There is a widely-held belief in America that higher education is a necessity to increase one’s economic prospects. Popular news outlets have touted recent studies showing the economic value of a college degree over the course of a lifetime. Empirical data suggest that such a belief has seeped into the general population: one industry study surveying recent high school graduates and their parents found nearly universal agreement that college was an investment in the student’s financial future. The same sentiment exists in older and “non-traditional” populations seeking a college degree.

Indeed, there is strong evidence that a college degree will lead to greater economic benefits for graduates. Yet the data does not account for certain economic factors, including the relative value of certain degrees and institutions, the relative cost for individual students, and institutional bias and barriers that prevent college graduates from economic success post-college. Behind the numbers lies a more complicated calculation for assessing the value of education as well as significant variation in perceptions of how and if a degree has paid off.

Drawing upon 65 in-depth in-person interviews with individuals who attended a range of higher education institutions, this brief identifies themes and trends in the data and connects them to the larger literature on college access, affordability, and debt.

The respondents in this study reflected on their decision to seek higher education in terms of increased opportunity, increased access to high-paying jobs, and better economic outcomes. They offered a range of reactions, emotions, and descriptions regarding the value of their degree: there were conflicting sentiments both across respondents and even within the same interview. Some were unsure it was worth it, especially when their education came with debt-loads perceived as oppressive; in fact, the majority of our 65 respondents reported being unsatisfied with their current financial situation. Our qualitative analysis, however, offers a more nuanced insight than many existing studies, which ignore the intrinsic, non-pecuniary benefits that students receive from higher education. In our study, even those respondents who were disappointed by the economic effect of their college education found the experience invaluable overall.

**WHY I ATTENDED COLLEGE**

“I didn’t want to be in a warehouse anymore. I didn’t want to lay carpet anymore. I didn’t want to wash dishes anymore, and I didn’t want to scrub floors anymore.”

“...in order to move up, to go to the next level, you need to go to school.”

“I think that you’re always more marketable if you [have] an undergraduate degree.”

“They [parents] thought that if I went to college, I would be able to get a job and work full-time and get money.”
In Their Own Words

This section details findings from our in-depth interviews with individuals, using respondents’ own words to highlight certain themes. Our study offers evidence to support and complicate the notion that Americans believe that higher education is an investment in one’s future. For the most part, our respondents believed that their higher education degree(s) would open financial doors for them in the future. Their post-college reality, however, supports a much more complicated picture.

We identified and present here four themes related to our respondents’ perception of the return on their higher education investment: (1) our respondents generally entered college believing that education was a financial investment in their future, (2) the majority of our respondents expressed dissatisfaction with their post-college financial situation, (3) the cost of their higher education – measured primarily in student debt – made it more difficult for our respondents to live financially-secure post-college lives, and (4) even in light of some disappointments and unrealized financial returns, the great majority of our respondents found deep value in their education, when assessed in both financial and non-pecuniary terms.

FOUR KEY THEMES:
1. College is seen as a financial investment
2. Current financial situation is unsatisfactory
3. Student debt can exacerbate financial insecurity
4. College has intrinsic value despite unrealized financial returns

1. PEOPLE THINK THAT HIGHER EDUCATION IS AN INVESTMENT IN THEIR FINANCIAL FUTURE.

The majority of our respondents explained that when they look back at how they thought about higher education, they thought about it as a means of opening doors, creating pathways to career advancement, and making more money. Many spoke about it as a given: “I mean, it’s well-known that...”

Study Methodology

This study, led by the Center for Community Capital (CCC) and generously supported by MetLife Foundation, used a mixed-methodology design to collect and analyze in-depth interviews and survey data alongside analysis of publicly available data from the National Post-Secondary Aid Study (NPSAS) to better understand the effect of student loans. The mixed-methods approach was necessary to provide insight into individual experiences without losing the context for that insight.

The CCC sample was limited to individuals who
a. used loans to finance portions of their higher education,
b. were not currently enrolled at a higher education institution at the time of the interview, and
c. were available to meet in person for an interview at selected locations.

We used a combination of three nonprobability sampling strategies—convenience, maximum variation, and snowball sampling—to recruit 65 participants from 10 cities in 6 states. Interview participants ranged in age from 19 to 58 years old and just over half (51%) were women. The sample also included individuals from diverse racial/ethnic groups, nearly half (46%) were first-generation students, and individuals represented a range of institution types and levels of degree completion.

