

# **R.O.I. or R.I.P.?**

## **Higher Education and the Future of America**

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**WOODROW  
WILSON  
SCHOOL**  
of Public & International Affairs

**PRINCETON UNIVERSITY**

# NEWS

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Nº 7674177203

## AMERICANS LOSING FAITH IN COLLEGE DEGREES, POLL FINDS

*Wall Street Journal, Josh Mitchell and Douglas Belkin*

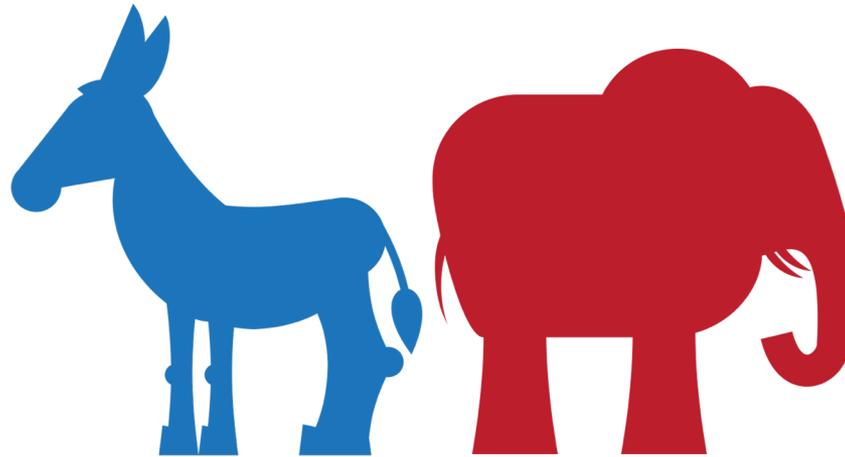
## HIGHER ED'S LOW MOMENT

*NYT, Frank Bruni*

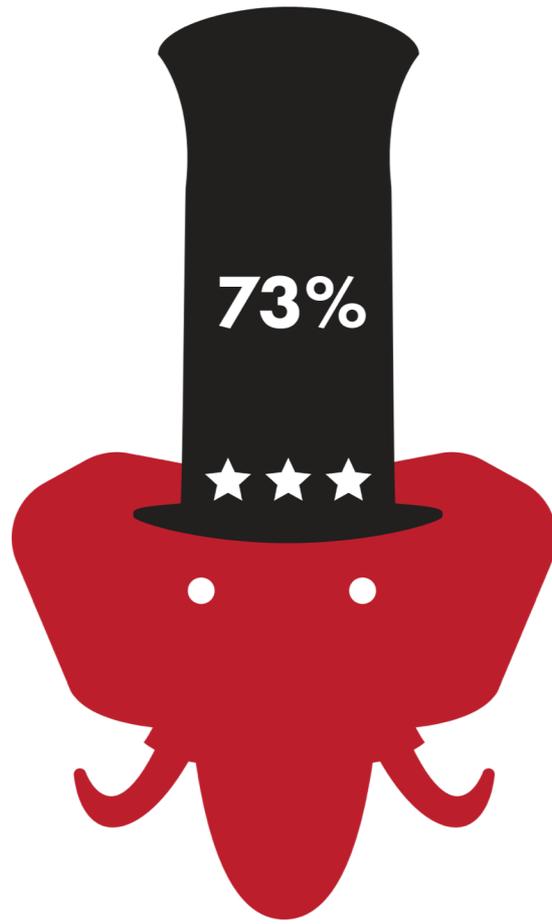
## HIGHER EDUCATION IS CHANGING, AND IT IS IN TROUBLE

*WaPo, Scott Levine*

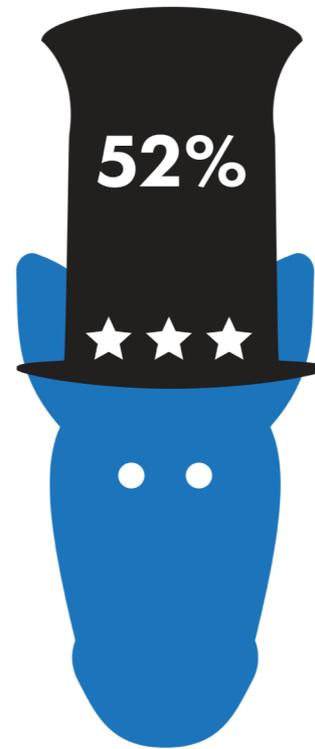
# Views on the Effect of Colleges and Universities on the Country by Political Affiliation



# Views on Whether the Higher Education System in the U.S. Today is Generally Going in the Wrong Direction

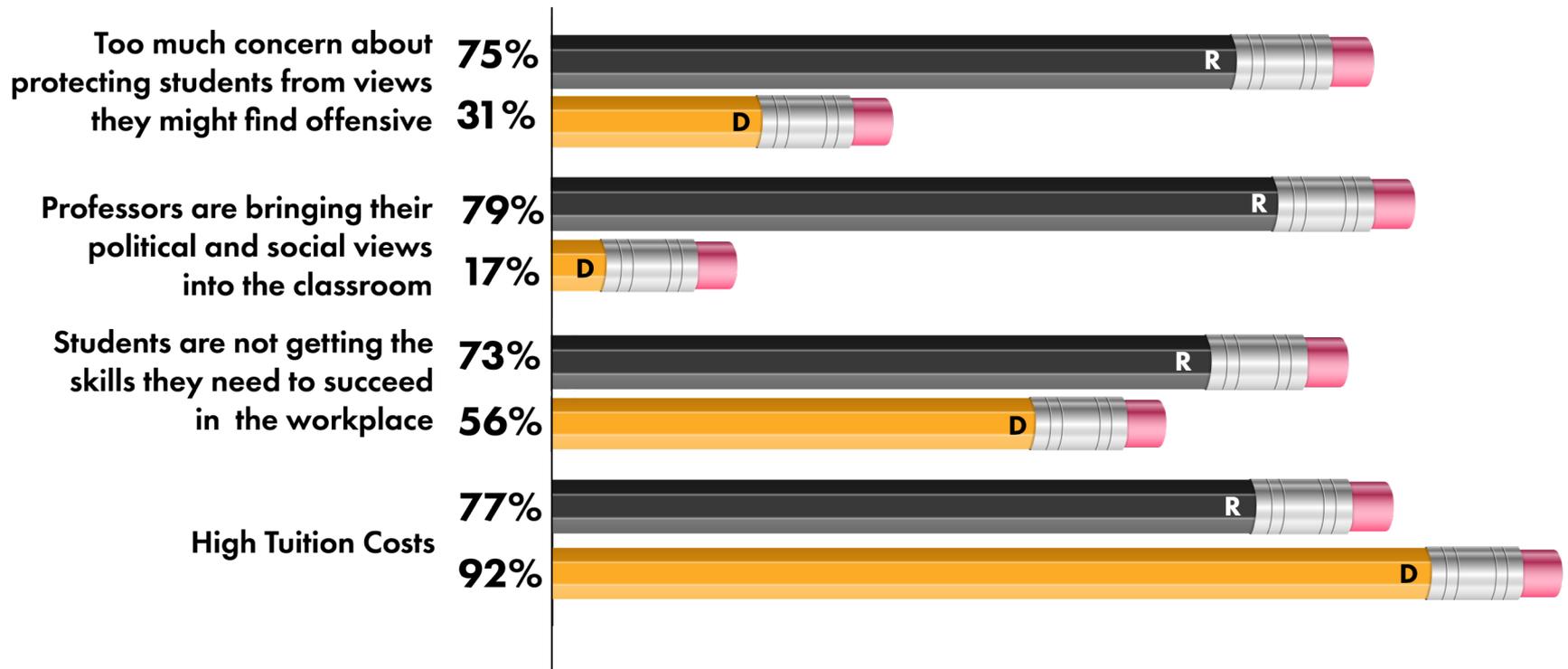


**REPUBLICAN/LEAN REPUBLICAN**



**DEMOCRAT/LEAN DEMOCRAT**

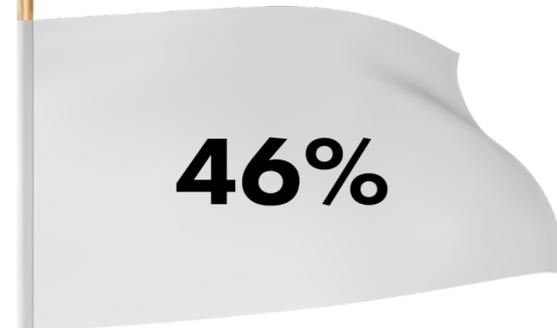
# Views on the Major Reasons Why the Higher Education System is Headed in the Wrong Direction



# Views on College as a Good Investment



A college education is still the best investment for people who want to get ahead and succeed



A college education is a questionable investment because of high student loans and limited job opportunities



THEME:



- Changes in the cost of attendance, especially from the perspective of a student;
- Changes in how one pays for college and the burden of student loans;
- The economic benefit of attending college to the individual, including the risk inherent in doing so;
- The economic benefit of post-secondary education for society.

*Putting it all together, is it worth it?*

# Student Population by Type of Institution and Over Time

## 4-YEAR FOR-PROFIT



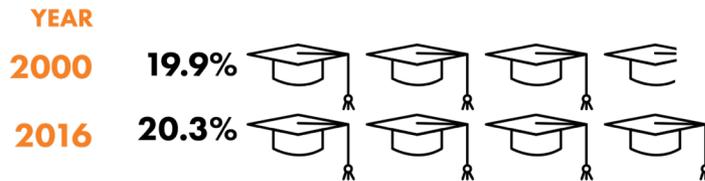
## ALL 2-YEAR (PUBLIC AND PRIVATE)



