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Is college still a good deal?

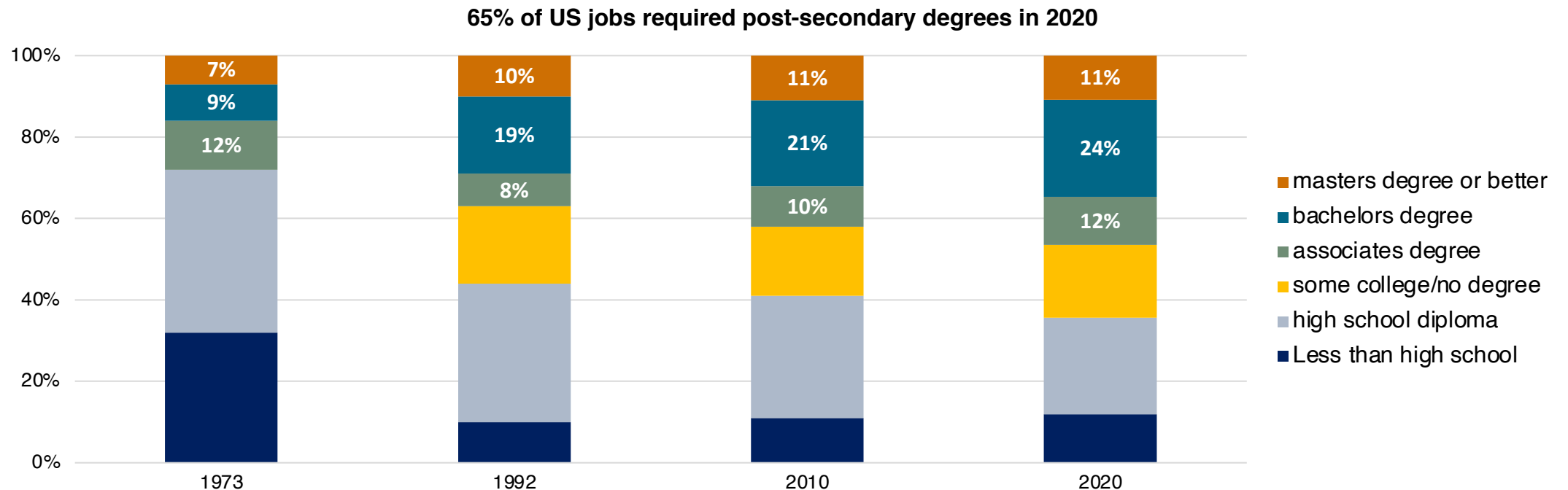
Member exclusive by



Chika Dunga

College and the modern economy

Well-paying American jobs increasingly require a college degree, so more young adults are getting them—despite their rising cost. For many, living on campus to earn a four-year degree justifies the cost. However, as the pandemic has pushed campus life online, some students have questioned whether paying \$40,000 in tuition makes sense. The pandemic exposed the shortcomings of the current college business model and has caused some to reimagine its future.



