

Younger Americans and those with student debt are far less likely than their peers to believe the benefits of getting a higher education outweigh the costs.

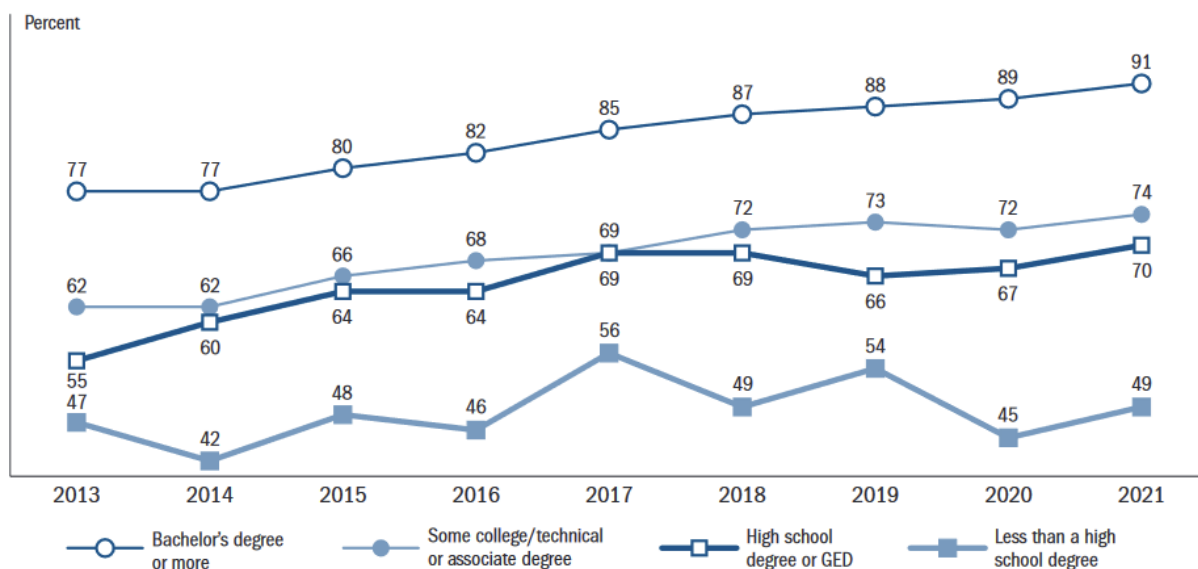
By Doug Lederman

The Federal Reserve Bank does more than set the nation's monetary policy; it also keeps close tabs on Americans' views of the economy and their own financial well-being. And the latest iteration of its closely watched household survey reaffirms the people's belief in higher education but offers some significant warning signs for college leaders.

Some of the findings of "Economic Well-Being of U.S. Households in 2021" buttress those who believe higher education remains essential for individual economic success and satisfaction in the U.S.

Americans with at least a bachelor's degree remain far likelier than their peers to describe themselves as "at least doing okay" financially, with those who have an associate or technical degree or who attended "some college" well behind and only a bit above those with just a high school degree.

Figure 2. At least doing okay financially (by year and education)



Note: Among all adults. Results for 2017 to 2019 differ slightly from previous reports because of adjustments in education coding for consistency.

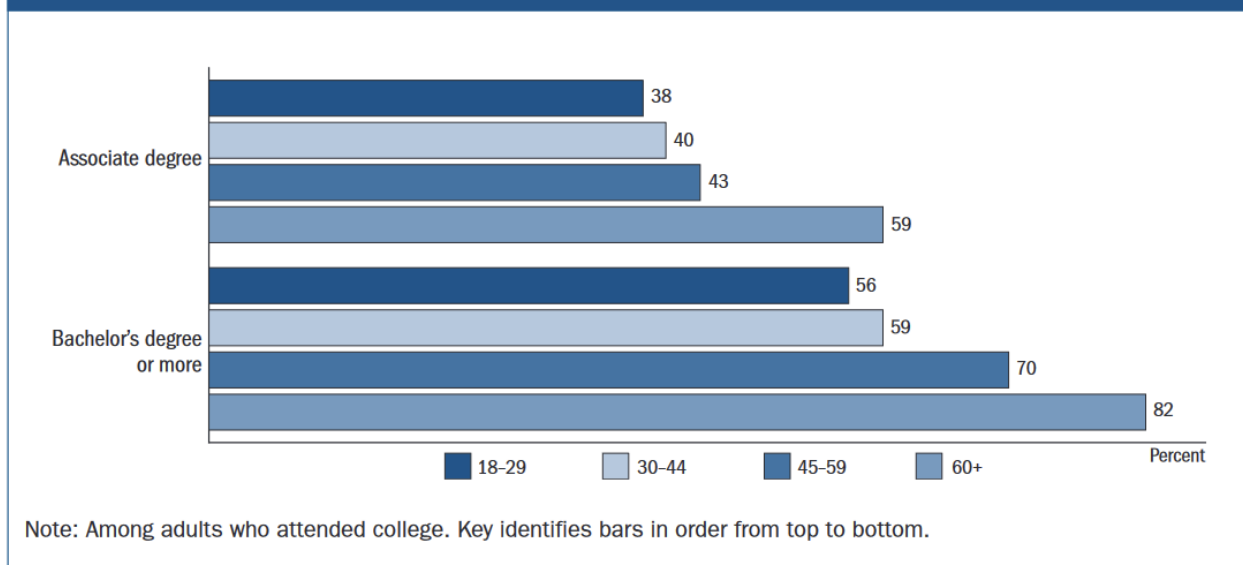
Consistent with previous iterations of the survey, a majority of Americans who went to college (52 percent) said that the lifetime benefits of a higher education outweighed the financial costs. Nineteen percent said the benefits did not exceed the costs, and the rest were ambivalent.

