loan borrowers in the U.S. owe a collective \$1.75 trillion in student loan debt, it is important to consider the debt distribution. Nearly half the outstanding debt is held by just 10% of borrowers who owe \$80,000 or more.<sup>xvii</sup> Additionally, only 1% of borrowers owe more than \$100,000.<sup>xviii</sup> This is because most of the student loan debt is held by graduate degree holders who will earn enough to repay their debt. Figure 1.3 shows how student loan debt is not overwhelming the average graduate.



## Student Loan Debt Is Not Overwhelming The Average Graduate

**\$179**

The monthly student loan payment of a typical borrower.<sup>xix</sup>



**5.5%**

The percent of take-home pay dedicated to monthly student loan payments for the average borrower.



**\$122,000**

The approximate difference in housing values between first-time homebuyers who hold a bachelor's degree and first-time homebuyers who hold a high school diploma.<sup>xx</sup>



Figure 1.3

The graphics cited above demonstrate the economic value of a college degree, but its benefits extend beyond dollars and cents. Students who attend institutions of higher education obtain a wide range of lifelong benefits, as demonstrated by figure 1.4.

## Higher Education's Value Extends Beyond Dollars & Cents



### Physical Wellbeing

A college degree is associated with a healthier lifestyle. Nearly 7 in 10 bachelor's degree holders aged 25 to 34 years old reported exercising vigorously at least once a week compared with just under half of high school graduates.<sup>xxi</sup>



### Voting

Voting rates increase with each level of educational attainment.



### Mental Health

Students' mental health and individual flourishing in college provide opportunities for students to find meaning and purpose in their lives.<sup>xxii</sup>



### Social Capital

Access to resources, opportunities, socioemotional support, interpersonal competencies and multicultural appreciation can be found at college.



### Learning Outcomes

The college experience affects gains in critical thinking. Attending college explained significant variance in critical thinking ability after a year of college.



### Finding Your Passion

The ability to find and pursue your dreams and educational goals is valueless.

Figure 1.4

Individuals are not the only ones who enjoy the benefits of a college degree. Society experiences a multitude of direct and indirect benefits when citizens have access to higher education. Higher education makes an especially important contribution to society by serving as a vehicle for social mobility. Despite high “sticker” prices, college access is growing.

A Pew Research Center study found “the official poverty rate for adults age 18 to 64 (12%) was similar in 1996 and 2016, suggesting that access to college for students from lower-income backgrounds has increased since 1996.”<sup>xxiii</sup> Additionally, an American Enterprise Institute report reviewed the economic mobility for low-income students who attended 1,107 four-year public and private institutions in the early 2000s. By the time these students reached their early 30s, more than half were in the highest two income quintiles.<sup>xxiv</sup> Higher education serves as an important tool in society by giving economically marginalized groups access to the many benefits a college degree bestows.



“Postsecondary education can offer individuals the opportunity to earn a livable wage and build a better life for themselves and their families, while also fostering a healthier and more democratic society.”

**-POSTSECONDARY VALUE COMMISSION, 2022**

However, the return on a college degree does vary by graduation status, career field and institution, all of which are important factors for students to consider as they determine whether to pursue a degree. By committing to graduating from an institution, students are far more likely to receive the economic payoff described above. Figure 1.5 shows the income disparity between students who take longer than four years to graduate versus those who graduate on time.

### Graduating On Time Yields A Higher ROI On Average

**\$129,000**

The median return on investment for students **who take longer than four years to graduate.**<sup>xxv</sup>



**\$306,000**

The median return on investment for students **who graduate on time.**



Figure 1.5

The time it takes to complete a degree is a critical ROI factor. Job outcome is another. There are many career paths that do not require a college education; therefore, paying college tuition or accumulating student debt will not increase economic payoffs in those fields. There are also many job aspirations that do not amount to a salary high enough to pay off student debt. These careers can be personally fulfilling, but before pursuing them, a student should be aware of the monetary loss associated with this investment. In most cases, a college degree takes multiple years to yield a positive return depending on costs, field of study and ultimate field of employment. For many careers, college is a long-term investment in the future.



While there are situations in which a college degree does not pay off, for most students it is a lucrative and rewarding investment. Unfortunately, widespread concern about the burden of student loans is impacting student and family decisions. While in depth research demonstrates the vast economic and personal benefits most college graduates enjoy, there are some who struggle to repay their loans.

A type of student loan insurance called Loan Repayment Assistance Programs (LRAPs) can help. Learn more at [ardeo.org](http://ardeo.org) or by requesting a [free copy of our book \*A Powerful Promise: The Ivy League Inspired Secret Improving Access and Recruitment at Colleges Today\*](#).

## Ardeo Education Solutions

Ardeo Education Solutions is a public benefit company dedicated to increasing access to the life-changing impact of higher education. Ardeo has worked with more than 200 colleges and universities to improve access and increase enrollment.

Ardeo's Loan Repayment Assistance Programs (LRAPs) remove the fear of student loan debt with this powerful promise: if income after graduation is modest, our program will help repay federal student, parent PLUS and private alternative loans.

## Ardeo Education Foundation

Sponsored by Ardeo Education Solutions, the Ardeo Education Foundation creates and promotes resources about the power of a college degree.

## Citations

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<sup>x</sup>These findings are based on data collected from the top 15 US news sources from August 2020 to August 2021. They consist of each time an article mentions the “student loan debt” of an individual student. This is an update of prior work from Matt McDonald and Pat Brady, “The Plural of Anecdote Is Data (Expect for Student Debt),” Hamilton Place Strategies, 2014, [https://www.consumerfinancemonitor.com/wp-content/uploads/sites/14/2014/08/Media-coverage-of-student-debt\\_1.pdf](https://www.consumerfinancemonitor.com/wp-content/uploads/sites/14/2014/08/Media-coverage-of-student-debt_1.pdf)

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