Evaluating Graduate School as an Investment

March 2023
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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.

1. **Is a graduate degree necessary to pursue your career?**
   - **Yes**
   - **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**

   Consider researching other degree programs that will result in higher salaries and/or will prepare you for an in-demand career.

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

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

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

This is fantastic! Way to go!
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

[Logos of various educational institutions]
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.

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.

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

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


Subject to Change
# CHECKLIST FOR CHOOSING YOUR GRADUATE INSTITUTION

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

<table>
<thead>
<tr>
<th>Metric for Evaluation</th>
<th>Why the Metric is Important</th>
<th>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 what the <strong>overall financial cost</strong> of attending a specific institution will be 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>Loans are available up to the eligible degree’s annual loan cap each year. 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).</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 <strong>accredited degree program is often a prerequisite to practice and obtain a license</strong> in a particular field after graduation.</td>
<td><strong>Must be an accredited degree program</strong> 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 <strong>post-graduation incomes that can support the debt they take on to attend.</strong></td>
<td>3-<strong>year average CDRs less than 8%</strong>. 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 CDR.</td>
</tr>
<tr>
<td>Graduation Rate</td>
<td>High graduation rates are correlated with institutional quality, indicating that <strong>students who start the program are likely to complete their degree within a specified time period.</strong></td>
<td>A <strong>target graduation rate of 80% within 150% of the specified time to complete the degree.</strong> 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.</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 would navigate to the following 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 <strong>labor market values a degree from that institution and that the institution prepares students well for their careers.</strong></td>
<td>A <strong>target job placement rate &gt;85%</strong> (or residency match rate for some medical fields).</td>
<td>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>This will vary by profession but must be <strong>on par with or above the national average pass rates.</strong></td>
<td>Found on the institution’s specific webpage for your degree program. See example above.</td>
</tr>
</tbody>
</table>
Recap
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?

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.

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.
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