Interview questions focused on the participant’s motivation for higher education and areas of study, the participant’s sources of information about how to pay for school, and the participant’s experiences with employment, housing, family obligations, and extracurricular activities while in school. Respondents were also asked to discuss their experiences repaying student loans, the effect of student loan debt on future financial decisions, and their advice to others who may be considering higher education.

For more detailed information on the methods and data analysis, please see the separate Methodological Appendix available at https://communitycapital.unc.edu/
in order for you to have a high-paying job, you need certain skill-sets, and the way that you get those skill-sets is usually through college.” When asked to describe a little bit about how he first began thinking about higher education, one respondent explained, “I didn’t want to be in a warehouse anymore. I didn’t want to lay carpet anymore. I didn’t want to wash dishes anymore, and I didn’t want to scrub floors anymore.” Some expressed the view, often shared by parents, peers, and counselors, that higher education is the only means of financial advancement. For example, one respondent expressed his views about higher education as follows:

“I feel like just the way this society is built, you go to college you make more money. The data shows it. So when I was in high school they showed me the data. So I was like that’s proof you go to college, you’re going to earn a degree, and it’s not just go to any college, it’s you have to go to a good college… which meant better money in the long run.”

Another described what she called a “typical. . . Asian family story.” She explained that her immigrant parents wanted her to have something more than the flat economic status they experienced, and they looked at higher education as “the only way that [she] could make money” or “get above [their economic] bracket.”

2. DESPITE BELIEVING THAT HIGHER EDUCATION WOULD IMPROVE THEIR FINANCES, A SIGNIFICANT NUMBER OF RESPONDENTS QUESTIONED THEIR FINANCIAL RETURN ON INVESTMENT.

Respondents’ complaints can be grouped into a handful of categories. Some critiqued their program or the mismatch between the promise of their program and their own financial reality. One respondent critiqued his program for advertising good job placements and networking opportunities, but for failing to deliver on those promises. Another respondent felt that his associate’s degree held almost no value; he stated that “some college...doesn’t mean anything.” Some respondents bemoaned their inability to find work in their chosen field or lamented that a bachelor’s degree was insufficient for significant career advancement. One asked, “Did the education help me secure my job? I don’t think so.” Another said, “If I’m being honest, I think I’d have been better off going to trade school, and not going this route. Because you have, like I said, we have these illusions of what a bachelor’s degree would mean. And I don’t know, I don’t know if the payout now is worth, did I really get my money’s worth? Am I really capitalizing on anything that I got from this degree? And the answer would probably be no.” And several commented that the cost of their education was just too high relative to its financial return. As one person put it, “I feel like after getting done with college I should be making more money.... I feel like... since I did pay so much financially to go to college I should be earning more.” One recognized that school was “rewarding,” but also felt that, with respect to the finances, “it’s more of confusion and regret too.” Another lamented that even if she paid her loans for the maximum 25 years, she could not pay them off on her current salary. Another was more pointed:

“One of the reasons I freely borrowed so much on behalf of school is because I believed, ultimately, it was for the greater good, and it turns out it’s actually been probably the most defining evil of my life. Much of what I learned, I could have learned just by reading books and going to the library.”

And another respondent who had an undergraduate degree from an Ivy League school lamented the cost of her education, noting that it has been “heartbreaking” that her degree did not pay off in a clear financial way.

For many respondents, the financial investment did pay off, despite the mitigating effect of student debt. Many interviewees did indeed feel that their postsecondary education led to greater financial stability and economic mobility. Many explicitly recognized the economic value; respondents noted that the benefits of the degree “definitely feels worth it,” that college “opens more doors,” and that one “was able to get a job that required a college degree.” One respondent recognized that “I don’t think I would have commanded those salaries if I didn’t have a college education to back it up.” For some, even when viewed in light of their student debt load, their higher education degree(s) paid off. One respondent claimed, “I’ve loaned my way up to an upper middle-class lifestyle.” Another discussed her relationship with her education debt similarly. When asked whether taking on student loan debt was a good decision, she responded emphatically: “110 percent.” She explained,

“I think my educational opportunity… was totally worth all of the debt that I’m in now because I connected with professors and peers and people that helped me grow as a person and helped me grow toward the careers that I’m pursuing and all those sorts of things so, I think education’s invaluable. I would take on all the debt again if I had to.”