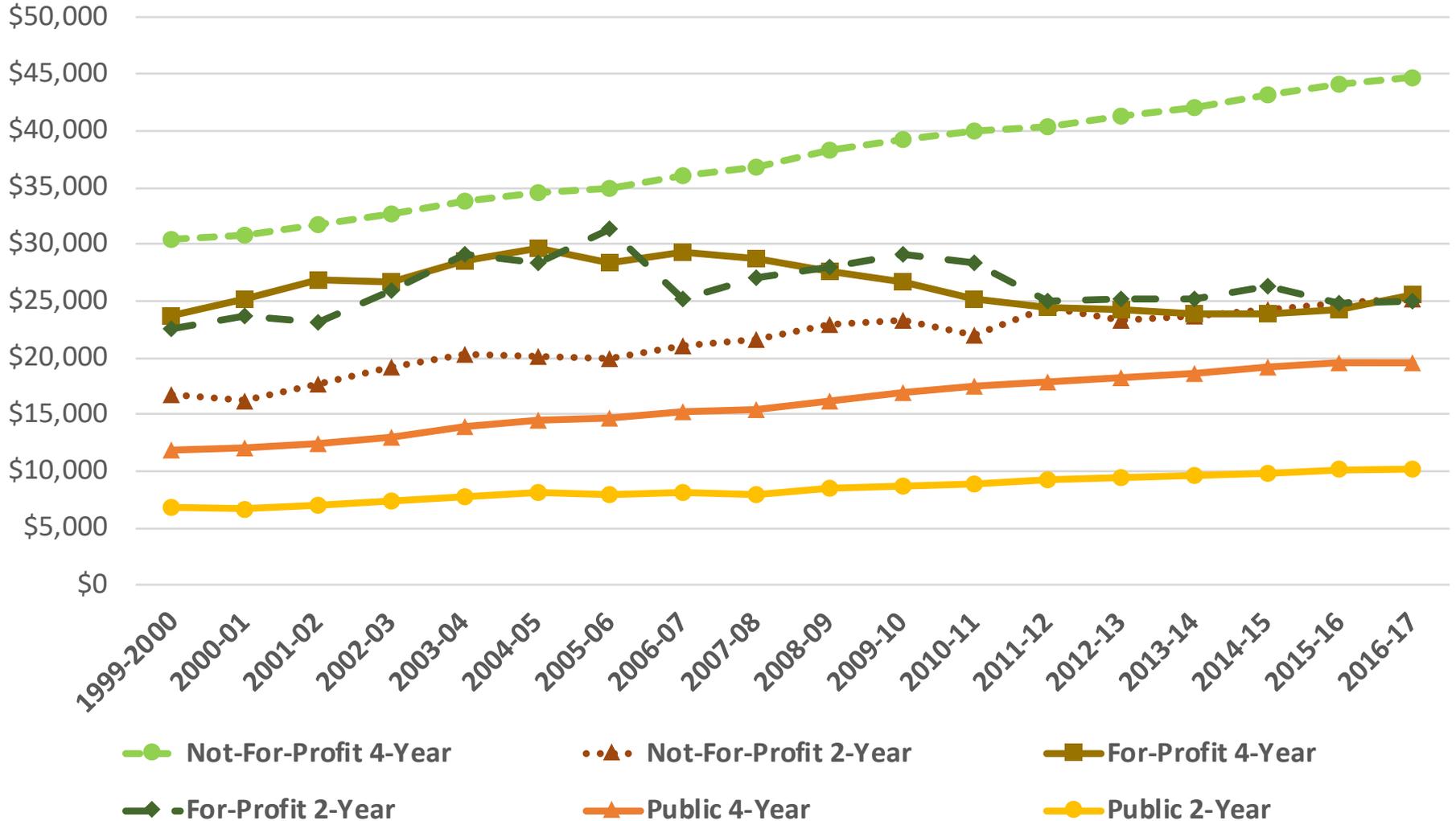
## 4-YEAR PUBLIC



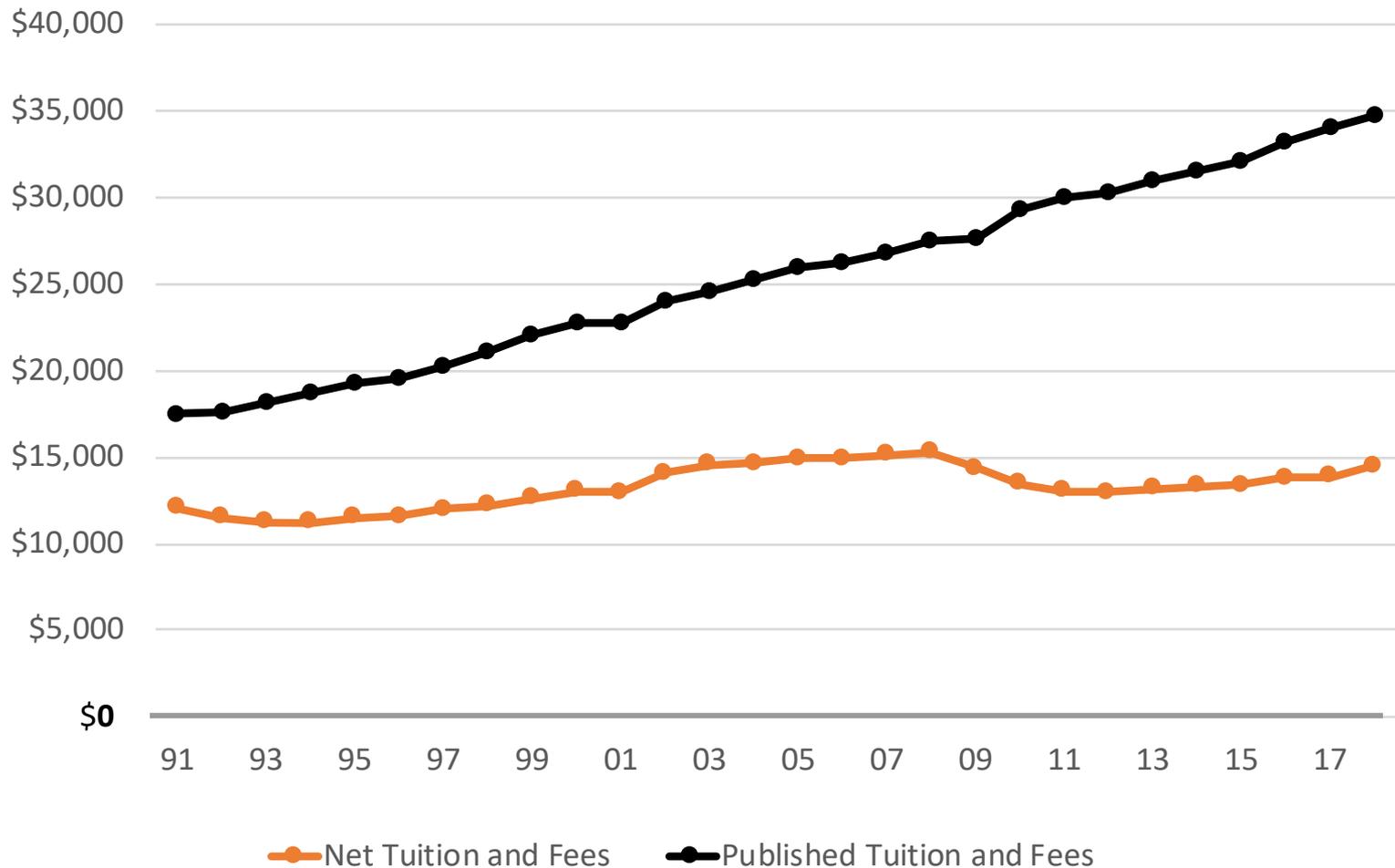
## 4-YEAR NOT-FOR-PROFIT



# Average Published Tuition and Fees over Time

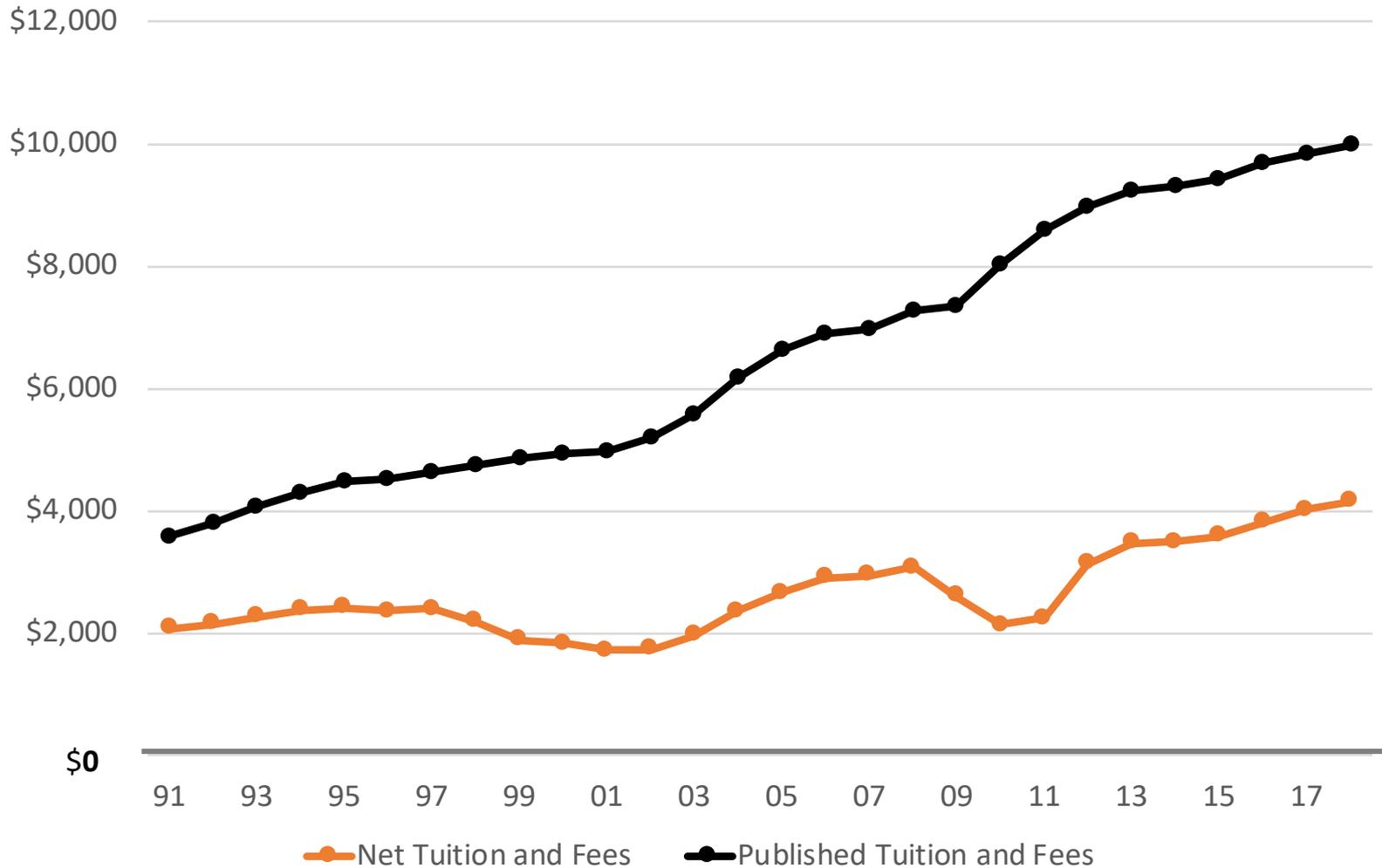


# Published and Net Tuition and Fees: Not-For-Profit 4-Year Institutions



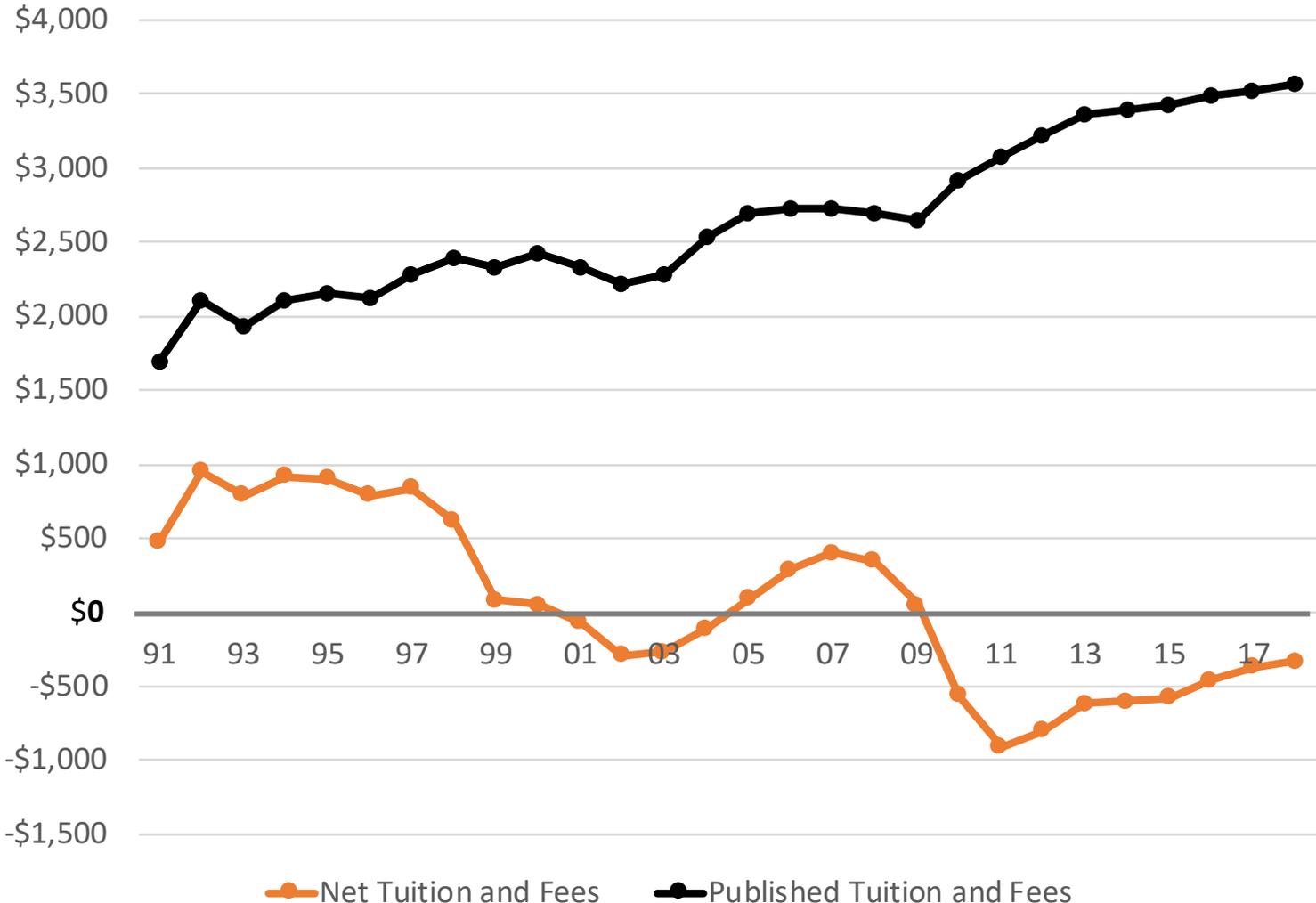
Source: College Board. Data is for Full-Time Undergraduate Students. Prices are in 2017 Dollars.

