

# Evaluating Graduate School as an Investment

March 2023



# CONTENTS

1. Roadmap to Evaluating Graduate School as an Investment of Money & Time
2. Researching your Career Path
3. Choosing your Degree Program
4. Selecting your Institution

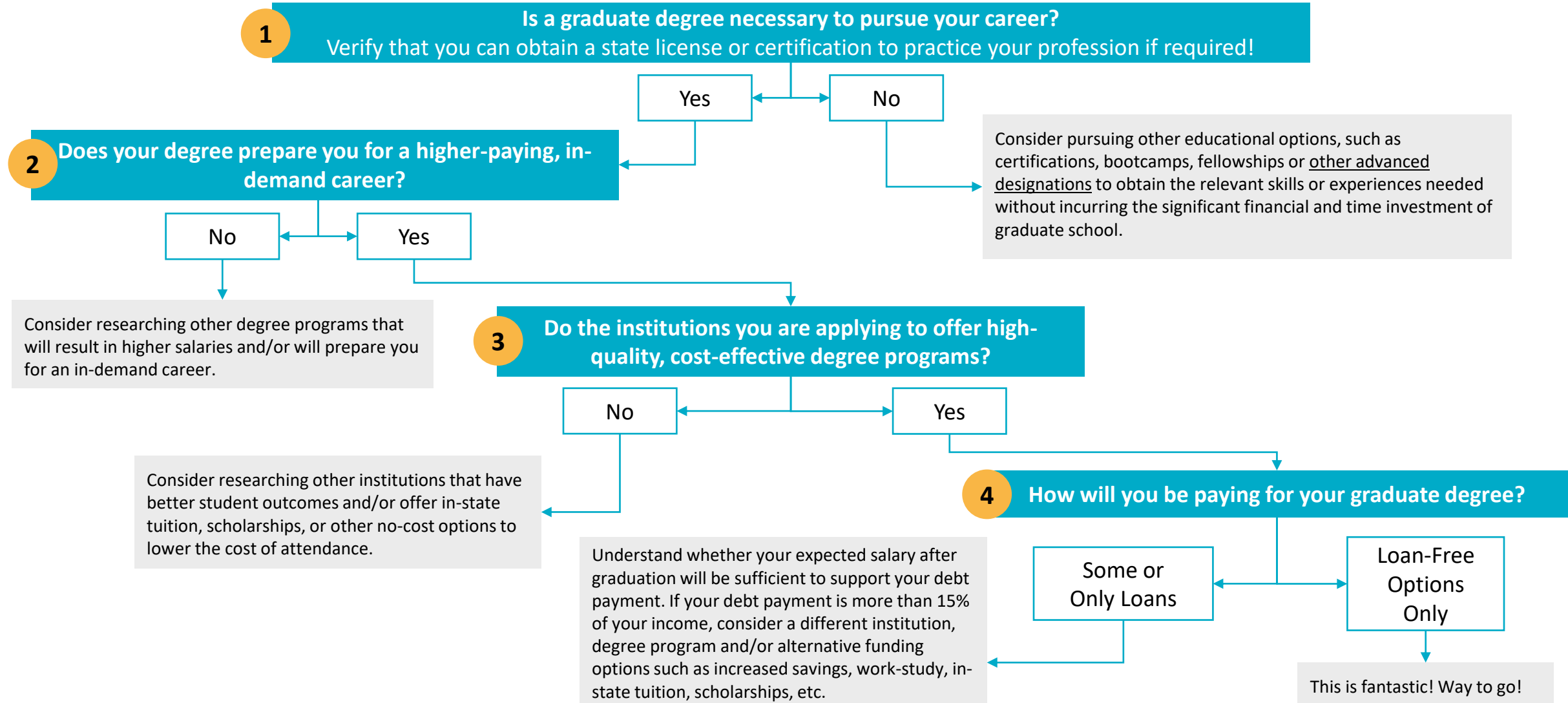
# GOALS

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

# Roadmap to Evaluating Graduate School as an Investment of Money & Time

# GRADUATE SCHOOL IS AN INVESTMENT OF MONEY & TIME IN YOUR FUTURE

This decision tree could be a useful roadmap to evaluate the return on investment of pursuing a graduate degree



# 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



# Choosing your Graduate 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.

## Is there demand for jobs that require your graduate degree in the labor market?

1. If a graduate degree is required for your career aspiration, 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. There may be private loans available if you have good credit, but you will need to repay these loans.
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.** Please refer to the appendix for more information on professional licenses and certifications.