“I’VE LOANED MY WAY UP TO AN UPPER MIDDLE-CLASS.”
3. ALTHOUGH IT IS IMPOSSIBLE TO KNOW WHAT THE RESPONDENTS’ FINANCIAL SITUATION WOULD HAVE BEEN ABSENT THEIR COLLEGE EXPERIENCE, IT REMAINS TELLING THAT FOR MANY RESPONDENTS, EVEN FOR THOSE WHO BELIEVED THEY GOT A FINANCIAL RETURN ON THEIR INVESTMENT, COLLEGE DID NOT GIVE THEM THE FINANCIAL LIVES THEY HAD IMAGINED.

Nearly 65 percent of our respondents reported dissatisfaction with their current financial status (Figure 1). This is particularly true as it relates to the burden of student debt. Nearly 70% of respondents noted that their student debt somewhat or strongly impacted their ability to live on their own; nearly 80% said that their student debt somewhat or strongly impacted their ability to meet day-to-day expenses, and 85% reported that their student debt somewhat or strongly impacted their ability to save for an emergency.

One preschool teacher recognized,

“I make more than the national average for a preschool teacher, but I also have more degrees than the average preschool teacher has.”

She noted that she could afford her apartment largely because her boyfriend has a good paying job; even so, their combined student debt left them concerned about choosing to get married or buy a house. With respect to the timeline to pay off her student debt, she explained:

“...it’s terrifying because it’s also how you think of the rest of your life, and there’s a timeline, and at some point in the next ten years I want to be married. I want to have a kid sometime before... my fertility runs out. I want to have a kid. So... how do I fit in the rest of this stuff into that timeline and still come out financially stable enough that the kid isn’t screwed?”

Another described his student debt as a “mortgage” that kept him from seeking a home mortgage; he told us that he called it a mortgage because mortgage is “Latin for death grip or something.” Yet another laid it all bare:

“Right now, we’re in a condo, but we wanna be in a house. We just decided to not. We’re putting off kids. [Student debt] literally affects everything that deals with money.”

One respondent talked about the fear associated with his education debt, explaining that he lived with his parents because his education debt made him “afraid to leave.” Another responded to a follow-up question about why his education was “scarier than some of these other pretty significant things going on in his life” with the following:

“It's the limitation to choice. We walk out, and if you have a college education, if you have all of these markers, all of these things, we the world engage you as if you have a limitless options. Debt, depending on how large it is, cuts that down to a space where you really do just have a limited set of options, but the ego that comes along with accomplishing all of those things suggests that you shouldn't talk about it. You want to have access to that. You might believe you have access to that, but you don’t necessarily. I think there’s a lot of fear that’s tied up in that and believing that and dealing with that, but I don’t have all of the choices I thought I did.”

Another respondent described how his education debt held him back relative to his peers. He explained,

“Sometimes I compare myself in regards to my financial status and some of my friends’ financial status and I see how some of them, because they don’t have either as much loans [or they have] more support or are making more money, they’re able to afford different things. I see how some of them already have their own apartment, have their own car, and I feel a little sad ‘cause I’m still working to get that... You know, we went to school the same year, same majors, probably doing different things but in a way, they have those things that I kinda want and it makes me realize that although we’re at a different place, I could be there as well if I didn’t have the same loan...”
Figure 2 shows that, while about half of our respondents felt that they were doing better than their parents were at their age, nearly 30 percent felt that they were doing worse off and about 20 percent felt like they were doing about the same.

4. INTERESTINGLY, EVEN THOUGH MANY RESPONDENTS FELT THAT THEIR COLLEGE EDUCATION DID NOT GIVE THEM A DIRECT FINANCIAL RETURN ON INVESTMENT, FOR THE MOST PART, OUR RESPONDENTS GENERALLY RECOGNIZED IN THEIR EDUCATION A SUBSTANTIAL VALUE THAT COULD NOT BE MEASURED IN TERMS OF DOLLARS.

One graduate told us that her higher education was “100 percent” worth it. She explained the seeming contradiction between this belief and her discomfort with her student loans as follows: “I know that sounds so insane to even say that. But I mean I feel like I came so far from where I was that I’ve had a lot of experiences I’ve had, and yes, I have this debt looming over me, and I have a lot of anxiety about that, and that really sucks. But the majority it... I feel like I wouldn’t be where I am in my life, and I owe that to being able to go to school and do everything that I’ve done.”

