Evaluating Graduate School as an Investment

January 2024
GOAL OF THIS DOCUMENT

- Provide insight into how to determine whether graduate school is worth the cost

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Roadmap to Evaluating Graduate School as an Investment of Time & Money
GRADUATE SCHOOL IS AN INVESTMENT OF TIME & MONEY IN YOUR FUTURE

This decision tree offers a roadmap to evaluate the return on investment of pursuing a graduate degree.

1. **Is a graduate degree necessary to pursue your career?**
   - **Yes**
   - **No**

   **Yes**
   Verify that you can obtain a state license or certification to practice your profession if required!

   **No**
   Consider pursuing other educational options, such as certifications, bootcamps, fellowships or other advanced designations to obtain the relevant skills or experiences needed without incurring the significant financial and time investment of graduate school.

2. **Does your degree prepare you for a higher-paying, in-demand career?**
   - **No**
   - **Yes**

   **No**
   Consider researching other degree programs that will result in higher salaries and/or will prepare you for an in-demand career.

   **Yes**
   Consider researching other institutions that have better student outcomes and/or offer in-state tuition, scholarships, or other no-cost options to lower the cost of attendance.

3. **Do the institutions you are applying to offer high-quality, cost-effective degree programs?**
   - **No**
   - **Yes**

   **No**
   Consider researching other institutions that have better student outcomes and/or offer in-state tuition, scholarships, or other no-cost options to lower the cost of attendance.

   **Yes**
   Understand whether your expected salary after graduation will be sufficient to support your debt payment. For example, if your expected debt payment is more than 15% of your expected income, consider a different institution, degree program and/or alternative funding options such as increased savings, work-study, in-state tuition, scholarships, etc.

4. **How will you be paying for your graduate degree?**
   - **Some or Only Loans**
   - **Loan-Free Options Only**

   **Some or Only Loans**
   This is fantastic! Way to go!

   **Loan-Free Options Only**
   No cost options to lower the cost of attendance.
Researching your Career Path
GRADUATE SCHOOL AND YOUR CAREER PATH

Determine whether graduate school is necessary for your chosen career

What are the requirements for your career?

Once you’ve determined the career you’d like to pursue, research the qualifications needed for someone in that field. Are there specific skills, experiences, or other qualifications that you will need?

Is graduate school necessary?

After determining the requirements of your chosen career, ask yourself whether a graduate degree is required or otherwise advantageous. For some careers, you may be able to pursue other educational options, such as certifications, bootcamps, fellowships or other advanced designations to obtain the relevant skills or experiences needed without incurring the significant financial and time investment of graduate school.

Examples of Other Educational Opportunities

- General Assembly
- Flatiron School
- Harvard Extension School
- CUNY School of Professional Studies
- CUNY
- New Americans Fellowship
Choosing Your Degree Program and Institution
SELECTING YOUR DEGREE PROGRAM

A graduate degree is an investment in your future. It is important to make sure it is a worthwhile investment.

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Expected Job Growth (2022-2032)</th>
<th>Median Salary (2022)</th>
<th>Most Commonly Held Degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nurse practitioners</td>
<td>45%</td>
<td>$124,680</td>
<td>Masters</td>
</tr>
<tr>
<td>Data scientists</td>
<td>35%</td>
<td>$115,240</td>
<td>Bachelors</td>
</tr>
<tr>
<td>Physician assistants</td>
<td>27%</td>
<td>$125,270</td>
<td>Masters</td>
</tr>
<tr>
<td>Speech-language pathologists</td>
<td>19%</td>
<td>$89,460</td>
<td>Masters</td>
</tr>
<tr>
<td>Financial managers</td>
<td>16%</td>
<td>$166,050</td>
<td>Bachelors</td>
</tr>
<tr>
<td>Clinical and Counseling Psychologists</td>
<td>11%</td>
<td>$102,740</td>
<td>Masters</td>
</tr>
<tr>
<td>Optometrists</td>
<td>9%</td>
<td>$133,100</td>
<td>Doctorate</td>
</tr>
<tr>
<td>Lawyers</td>
<td>8%</td>
<td>$163,770</td>
<td>Doctorate</td>
</tr>
<tr>
<td>Sociologists</td>
<td>5%</td>
<td>$101,310</td>
<td>Masters</td>
</tr>
<tr>
<td>Accountants and Auditors</td>
<td>4%</td>
<td>$86,740</td>
<td>Bachelors</td>
</tr>
<tr>
<td>Education administrators, postsecondary</td>
<td>4%</td>
<td>$115,180</td>
<td>Masters</td>
</tr>
<tr>
<td>Physicians</td>
<td>3%</td>
<td>$238,700</td>
<td>Doctorate</td>
</tr>
<tr>
<td>Elementary school teachers</td>
<td>1%</td>
<td>$68,000</td>
<td>Masters</td>
</tr>
<tr>
<td>Nuclear engineers</td>
<td>1%</td>
<td>$124,540</td>
<td>Bachelors</td>
</tr>
<tr>
<td>News analysts, reporters, and journalists</td>
<td>-3%</td>
<td>$86,290</td>
<td>Bachelors</td>
</tr>
<tr>
<td>Computer programmers</td>
<td>-11%</td>
<td>$102,790</td>
<td>Bachelors</td>
</tr>
</tbody>
</table>

1. If a graduate degree is required for your chosen career, it’s important to consider whether and how much job growth there will be for occupations that require your degree. This is a useful proxy for determining how likely it is that you will be able to find a job in your desired field after graduation (see links to relevant data sources in footnotes below for your own research).