Occupation	Expected Job Growth (2021-2031) <sup>1</sup>	Median Salary (2021) <sup>2</sup>	Most Commonly Held Degree	
Nurse practitioners	46%	\$120,680	Masters	High Growth
Data scientists	36%	\$100,910	Bachelors	
Physician assistants	28%	\$121,530	Masters	
Speech-language pathologists	21%	\$79,060	Masters	
Financial managers	17%	\$131,710	Bachelors	Moderate Growth
Clinical and Counseling Psychologists	10%	\$82,510	Masters	
Optometrists	10%	\$124,300	Doctorate	
Lawyers	10%	\$127,990	Doctorate	
Education administrators, postsecondary	7%	\$96,910	Masters	
Accountants and Auditors	6%	\$77,250	Bachelors	Negative Growth
Sociologists	5%	\$92,910	Masters	
Elementary school teachers	4%	\$61,400	Masters	
Physicians	3%	\$208,000	Doctorate	
News analysts, reporters, and journalists	-9%	\$48,370	Bachelors	Negative Growth
Computer programmers	-10%	\$93,000	Bachelors	
Nuclear engineers	-11%	\$120,380	Bachelors	



# CHECKLIST FOR CHOOSING YOUR GRADUATE INSTITUTION

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

Metric for Evaluation	Why the Metric is Important	Eligibility Benchmarks	Where to Find the Information
Cost of Attendance	It's important to understand what the <b>overall financial cost of attending a specific institution will be so that you can ensure you are able to afford</b> to attend. Institutions with similar outcomes may have very different costs of attendance.	<b>Loans are available up to the eligible degree's annual loan cap each year.</b> Loans caps are set at the debt level equivalent to a debt-to-income ratio less than or equal to 20% for a 20 year post-grace period repayment term (more on this in the next section).	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.
Degree Program Accreditation	Attending an <b>accredited degree program is often a prerequisite to practice and obtain a license</b> in a particular field after graduation.	<b>Must be an accredited degree program</b> at the institution.	Found on the institution's specific webpage for your degree program.
3-year Average Cohort Default Rate	Low cohort default rates (CDRs) indicate that students from that institution have <b>post-graduation incomes that can support the debt they take on to attend.</b>	<b>3-year average CDRs less than 8%.</b> The eligible scholarship programs' partner institutions with CDRs between 8-12% will be considered on a case-by-case basis.	You can search this <a href="#">database</a> for your institution's CDR.
Graduation Rate	High graduation rates are correlated with institutional quality, indicating that <b>students who start the program are likely to complete their degree</b> within a specified time period.	<b>A target graduation rate of 80%</b> within 150% of the specified time to complete the degree. For example, if the program is 2 years, then the graduation rate would look at the proportion of students who completed the degree within 3 years.	Found on the institution's specific webpage for your degree program.  <b>Example:</b> A student pursuing a Master's of Counseling at Arizona State University would navigate to the <a href="#">following page</a> and locate the 'Program Outcomes' header at the bottom of the page, where the student could locate <a href="#">annual program reports</a> and key stats on historical program outcomes.
Job Placement Rate	High job placement rates indicate that <b>the labor market values a degree from that institution and that the institution prepares students well</b> for their careers.	<b>A target job placement rate &gt;85%</b> (or residency match rate for some medical fields) .	Found on the institution's specific webpage for your degree program. See example above.
National Exam Pass Rate	High exam pass rates indicate that the institution equips students with the <b>necessary training and signals a higher likelihood of obtaining a job in the student's field</b> , which is often conditioned on passing licensing exams.	This will vary by profession but must be <b>on par with or above the national average pass rates.</b>	Found on the institution's specific webpage for your degree program. See example above.

# Recap

# RECAP OF EVALUATING THE ROI OF GRADUATE SCHOOL

## Research your career, degree program, and institution

- 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 (most value) for the lowest cost?**

## Save, save, save!

- **Borrow the least amount possible for graduate school.**
- Savings/income will be the best ways 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 tuition **as soon as you have been accepted and before you make your final decision.**

## Understand your DTI ratio

- 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.**
- The Dreamer Graduate Loan Program will finance up to the eligible degree loan cap, which is based in a DTI ratio of no more than 20% using a 20-year repayment period after the grace period.

# DISCLOSURE

The information in this presentation is not a recommendation or an offer of any securities and is provided solely for your informational purposes. Any references to securities listed in this document are not intended to constitute a current or past recommendation, investment advice of any kind, or a solicitation of an offer to buy or sell any securities or investment services. As described in this presentation, investments in Social Impact Bonds, Career Impact Bonds, other impact finance products, and any securities involve various risks, including potential loss of the invested principal. Investors should consider their individual financial objectives and investment risks when evaluating a security. Past performance is not a guarantee or indicator of future results or returns.

In preparation of this presentation, the authors used sources that they believe to be reliable but cannot guarantee their accuracy or completeness. The content of this presentation is current as of the date of its writing without regard to the date on which you may access this information, and is subject to change at any time and for any reason.

Social Finance does not provide tax advice. Accordingly, any discussion of US tax matters included in this presentation are not intended to be written or used, and cannot be used, in connection with the promotion, marketing, or recommendation by anyone (affiliated or not affiliated with Social Finance) of any security. Please consult your tax or financial professional about your specific situation.