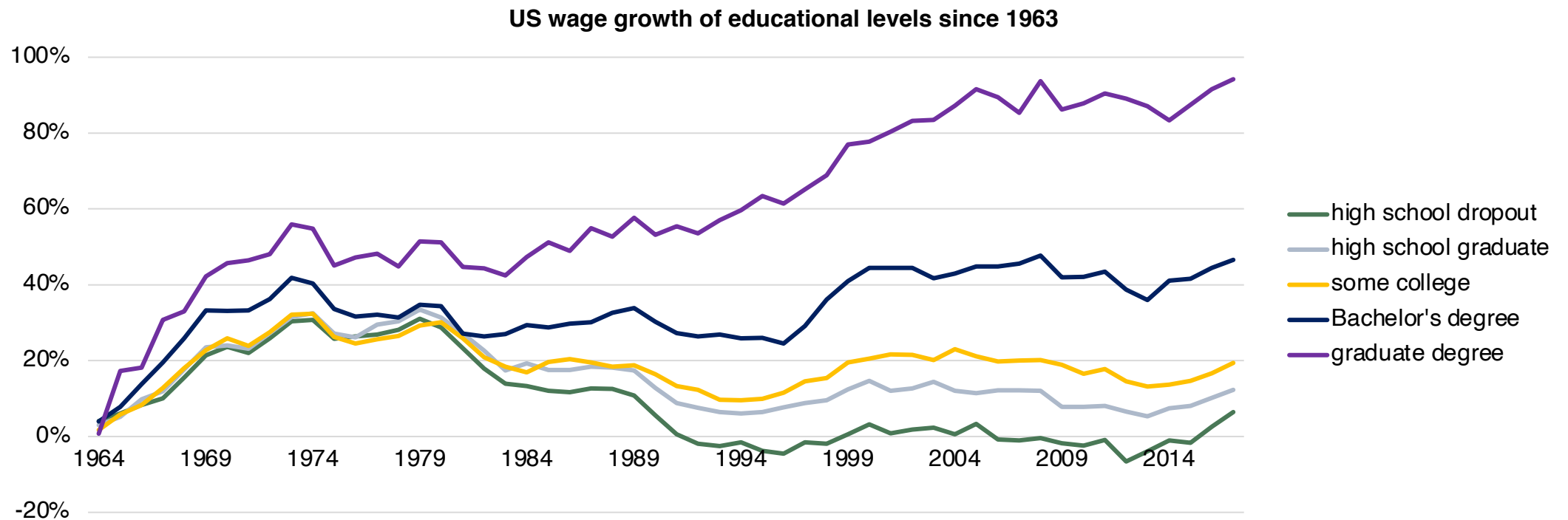
College glossary

College [is](#) “an independent institution of higher learning offering a course of general studies leading to a bachelor’s degree,” according to Merriam Webster.

Type of institution	# of Years	Type of degree	Total undergraduates enrolled in 2018-19	Average tuition, 2018-19	Room and board
Public community college	2	Associate	8.2 million	\$3,313	N/A
Public state universities	4	Bachelor’s	14.5 million	\$9,212	\$11,386
Private nonprofit universities	4	Bachelor’s	4.1 million	\$34,578	\$10,514
For-profit colleges	4	Bachelor’s	~1 million	\$14,715	\$11,860

College graduates still earn more

It may be pricey, but a college degree opens graduates up to more earning potential. A college graduate [rakes](#) in on average \$765,000 more in lifetime earnings than a high school graduate. For workers without a college degree, wages have declined.