2. It’s essential to consider how you could pay for your graduate degree. Graduate education is expensive. There are very limited scholarships available. You may be able to secure private loans, but you will need to repay them.

3. Determine how much debt, if any, you can afford to take on to finance your education relative to your expected future earnings. This is known as your debt-to-income ratio, which should ideally be less than or equal to 15% for student loans.

4. You will also need to determine whether you will be able to obtain a license or certification to practice in your field.

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# CHECKLIST FOR CHOOSING YOUR GRADUATE INSTITUTION

Use an outcomes-based approach to research where to attend graduate school

<table>
<thead>
<tr>
<th>Metric for Evaluation</th>
<th>Why the Metric is Important</th>
<th>Dreamers Graduate Loan Program Eligibility Benchmarks</th>
<th>Where to Find the Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Attendance</td>
<td>It’s important to understand the overall financial cost of attending a specific institution so that you can ensure you are able to afford to attend. Institutions with similar outcomes may have very different costs of attendance.</td>
<td>Loan amounts are available up to the eligible degree’s annual loan cap each year. Loan caps are set to ensure that graduates will not face burdensome debt-to-income ratios. Students should review available loan amounts in the context of cost of attendance and other available funding sources.</td>
<td>Cost of attendance is usually found on your degree program’s webpage. For public universities, it is usually under “Cost and Aid” or “Financial Aid” tabs on the institution’s homepage.</td>
</tr>
<tr>
<td>Degree Program Accreditation</td>
<td>Attending an accredited degree program is often a prerequisite to practice and obtain a license in a particular field after graduation.</td>
<td>Eligible degrees must be accredited at the institution.</td>
<td>Found on the institution’s specific webpage for your degree program.</td>
</tr>
<tr>
<td>3-year Average Cohort Default Rate</td>
<td>Low cohort default rates (CDRs) indicate that students from that institution have post-graduation incomes that can support the debt they take on to attend.</td>
<td>For institutional eligibility, the average CDRs for the five most recent borrower cohorts must be less than 8%. The eligible scholarship programs’ partner institutions with CDRs between 8-12% will be considered on a case-by-case basis.</td>
<td>You can search this database for your institution’s recent CDRs.</td>
</tr>
<tr>
<td>Graduation Rate</td>
<td>High graduation rates are correlated with institutional quality, indicating that students who start their program are likely to complete it within a specified time period.</td>
<td>While there is no hard cutoff program eligibility, we prefer that graduation rates of at least 80% within 150% of the specified time to complete the degree. For example, if the program is 2 years, then the graduation rate would represent the share of students who completed the degree within 3 years.</td>
<td>Found on the institution’s specific webpage for your degree program. Example: A student pursuing a Master’s of Counseling at Arizona State University could navigate to this page and locate the ‘Program Outcomes’ header at the bottom of the page, where the student could locate annual program reports and key stats on historical program outcomes.</td>
</tr>
<tr>
<td>Job Placement Rate</td>
<td>High job placement rates indicate that the labor market values a degree from that institution and that the institution prepares students well for their careers.</td>
<td>While there is no hard cutoff for job placement, we prefer job placement rates of at least 85% (or residency match rate for some medical fields).</td>
<td>Typically found on the institution’s specific webpage for your degree program. See example above.</td>
</tr>
<tr>
<td>National Exam Pass Rate</td>
<td>High exam pass rates indicate that the institution equips students with the necessary training and signals a higher likelihood of obtaining a job in the student’s field, which is often conditioned on passing licensing exams.</td>
<td>While this will vary by profession and there is no hard cutoff, we prefer that exam passage rates are on par with or above the national average pass rates.</td>
<td>Typically found on the institution’s specific webpage for your degree program. See example above.</td>
</tr>
</tbody>
</table>
What are the requirements for your career? Is graduate school necessary?
What degree program will set you up for a higher-paying, in-demand job in your field?
Which institutions offer the best outcomes for the lowest cost (most value)?

Borrow the least amount possible for graduate school.
Savings/income are an effective way to minimize how much you will need to finance and will make graduate school more affordable.
Leverage financial aid offers from schools you’re accepted into to negotiate your scholarship aid package and/or tuition as soon as you have been accepted and before you make your final decision.

DTI is a measure of how much debt you have, including interest, relative to your income.
Ideally, you will want your debt-to-income ratio to be as low as possible with 15% as the recommended upper bound for your student debt.
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