**College Grads Question How Much a Degree Is Worth**

**More than half of college graduates say new grads will see a lower return on their educational investment.**

Americans still think college is important, but are skeptical of how high returns will be for today's graduates.

It's a strange paradox.

At a time when [Americans overwhelmingly say](http://www.google.com/url?q=http%3A%2F%2Fwww.gallup.com%2Fpoll%2F168386%2Famericans-say-college-degree-leads-better-life.aspx&sa=D&sntz=1&usg=AFQjCNE1kOwjXLJPhQw2fBwL3VzEu-RXtw) it's important to receive a college education, their faith in the economic value of the investment is slipping, new research shows.

A survey of more than 2,000 adults – 900 of whom were college graduates – released Tuesday by education technology company Greenwood Hall, shows more than half of graduates say those leaving college with a degree now will see a lower return on their education investment than those 10 to 15 years ago. Simply put, while the cost of college continues to rise and the economy is slowly coming out of the Great Recession, today's graduates might not get as much bang for their buck.

Older and wealthier college graduates generally were more likely to say a college degree offers lower returns now. Younger, poorer and minority graduates – the majority of whom still said returns would be lower – were slightly more likely to say today's graduates would see higher returns.

"A big part of it is perception," says John Hall, CEO of Greenwood Hall. "At the same time, I think there is absolutely some reality to it in that you have a high number of students that graduate and aren't in positions that they really need a degree for in the first place."

Family background can make a big difference in how students perceive the value of an education, Hall says. Many minority students, for example, are also first-generation college students and might have a different outlook on the worth of a college degree than a white student who is a third- or fourth-generation college student. Media reports about the high cost of college, the burden of student loan debt and the diminishing accessibility of higher education, while true, also drive the perception that a college degree might not hold the same economic value today as it did in the past.

That's not to say, though, that getting a college degree won't lead to a better life, says Bill Destler, president of the Rochester Institute of Technology, a private, nonprofit university in New York that has made return on investment a focus of [its 10-year strategic plan](http://www.rit.edu/president/pdfs/greatness_through_difference_long.pdf).

"The idea that there’s not a significant return on investment I think is wrong," Destler says. "If you look at the relative earnings over anyone’s lifetime, again you can make the case quite easily that even if you have to take on some debt, you’ll make it up in your lifetime."

Research has shown college graduates on average make $1 million more in their lifetimes than those without a college education. The current unemployment rate for college graduates (2.7 percent) is also about half the rate for the general population (5.7 percent), which [has caused some to question](http://www.bloomberg.com/news/articles/2015-02-06/pretty-soon-the-u-s-might-run-out-of-college-educated-workers) whether the country is running out of college-educated workers.

Measuring the value of a college degree also has become a national agenda item. President Barack Obama has repeatedly called on colleges to do more to keep costs down, and has tasked the Department of Education with developing a [plan to rate colleges](http://www.usnews.com/news/articles/2014/12/19/obama-administration-seeks-public-input-on-college-ratings-draft-proposal) on quality, access and affordability. Meanwhile, stories of students burdened by high loan payments and unable to find work constantly grab headlines.

Because data on student-level outcomes, including earnings and job placement, are limited and the federal government [can't track that data](http://www.usnews.com/news/articles/2013/08/23/obama-will-face-challenges-with-college-rating-system), third parties – [such as PayScale.com](http://www.payscale.com/college-roi/full-list/financial-aid/yes) – have begun surveying and ranking colleges and universities based on the long-term economic value of different degrees.

But focusing solely on monetary outcomes like future salaries might not be the best way to measure the true value of a college degree, says Nicholas Prewett, director of student financial aid at the University of Missouri.

"What you can’t measure in the return on investment numbers is the quality of life or job satisfaction," Prewett says.

A 2012 report from the Centers for Disease Control and Prevention found people who earn a college degree on average [live nine years longer](http://www.cdc.gov/media/releases/2012/p0516_higher_education.html) than those who don't graduate from high school and have lower rates of chronic diseases and poverty. Likewise, the Great Jobs and Great Lives Gallup-Purdue Index report, released in May, found the type of college that students attend and in some cases even the majors they choose [have very little to do](http://www.usnews.com/news/articles/2014/05/06/gallup-purdue-index-measures-the-magic-equation-to-student-success) with their overall success and well-being later in life. What matters more, the index found, is feeling supported and making emotional connections during school.

"If you focus solely on the monetary piece, those are things you can’t take in," Prewett says. "If you focus on what the true return on investment is for an individual, you get a little different outcome."

Still, the graduates surveyed by Greenwood Hall said the primary reason today's graduates will see a lower return on investment is student loan debt, followed by lower salaries, poor career placement resources, colleges not being engaged in students' long-term success and problems getting the courses needed to graduate. Many students, Hall says, simply feel unprepared to enter the workforce.

At the same time, while colleges are generally aware of the public concern about a degree's worth, officials often espouse a "not in my backyard" approach, Hall says.

"Most schools individually feel that they’re doing a great job in providing value and a return on investment and think that’s an issue that maybe is something that affects another type of school," Hall says. "We have a tendency of not looking within as much as we need to."

To best ensure students find gainful employment upon graduating, the Rochester Institute of Technology uses a cooperative education program that each year pairs more than 3,000 students with work assignments at thousands of companies, Destler says.

The program bolsters students' employability, Destler says, because potential employers know the students have real work experience.

While part of the problem certainly centers around the economic reality students face after leaving college, Hall says the country's education system also might be failing students on the front end in terms of financial literacy. A report released in July by the Organisation for Economic Co-Operation and Development, for example, found 15-year-old students in the U.S. [performed below average](http://www.usnews.com/news/articles/2014/07/09/american-students-score-average-on-international-financial-literacy-exam) when tested on financial literacy – in line with peers from Latvia, Russia, and France, but far behind those in Shanghai, Belgium and Estonia. More than 1 in 6 American students couldn't reach the baseline level of proficiency on a recent international financial literacy exam, the report found.

Some say many students blindly take on debt without knowing if they'll actually be able to pay it back later on. Indeed, more than half of the roughly $1 trillion in U.S. student loan debt [was not being repaid](http://www.consumerfinance.gov/blog/a-closer-look-at-the-trillion/), according to a 2013 analysis from the Consumer Financial Protection Bureau.

"The reality is a lot of students in K-12 are basically just encouraged to go to college and get a postsecondary education," Hall says. "We really handle this like a one-size-fits-all type of situation where the goal is to just go to college and get a degree versus thinking about the investment of a college, what you’re investing in and what that return might be and how to really maximize that return at the beginning."