# Published and Net (In-State) Tuition and Fees: Public 4-Year Institutions



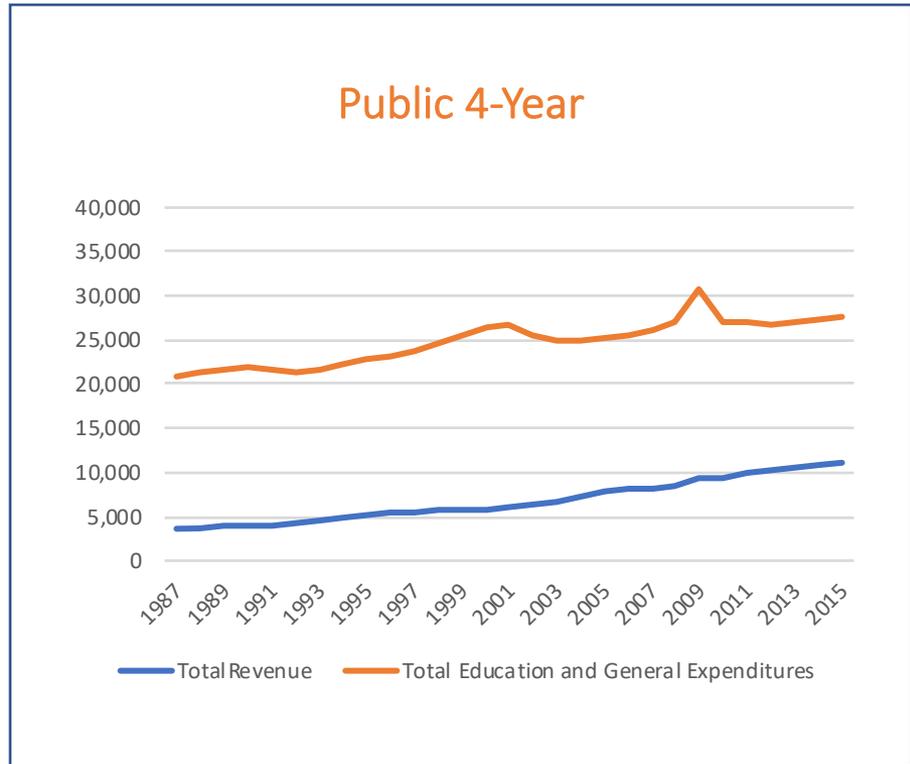
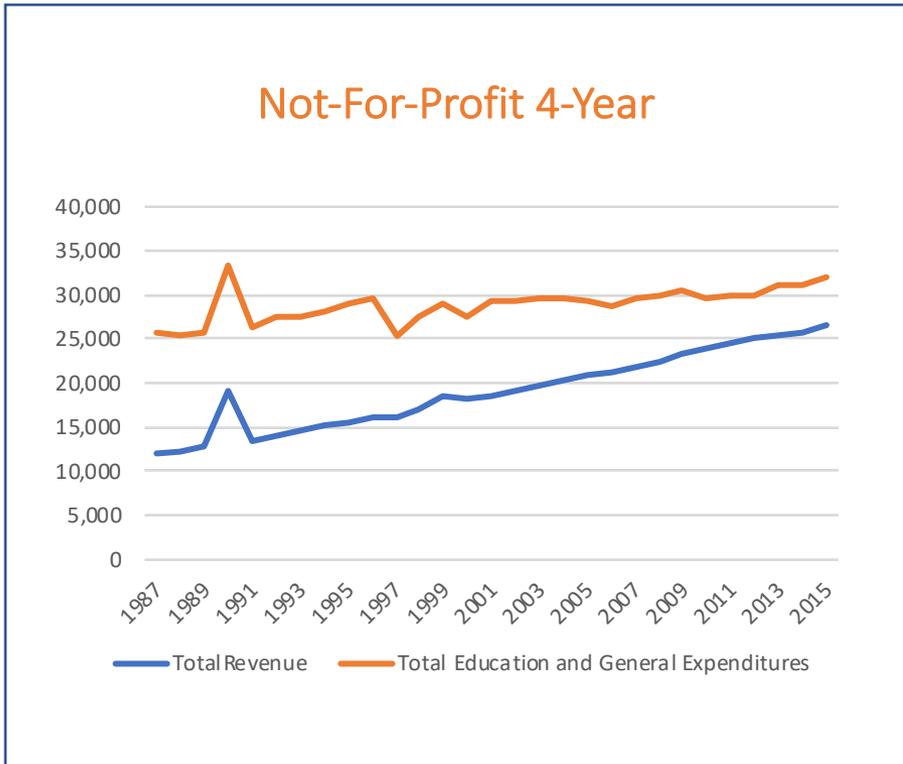
Source: College Board. Data is for Full-Time Undergraduate Students. Prices are in 2017 Dollars.

# Published and Net (In-District) Tuition and Fees: Public 2-Year Institutions



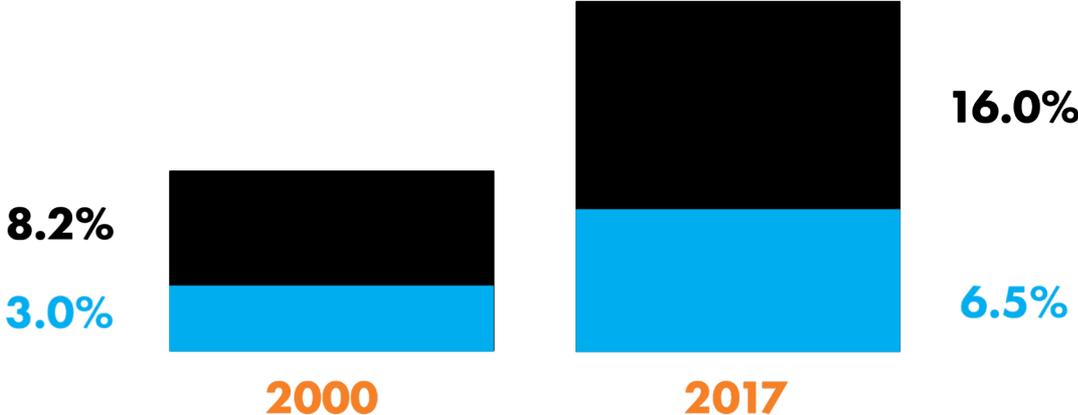
Source: College Board. Data is for Full-Time Undergraduate Students. Prices are in 2017 Dollars.