When asked whether his degree was worth it, one respondent explicitly separated the financial from non-financial return on investment. He clarified, “The experience or the experience as it relates to money, loans? Because I think those are different.” He went on to explain:

"Just the experience, incredible. [My college] changed my life. It did exactly what I needed it to do. I was looking for an escape from the crazy, it gave me the escape from the crazy. I was looking for a group of people who would push me, and I found that in spades. I looked to create a family and I created all kinds of family in this [college] community... The experience was incredible. It was truly incredible.”

When pushed about the financial return on investment, however, he pulled back: “It was more expensive than it should’ve been. It was an incredibly valuable product and maybe not as valuable as I paid, maybe not as valuable as the price.”

As is clear from the statements above, respondents appreciated their education’s intrinsic value. They spoke about opening their minds to new ideas, meeting new people, escaping difficult family situations, seeing the world, meeting professors, and engaging on a new level. One said that college was worth it "ideologically and in terms of shaping my values" and "learning how to be engaged in the community.” Another described that her college experience was “successful” because, “I’m happy. I’m a better person and I feel better. I have self-worth, I have confidence. I know that I can do stuff if I really put my mind to it... I think that if I didn’t I would just be a lost person.”
Most respondents believed that higher education would result in a good return on their financial investment. There is evidence that higher education does have a positive return on investment over a graduate’s lifetime⁶, even for those who finance their higher education with student loans. Citing work done by researchers at the Federal Reserve Bank of New York, Akers and Chingos find a 15 percent return on investment for a bachelor’s degree, a number that has “held steady” for at least the last decade, “despite the growing cost of attendance and stagnant earnings.”⁷ An oft-cited 2011 study from Georgetown University’s Center on Education and the Workforce found that a full-time worker with a bachelor’s degree earns approximately one million dollars more over the course of his lifetime than workers without college degrees.⁸

This payoff, however, is affected by a graduate’s race, gender, geography, institution type, and field of study. It is also affected by a person’s level of debt and whether or not she completes her degree. The same Georgetown study finds that “[d]espite a general earnings boost conferred by a degree, earnings vary greatly depending on the degree type, age, gender, race/ethnicity, and occupation of an individual.”⁹ The study further found that women with PhDs make, on average, the same amount of money as men with bachelor’s degrees; men with some college earn approximately the same as women with bachelor’s degrees. Over the course of a lifetime, at the highest levels of educational attainment, Black and Latinos make close to a million dollars less than their White counterparts.¹⁰

This discrepancy is connected to biases and barriers encountered before, during, and after college (see Figures 3 and 4 adapted from Gould, 2018).¹¹ As Elise Gould, senior economist at the Economic Policy Institute and author of a recent report on higher education and wages said, “You do see college wages rising faster than high school wages, but that differential is not nearly large enough to explain rising wage inequality in the economy today... You can’t educate yourself out of gender or racial wealth gaps.”¹²

These discrepancies are then exacerbated and reinforced by differences in student debt holdings. Women, for example, hold two-thirds of all current student debt, although they make up only 56 percent of college attendees.¹³ Black undergraduates borrow more than their white counterparts, and they default on their student loans at a higher rate.¹⁴ At least one study has found that LGBTQ students borrow an average of $16,000 more than their non-LGBTQ counterparts.¹⁵
In our sample, satisfaction with one’s present financial situation varies by race (Figure 3): a larger number of Whites and Latinx respondents reported being unsatisfied (as opposed to satisfied) with their present financial situation. African Americans were also more likely to report being unsatisfied with their financial situation.

Institution type, likewise, can dampen the value of a college degree. One group of borrowers in particularly challenging circumstances are those who attended for-profit colleges. As Tressie McMillan Cottom writes in her 2017 book *Lower Ed: The Troubling Rise of For-Profit Colleges in the New Economy*: “As it turns out, there is such a thing as a ‘bad’ education. [For-profit institutions are] an educational option that, by design, cannot increase students’ odds of beating the circumstances of their birth.” Research has shown, for instance, that credentials from for-profit institutions do not necessarily help graduates jobs.