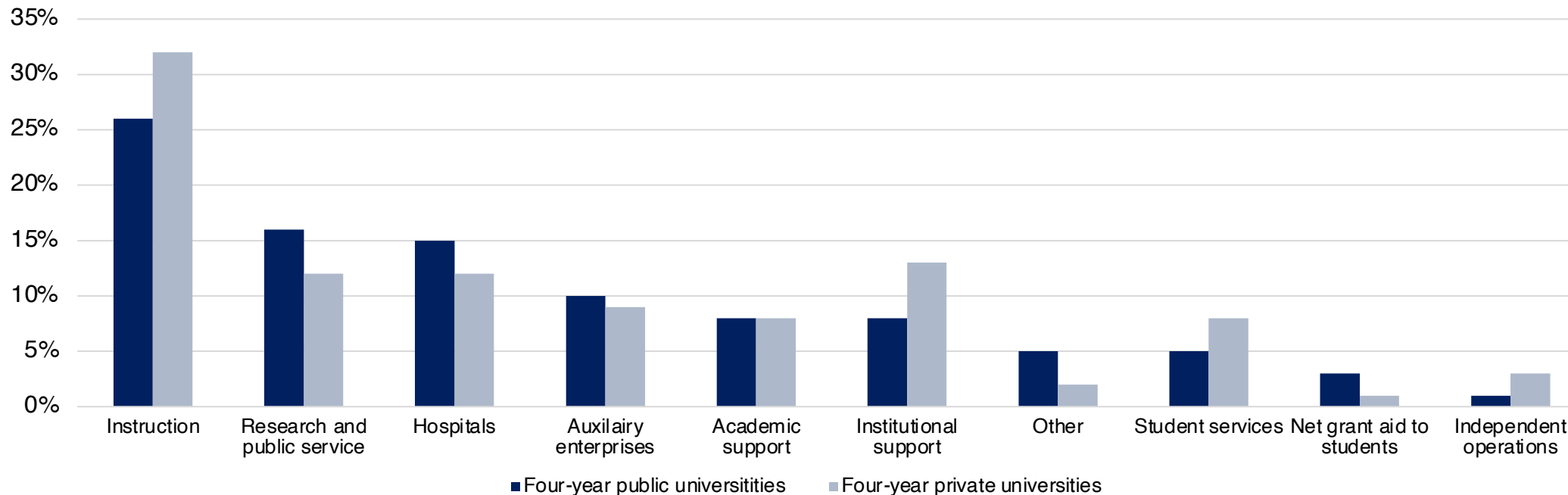


But it comes at a price

Since the late 1980s, tuition has [doubled](#) for both public and private institutions, far outpacing the average worker's salary. Factors behind that increase include lower state funding for public schools, colleges [boosting](#) tuition to fund merit scholarships, and [fancy facilities](#). Despite the price tag, the traditional four-year on-campus experience is the [most popular](#).