# Total Revenue from Tuition and Fees and Expenditures per Student (1987-2015)



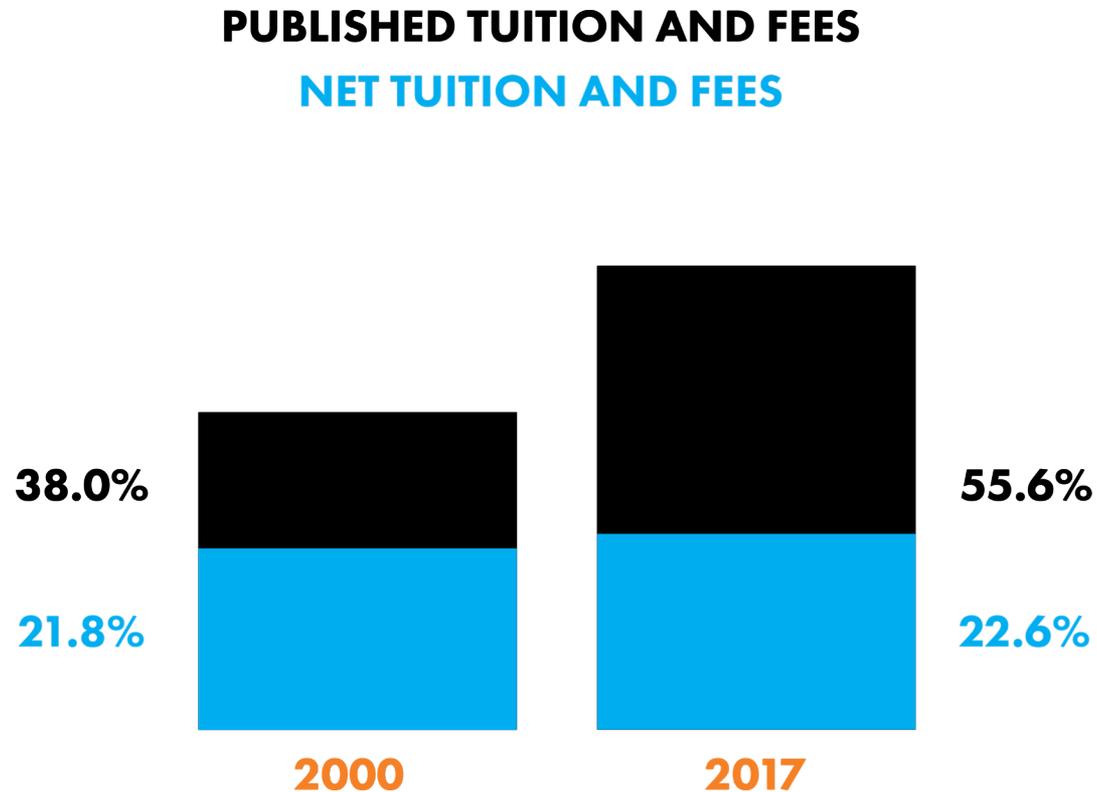
# Average Published and Net Tuition in Public 4-Year Institutions Relative to Median Household Income

**PUBLISHED TUITION AND FEES**  
**NET TUITION AND FEES**

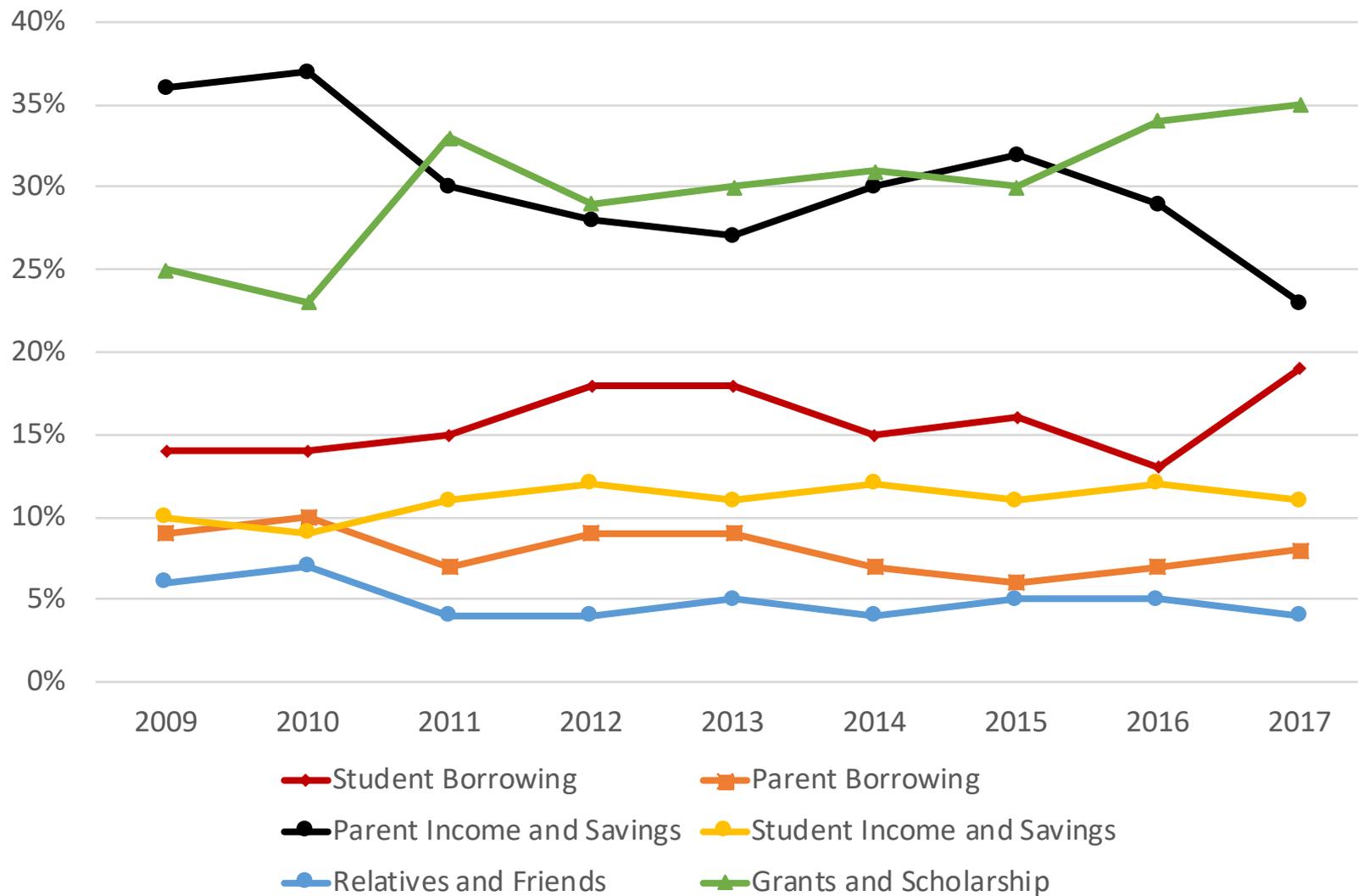


Sources: College Board and U.S. Census Bureau.

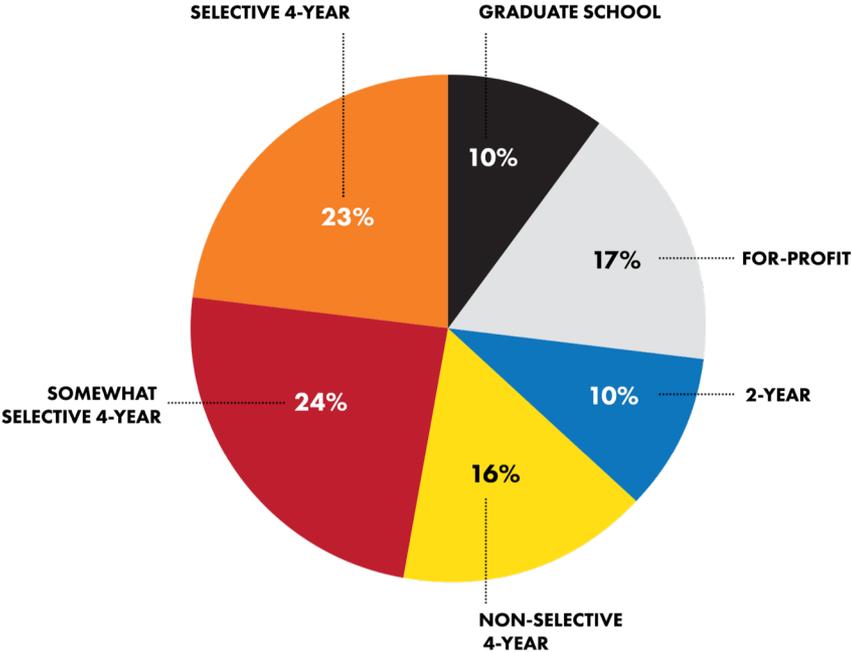
# Average Published and Net Tuition in Not-for-Profit 4-Year Institutions Relative to Median Household Income



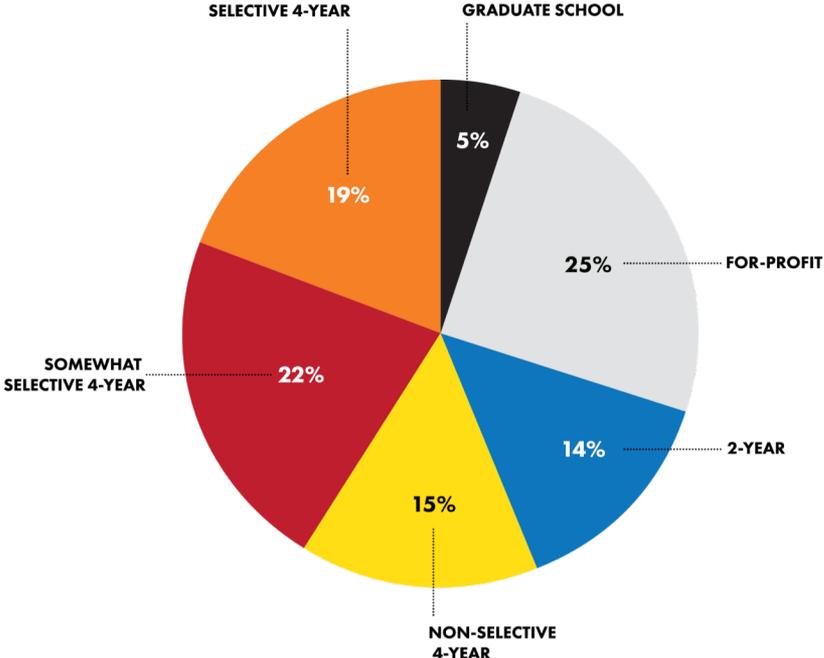
# How the Average Family Pays for College: Average Percent of Total Cost of Attendance Paid from Each Source