Another factor that can mediate the payoff is whether the individual completes her degree. Almost one-third of all students who look out student loans for their own education report that they did not complete their degree (2015 National Financial Capability Survey). These borrowers are more likely to default on their debt. While students who did not complete their degree might have lower loan balances, they also lack the credentials that could help them demand a premium on their labor, and this makes their debt more difficult to pay off. For these students, the value of higher education is never realized.

As our interviews have shown, however, financial return on investment is not the only way to measure the success of higher education. *Intrinsic positive benefits like a sense of self, an increased sense of mastery, and self-esteem have been associated with higher education.* Other subjective and more broad-reaching outcomes include benefits to the family, community, and the broader labor market. The great majority of our respondents deemed their higher education worth the investment, even as they lamented their financial circumstances.

Yet those intrinsic positive benefits are mitigated by factors such as indebtedness. A recent report shows a difference between the satisfaction levels of those graduates with bachelor’s degrees who took out loans and who graduated debt free. The former group showed a 69 percent satisfaction rate (that their undergraduate education was worth the cost), while the latter showed an 81 percent satisfaction rate.

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### Figure 5. Satisfaction with present financial situation by race/ethnicity

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Conclusion

Going to college feels important to one’s financial growth. In reality, a college degree does not serve every person equally. The return on investment in higher education depends on the student’s program, field of study, level of indebtedness, race, socioeconomic status, and gender, among many other factors. For those students who finance their higher education with debt, there is the perception of a lower return on investment.

It is impossible to isolate student debt as the driving variable in any post-college borrower’s financial stability. This report, however, sheds critical light on how borrowers perceive their own financial health, especially as it relates to their higher education and student debt. There is much more work to be done in order to understand how student loan debt might lessen or exacerbate long-term economic inequalities. What is clear from our study is that borrowers’ relationship with their higher education experience (including their student debt) is more complicated than a simple financial return on investment story. To conclude with one respondent’s views:

I try not to equate education with a monetary value. Regardless of any financial situation, I think that they would have benefited me on a whole, just because it changes the way that I think about the world around me. Being civically and contextually engaged with the various systems, being able to look and deconstruct them is something that I appreciate. They paid off in a way where this I always tell people, like students that ask me did it pay off, I was like at the end of the day they can take your house, your job, your car, but they cannot take away your ability to think. I think that that is something that we don’t emphasize anymore. You go to school, you get a job, you have to pay it off. I think a lot of the times, we need to refocus. Why is education important in general? Just for the betterment of society as a whole, like electing good leaders and making informed choices about the world around you.
Endnotes


6 The purpose of NPSAS is to compile a comprehensive research dataset, based on student-level records, on financial aid provided by the federal government, the states, postsecondary institutions, employers, and private agencies, along with student demographic and enrollment data. NPSAS is the primary source of information used by the federal government (and others, such as researchers and higher education associations) to analyze student financial aid and to inform public policy on such programs as the Pell grants and Direct/Stafford loans. https://nces.ed.gov/surveys/npsas/about.asp.


10 Ibid.

11 In our study, White and Latino borrowers expressed more dissatisfaction with their current financial state (approximately 70 percent and 75 percent, respectively), while Blacks were evenly split on current financial satisfaction. That our data does not line up with the empirical research may be related to our sample, to cultural pressures, to perception, or to many other factors. It is worth closer study in future work.


18 Ibid, p. 93.


20 Ibid.


ACKNOWLEDGEMENTS

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ABOUT THE CENTER FOR COMMUNITY CAPITAL

The Center for Community Capital (CCC) is a non-partisan, multi-disciplinary research center housed within the University of North Carolina at Chapel Hill, and is a leading center for research and policy analysis on the power of financial capital to transform households and communities in the United States. It is part of the University of North Carolina at Chapel Hill’s College of Arts and Sciences.

The center’s in-depth analyses help policymakers, advocates, and the private sector find sustainable ways to expand economic opportunity to more people, more effectively.

ABOUT METLIFE FOUNDATION

MetLife Foundation was created in 1976 to continue MetLife’s long tradition of corporate contributions and community involvement. Since its founding through the end of 2017, MetLife Foundation has provided more than $783 million in grants and $70 million in program-related investments to organizations addressing issues that have a positive impact in their communities. In 2013, the Foundation committed $200 million to financial inclusion, and our work to date has reached more than 6 million low-income individuals in 42 countries. To learn more about MetLife Foundation, visit metlife.org.
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