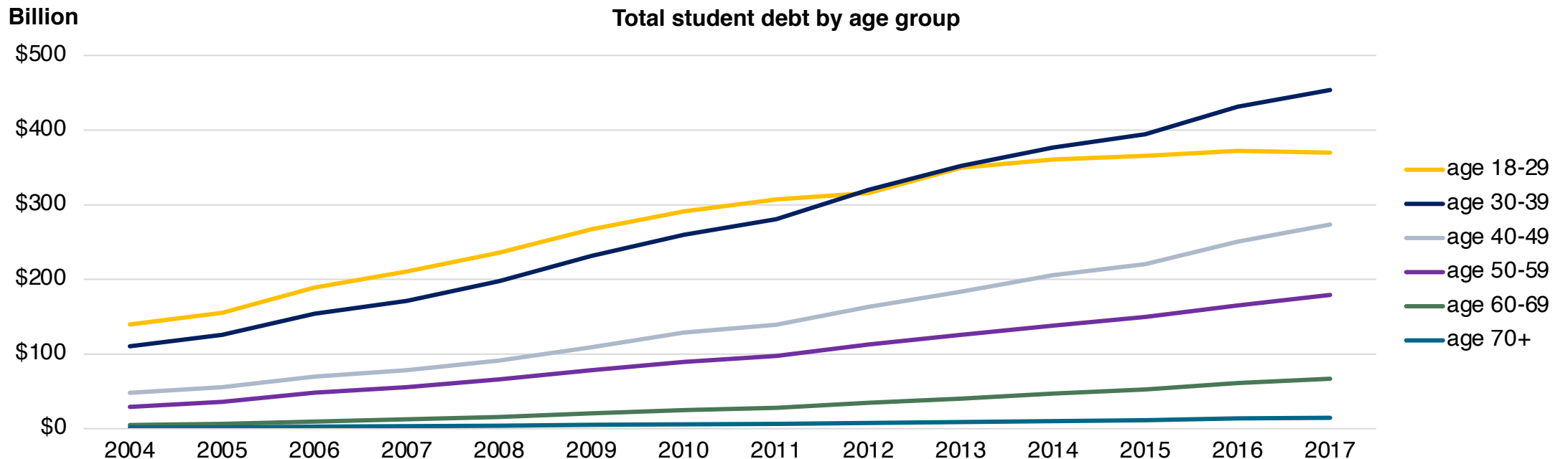
% of overall annual budget

How US colleges spend their money, 2016-2017



Mountains of debt

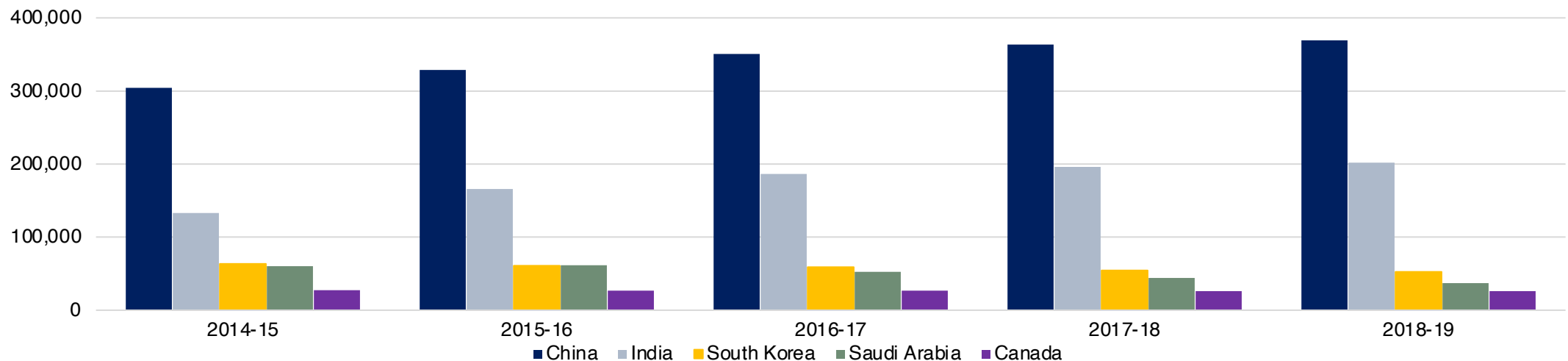
The potential payoff from a college degree is enough that students are increasingly willing to take out more and more loans. US education debt [totals](#) \$1.7 trillion, second only to mortgage loans. In the class of 2019, nearly seven out of 10 students [took out](#) a loan, with an average amount of \$29,000. The number of borrowers that default will likely grow to 40% by 2023, according to the [Brookings Institute](#).



Flaws in the business model

Though elite American universities have the luxury of [multi-billion-dollar](#) endowments (money and assets) to support operations, other colleges depend primarily on tuition and [auxiliary services](#), such as housing and dining facilities, to keep operations humming. Vacant campuses during the pandemic mean institutions are missing out on their biggest source of revenue. American colleges also rely on international students, who [make up](#) 5.5% of the US undergraduate population and often pay the full sticker price, to keep their budgets in the black. In 2018, international students [contributed](#) \$44.4 billion to the US economy.

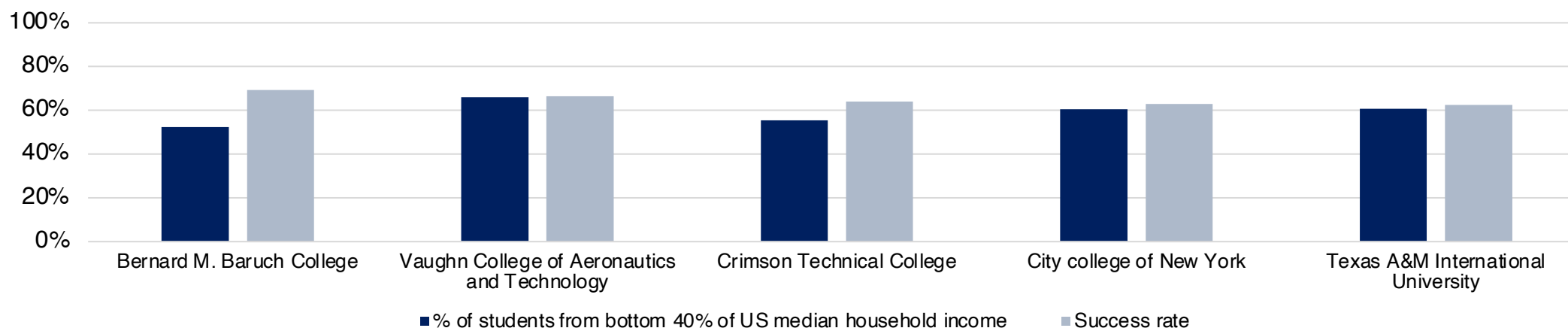
Where the highest number of international students in the US come from



Social mobility or not

The best argument in favor of college is that it increases graduates' earning potential. But that depends on the school. College graduates earning top salaries [often attended elite institutions](#), but many of them were already rich before they stepped on campus. A [2017](#) study found that, at 12 elite private colleges, on average more than two-thirds of students are from families in the top quintile of US median household income, while approximately 4% are from the bottom quintile. Financial pressures [force colleges](#) to give admission preference to [students](#) who can pay full tuition. Surprisingly, less prestigious schools have better track records for driving social mobility.