## Distribution of Federal Student Loan Debt Across Institutions, 2014

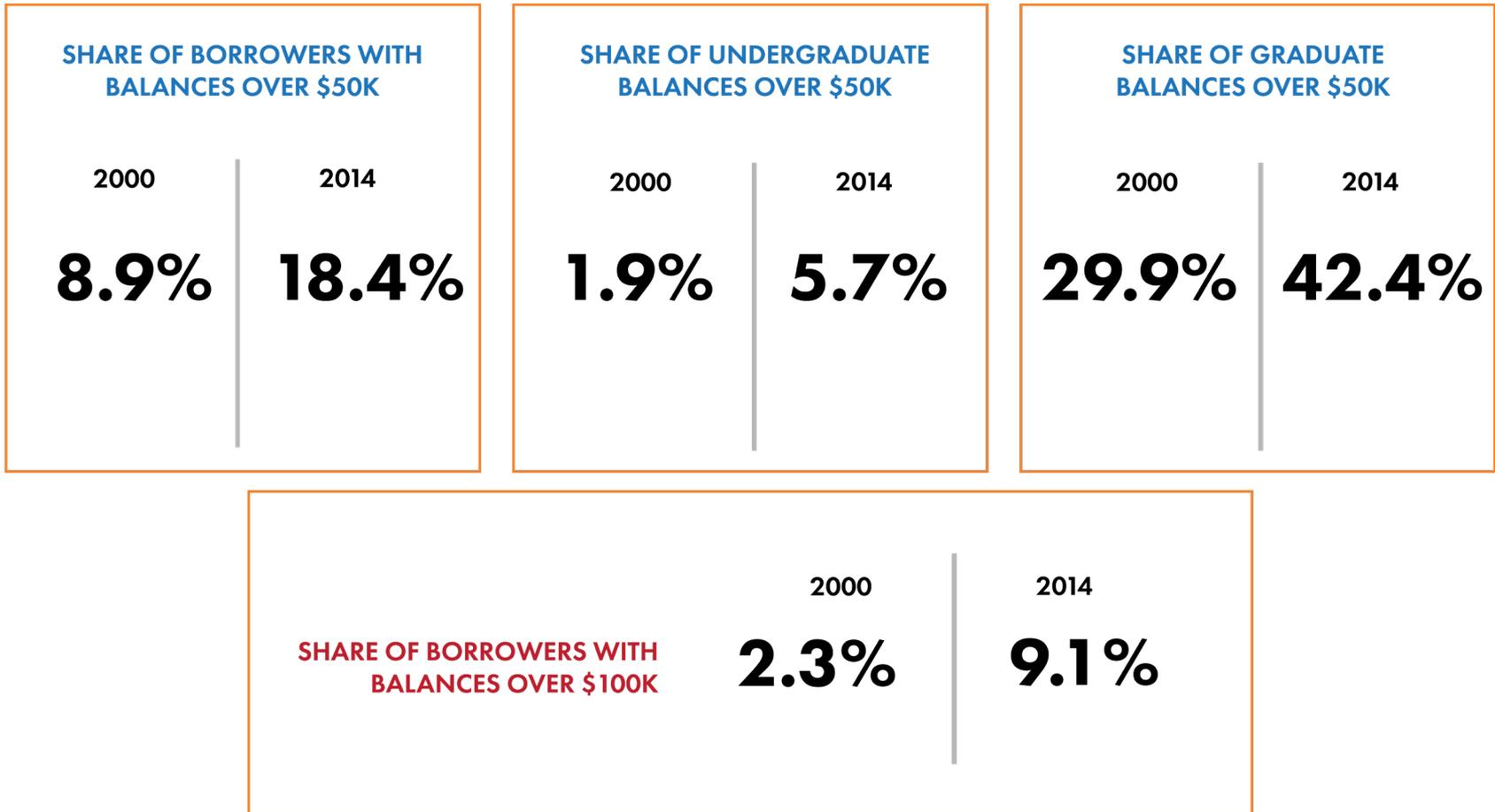


## Distribution of Federal Borrowers Across Institutions, 2014

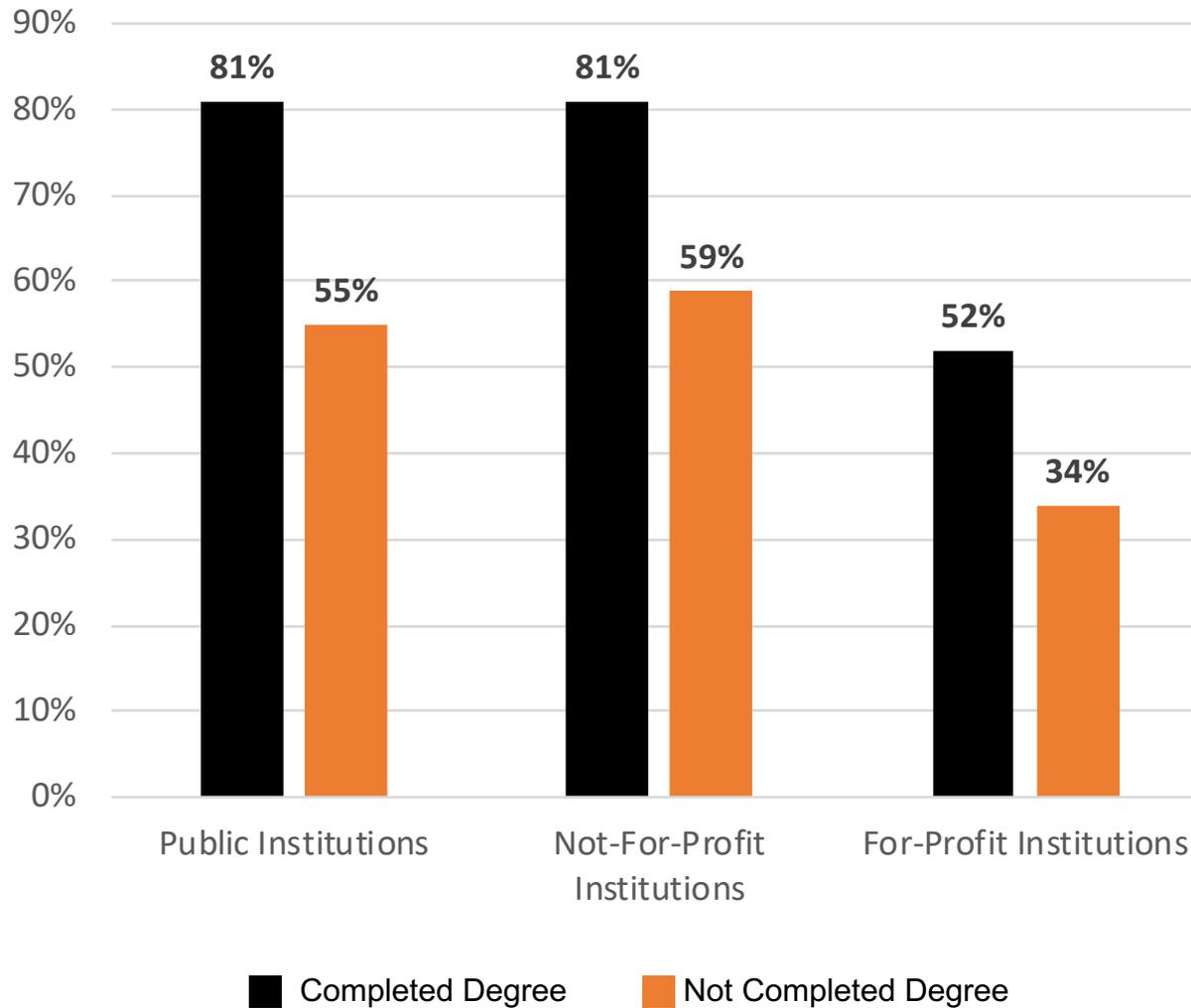


Source: Looney and Yannelis, 2015.