The differences in perceived value were sharp based on various traits. Fewer than a third (31 percent) of those with some college but no degree said the benefits exceeded the costs, as did 46 percent of those with an associate degree and 67 percent of Americans with a bachelor's degree or more.

Bachelor's degree recipients from public and private nonprofit colleges (69 and 63 percent, respectively) were likelier than their counterparts from for-profit colleges (43 percent) to perceive their postsecondary investments as being worth it.

Age is another divider. At both the bachelor's and associate degree levels, older graduates were far more likely than younger ones to say their degrees' benefits outweighed the costs. The Federal Reserve report speculates that "older respondents have had a longer time to experience the benefit of their education than younger respondents." It also speculates that the variation may "be driven by the rising cost of higher education—people who attended college more recently likely faced a higher cost than those who attended college further in the past."

Figure 35. Benefits of education exceed costs (by education and age)



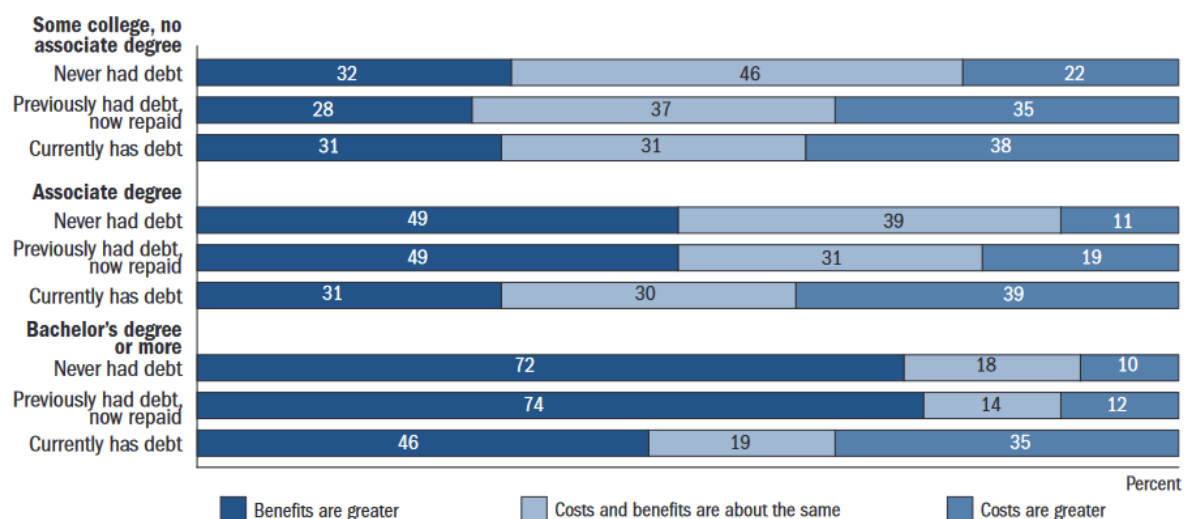
Not only that, they are likelier to have had to bear a heavier load of financing their own educations than their predecessors—and to have had to finance it by going into debt, a suggestion reinforced by another section of the report, on the impact of debt.

The report finds that 30 percent of adults—about 40 percent of those who went to college—reported incurring debt to cover those costs, with student loans representing the overwhelming majority of that debt.

Compared to previous years of the survey, fewer student loan borrowers reported being behind on their payments (12 percent versus 17 percent in 2019), and a greater proportion of those with loan debt (73 percent) described themselves as doing “at least okay” financially, up from 65 percent in 2019. Those positive outcomes are almost certainly a direct result of congressional and Biden administration policies that suspended student loan payments throughout the pandemic and that have continued through today. Repayment is due to begin this fall, though the Biden administration is weighing more permanent debt relief for many borrowers.