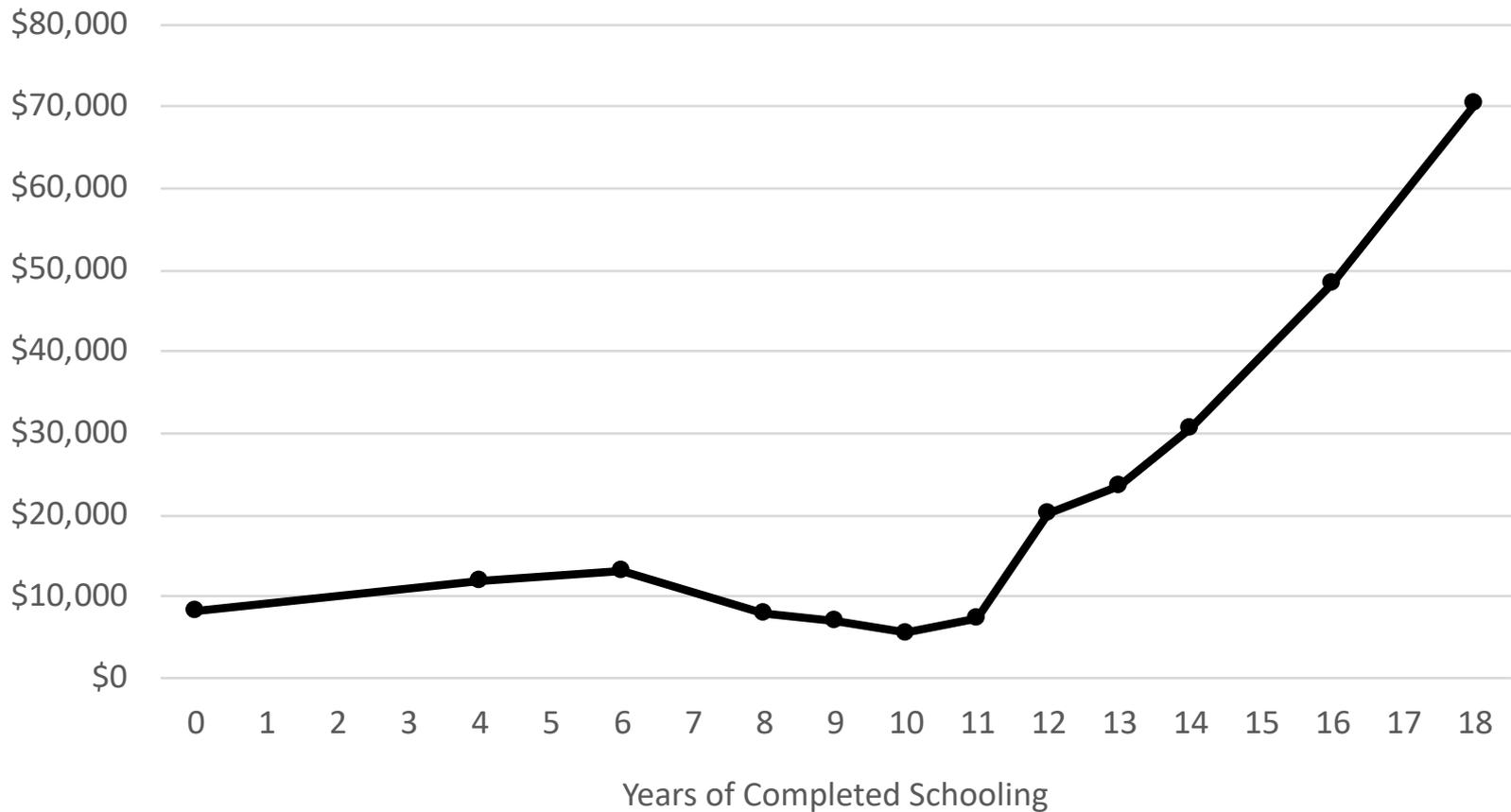
# Borrowers with Large Balances



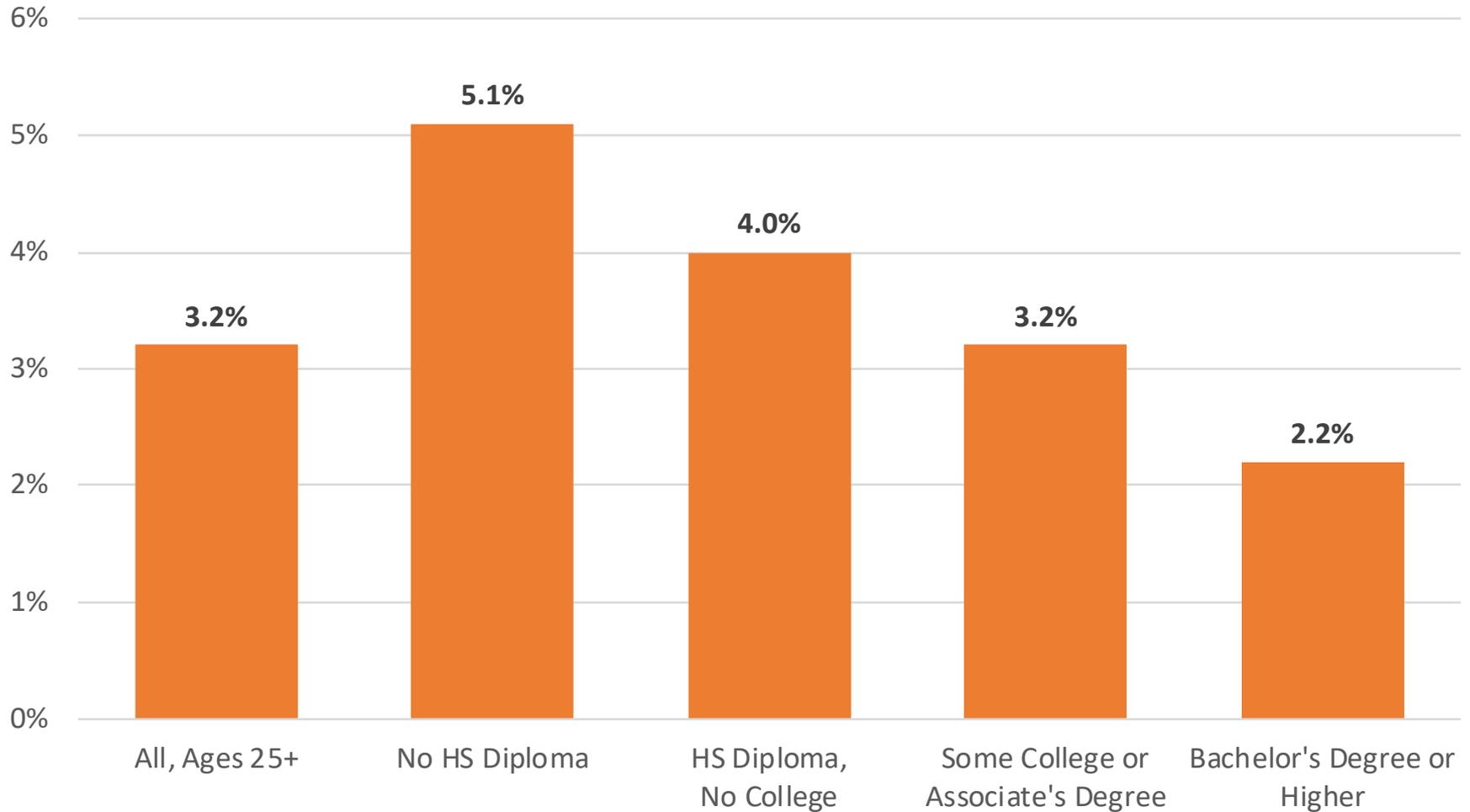
# Loan Repayment Rates Seven Years after Entering Repayment by Institution Type



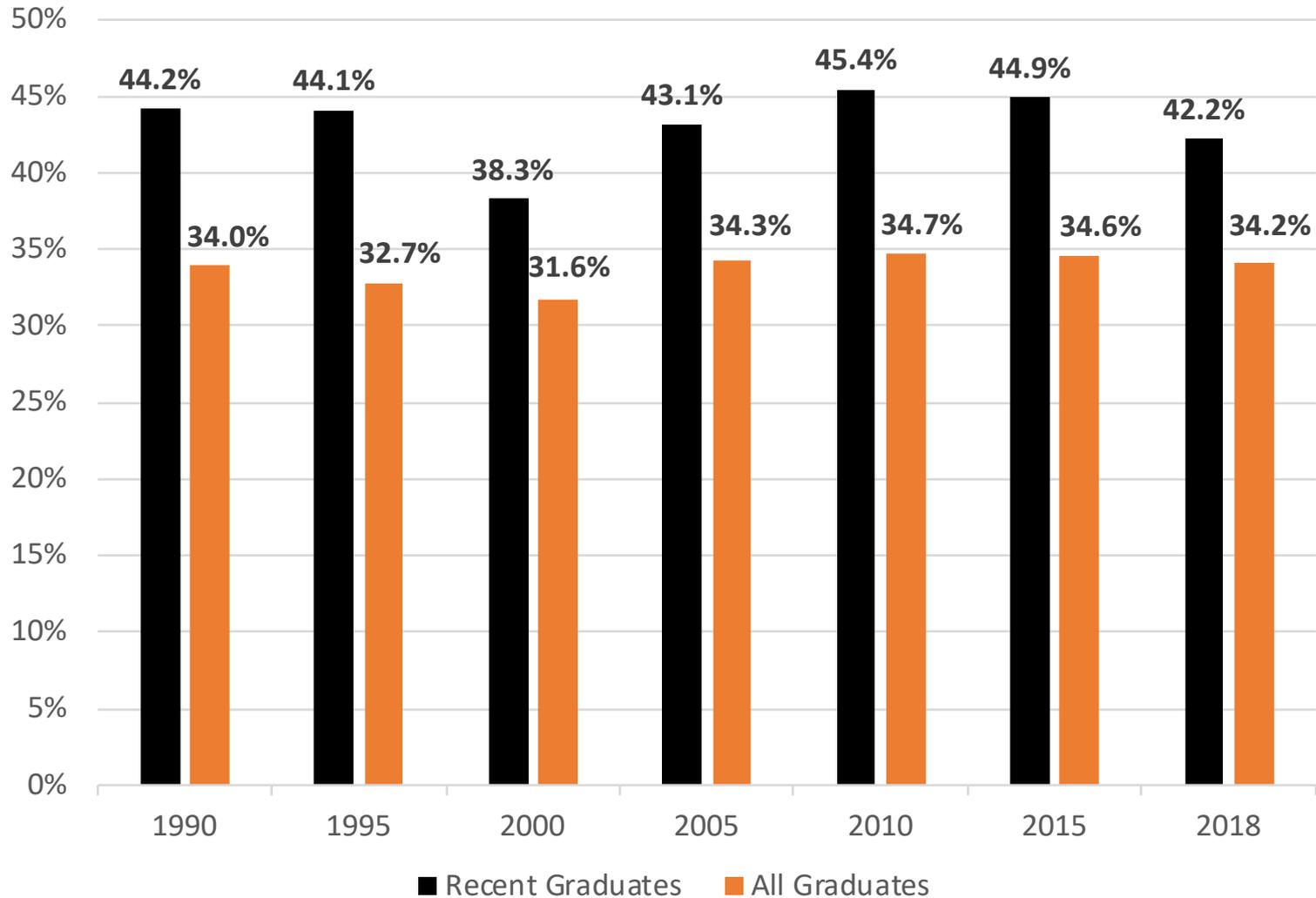
# Average Annual Earnings, by Years of Completed Schooling



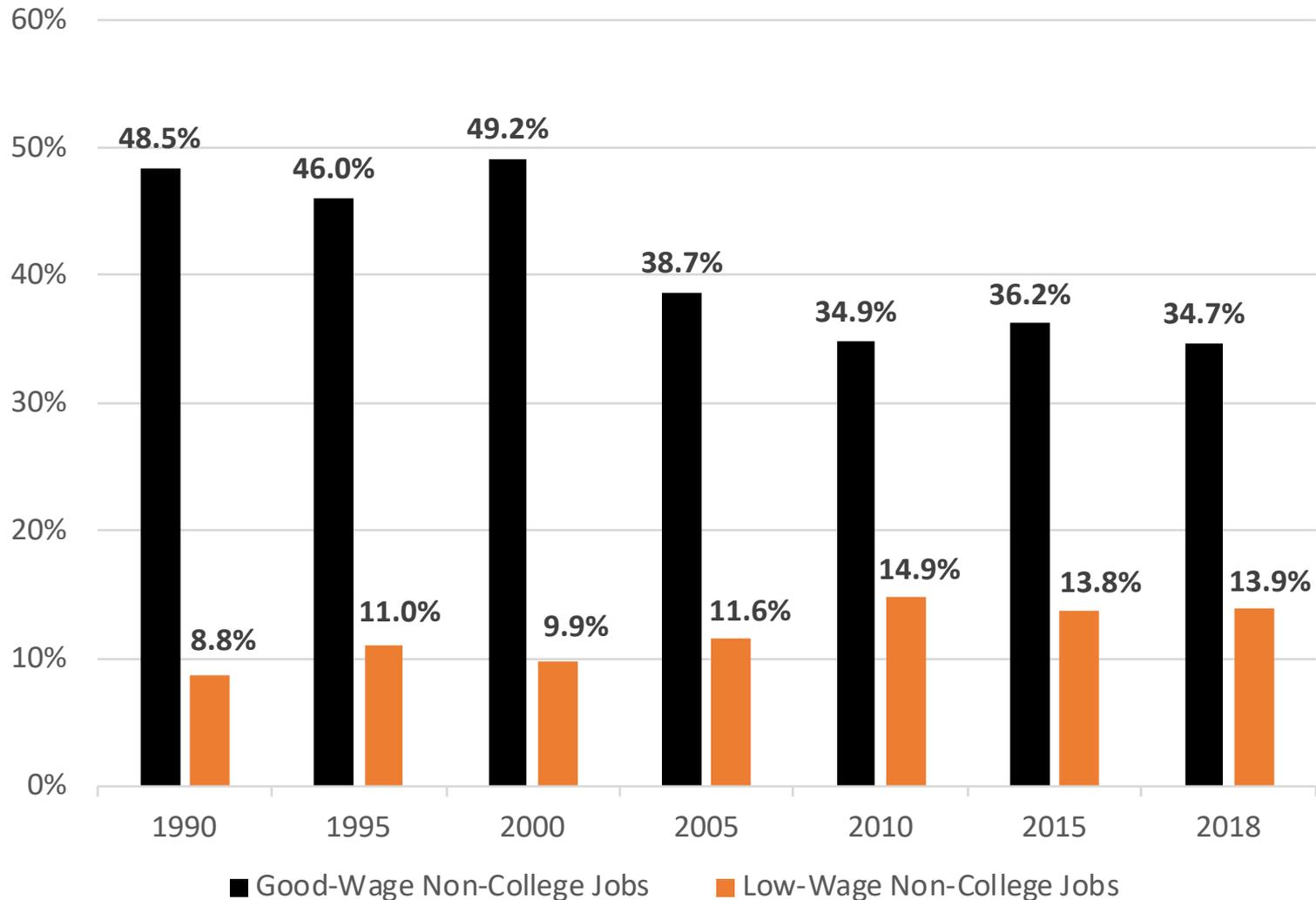
# Unemployment Rate by Educational Attainment (July 2018)



# Percentage of College Graduates Working in Jobs that do not Typically Require a BA



# Percentage of Underemployed Recent College Graduates in Good-Wage and Low-Wage Non-College Jobs



“The typical college graduate will earn roughly \$900,000 more than the typical high school graduate over their working life.”

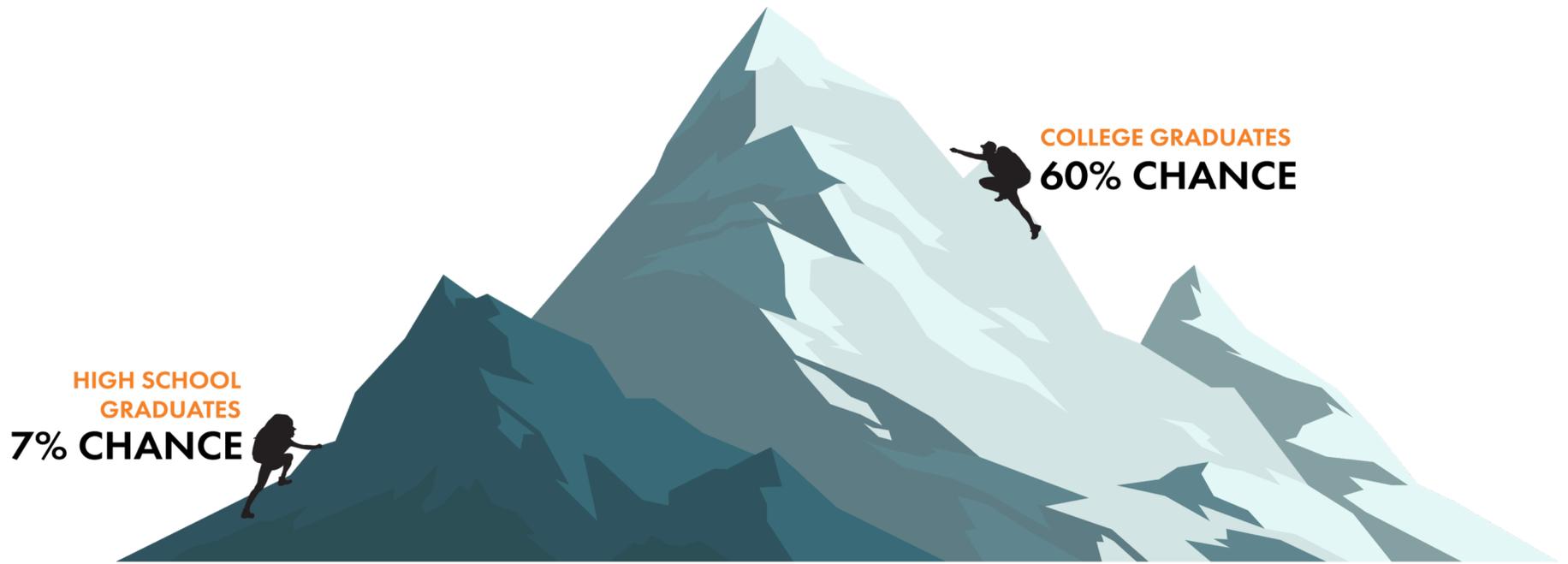


**HIGH SCHOOL GRADUATES**

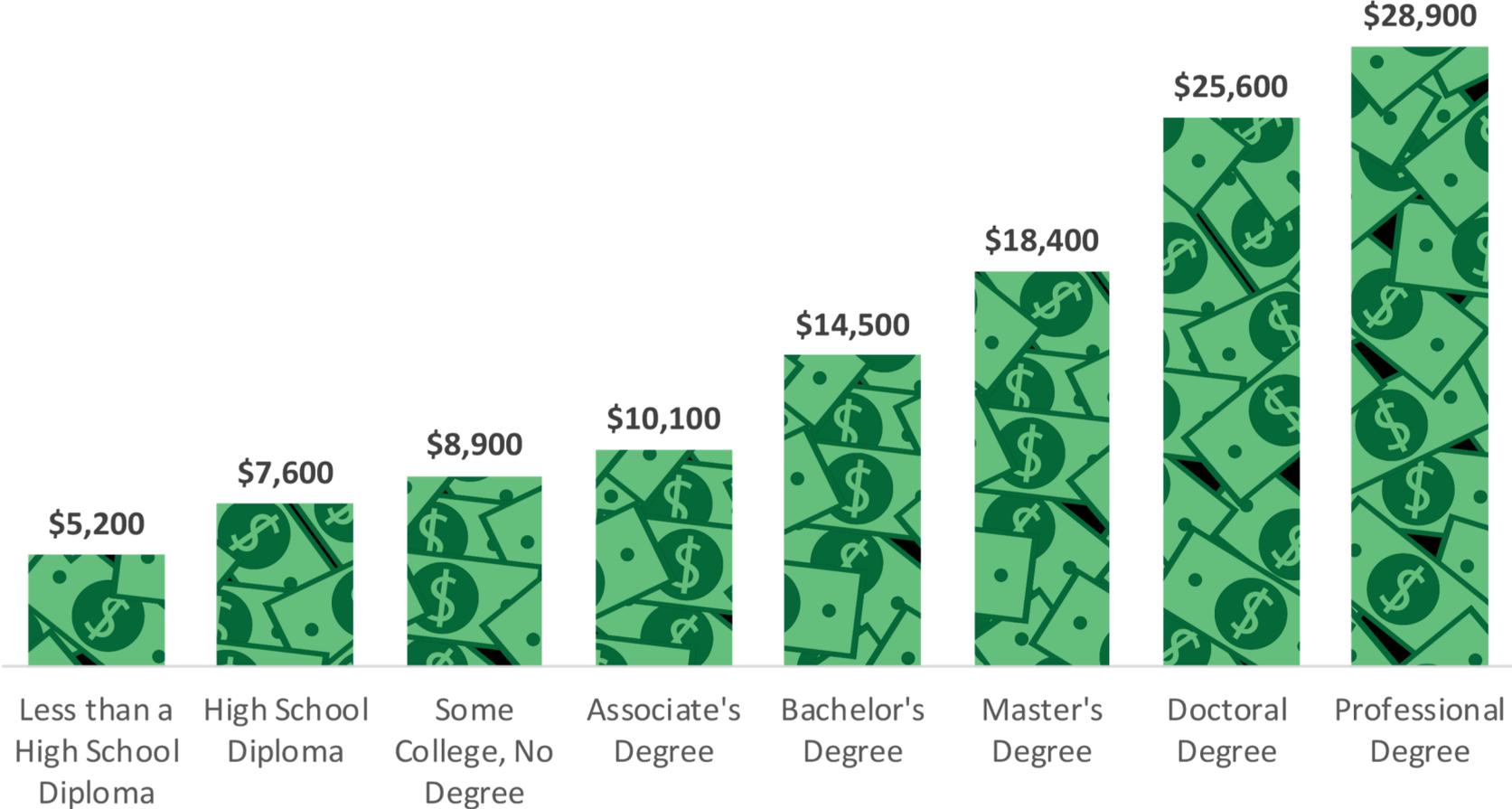


**COLLEGE GRADUATES**

# \$2 MILLION / LIFETIME



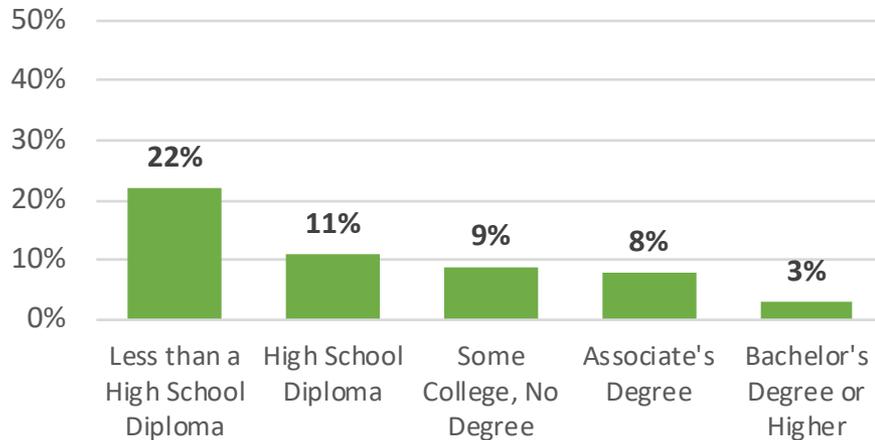
# Median Tax Payments of Full-Time Year-Round Workers (ages 25 and older) in 2015



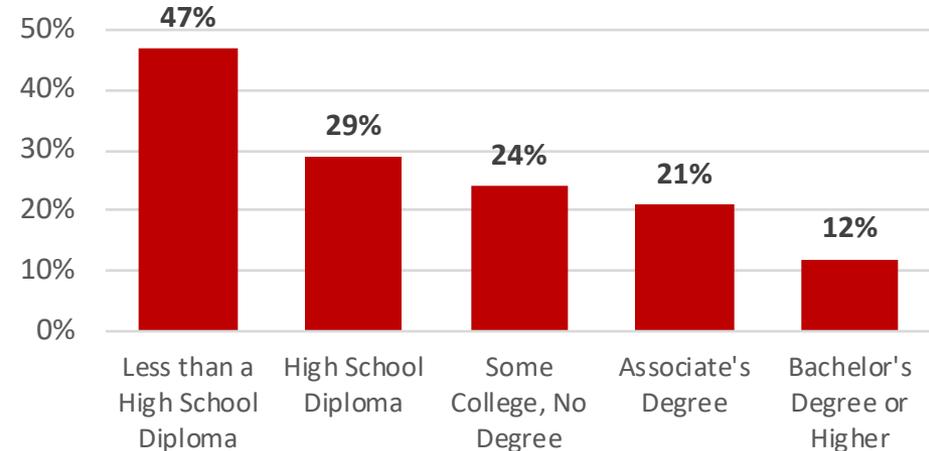
Source: College Board, 2016.