If age was a significant factor in college goers’ perceived value of their educations, debt is an even bigger one, especially among bachelor’s degree holders. While nearly three-quarters of bachelor’s degree recipients who either had no debt or paid it off believe the benefits of their educations exceed the costs, only 46 percent of those who currently hold student debt see it that way.

Figure 41. Self-assessed value of higher education (by education and debt status)



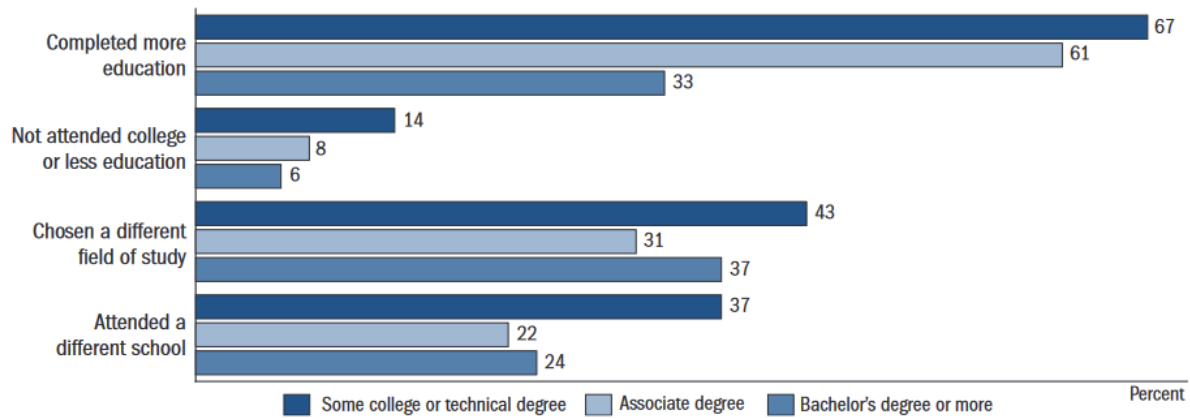
Note: Among adults ages who borrowed for their own education. Key identifies bars in order from left to right.

The Postsecondary Paradox

A final section of the report, focused on whether Americans regret their decisions to pursue higher education, reflects the strange dynamics around how higher education is viewed in the U.S.

One table (below) shows that two-thirds of those who didn’t earn a degree wished they’d completed more education, while about one in 10 Americans wished they had either not attended college or had less education.

Figure 36. Changes would now make to earlier education decisions (by education)

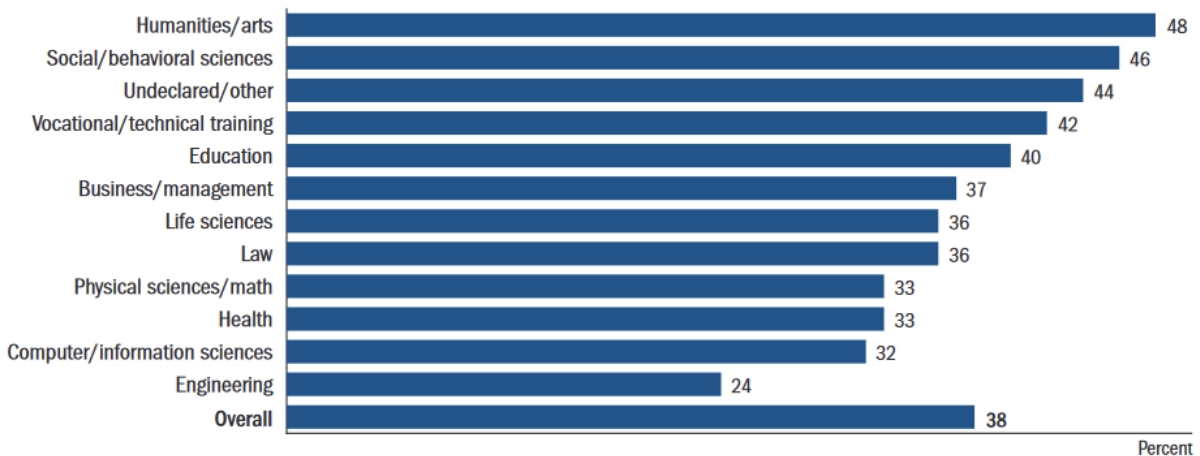


Note: Among adults who attended college and are not currently enrolled. Respondents could select multiple answers. Key identifies bars in order from top to bottom.

About a quarter of those who earned at least a bachelor's degree said they wished they'd attended a different college (more than half of those who attended a for-profit college said that), while more than a third (37 percent) wished they'd chosen a different field of study.

Students who studied in humanities, arts and social sciences programs were most likely to say that.

Figure 38. Would now choose a different field of study (by field of study)



Note: Among adults who completed at least some college who are not currently enrolled.