# Percentage of Individuals (25 and older) that Participated in Public Assistance Programs in 2015

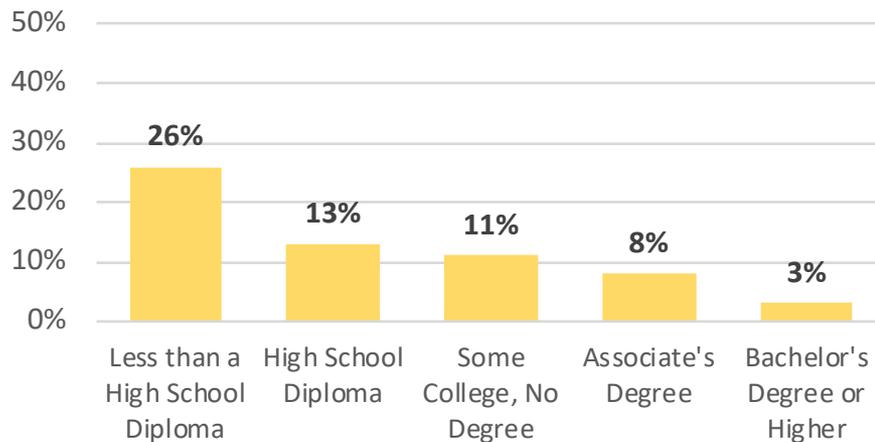
## School Lunch



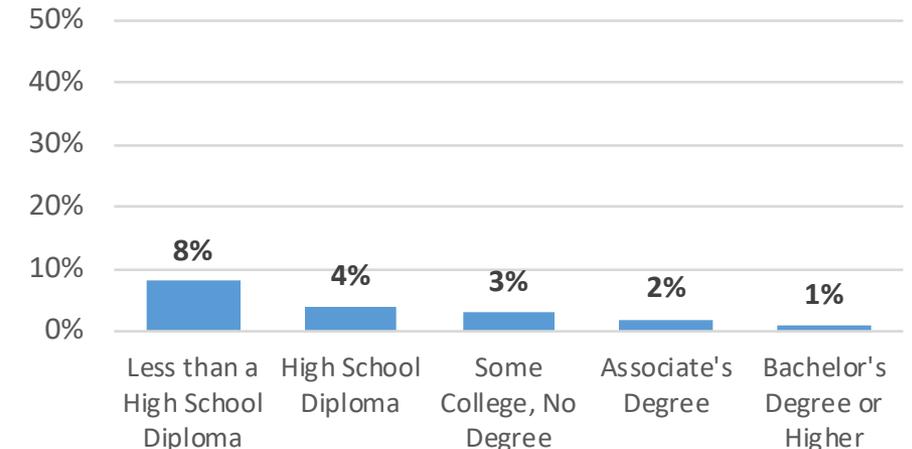
## Medicaid



## Supplemental Nutrition Assistance Program

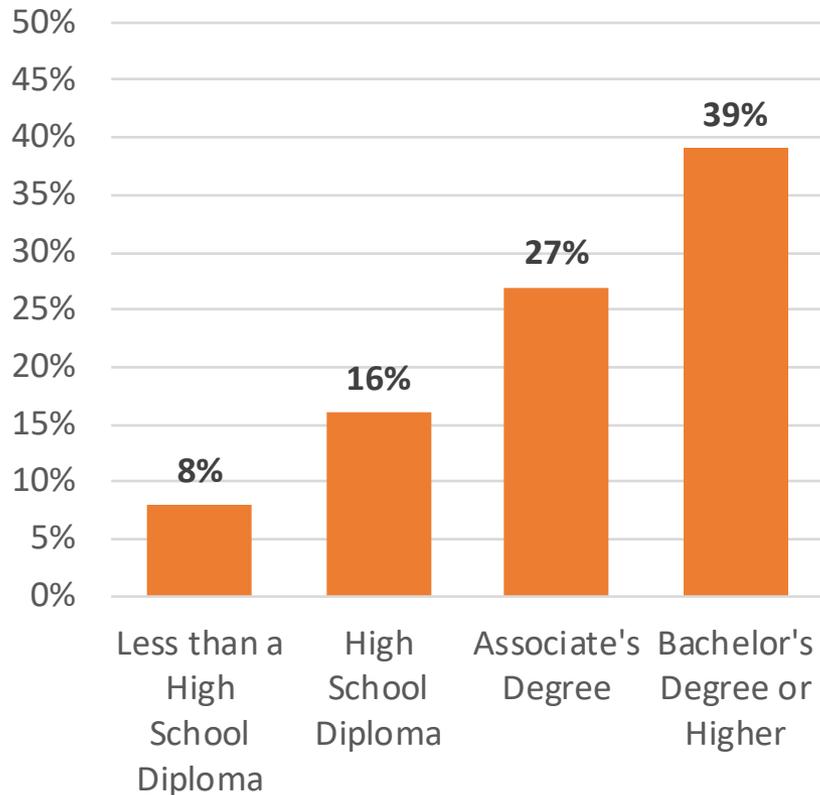


## Housing Assistance

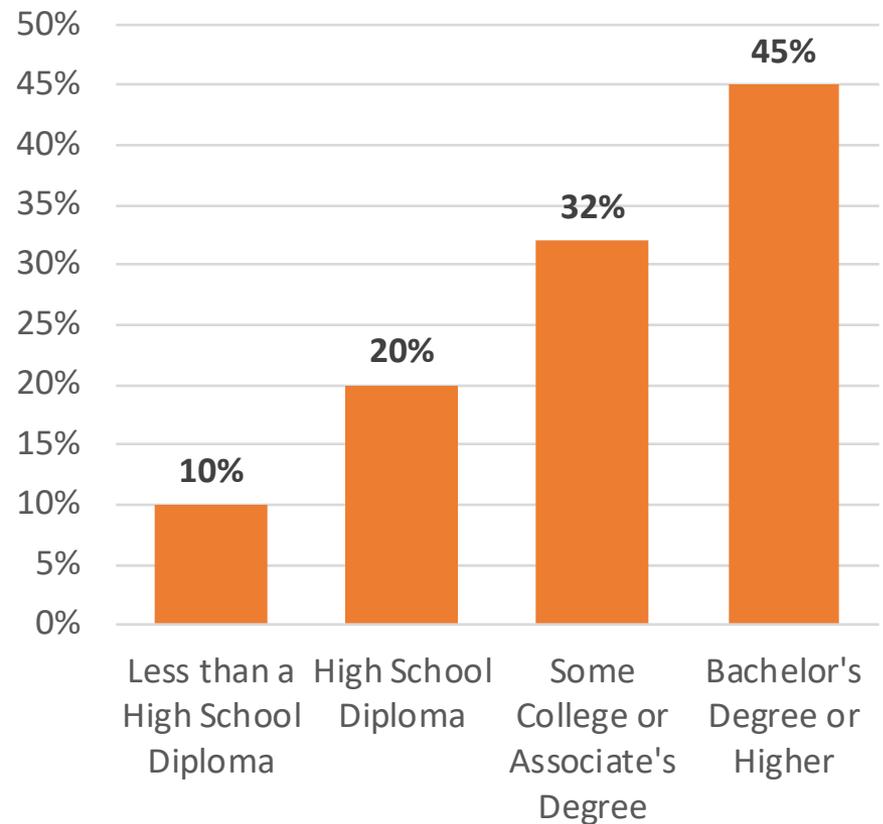


# Civic Involvement

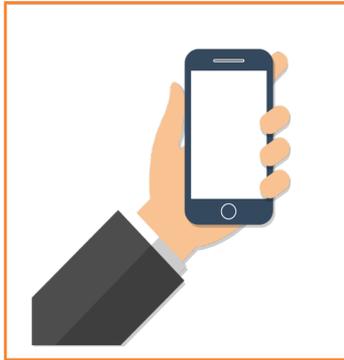
Percentage of Individuals Ages 25 and Older Who Volunteered, 2015



Percentage of Individuals Ages 25-44 Who Voted in the 2014 Election



Research done at colleges and universities results in innovations in all sectors: health, technology, and national security to name just a few.



**SMARTPHONES**



**THE INTERNET**



**BRAIN RESEARCH**

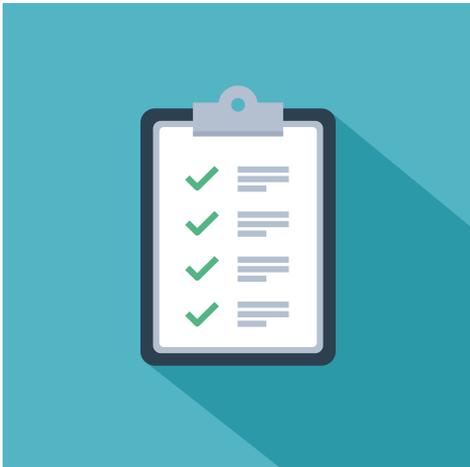


**CANCER DRUGS**



**GOOGLE**

# In sum...



- Published tuition has been increasing rapidly although net of grants and other forms of financial aid, the growth has been slower.
- This growth in public institutions can largely be explained by decreased support from states so that students and their families are bearing a greater part of the burden.
- This burden is especially tough because of stagnating household income!
- One way students and their families are paying for postsecondary education is through loans, although loan amounts are greatly exaggerated and mostly due to loans for graduate education.
- Postsecondary education remains one of the best investments for individuals even considering the risks.
- Investment in higher education, more generally, is critical for innovation and growth in our society.