Top five colleges with the highest mobility success rate

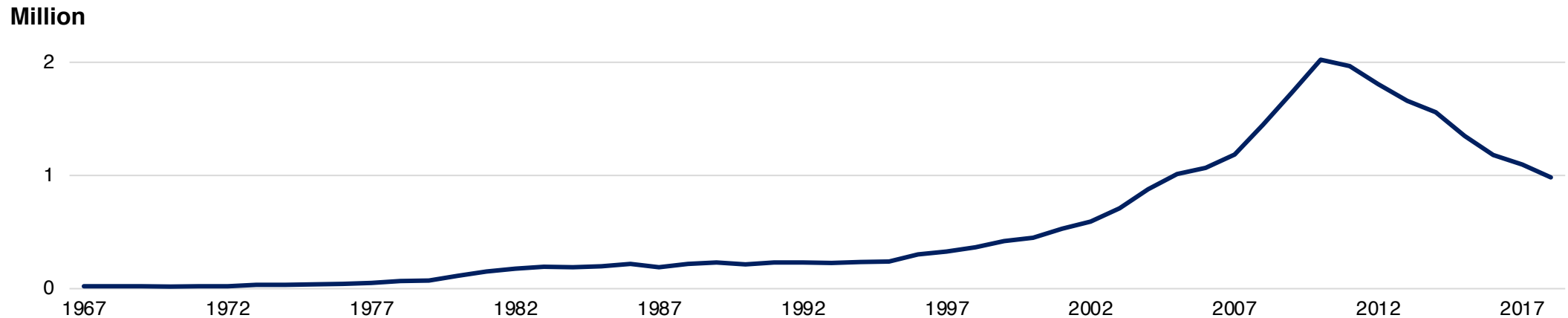


Success rate measures the proportion of lower-income students who ended up in the top 40%.

Logging on for college

Online college is another option to save money. Online universities attract a [different type of student](#): people of color, lower-income, women, and older, though a growing number of younger students are joining their ranks. Despite [high enrollment](#), online schools—especially the big for-profit institutions—have the [lowest graduation](#) rates as students rack thousands of dollars in debt. Though some online universities have [committed fraud](#) and used [predatory marketing practices](#), there are [some gems](#) that offer a solid education at a fraction of the cost of a private university.

The rise and fall of for-profit universities: total fall enrollment



Alternatives to college

For students who have more specific career goals or who simply aren't interested in a traditional degree, there's a new crop of programs to [replace](#) or complement college degrees. All promise to get students educated and job-ready in a short period of time, and for a much lower price.

Type of alternative	Description	Time to complete	Cost	Leading online programs
Bootcamps	Short, intense training sessions that prepare students for tech jobs. Most students are professionals with college degrees seeking a career transition.	3-12 months	\$13,579/year (average)	Thinkful, Flatiron School, Byte Academy
Micro degrees/certificate programs	Hyper-focused online degrees designed to be immediately applicable to a profession. Accreditation varies.	6 months	\$39/month - \$399/month	Udacity, Coursera, LinkedIn Learning, Google certificates
Last mile education	Mini-degrees job candidates complete before applying for a role.	1-5 months	\$0/month - \$555/month	SV Academy, Pathstream

Whose responsibility is it to educate?

Beyond colleges, companies are stepping up to educate workers. Tuition reimbursement programs used to be reserved for white-collar professionals but are now reaching lower-wage workers. There are also talks of the US government [completely covering](#) public college education for specific income brackets. This initiative [already exists](#) in certain states at the community college level for those that qualify.

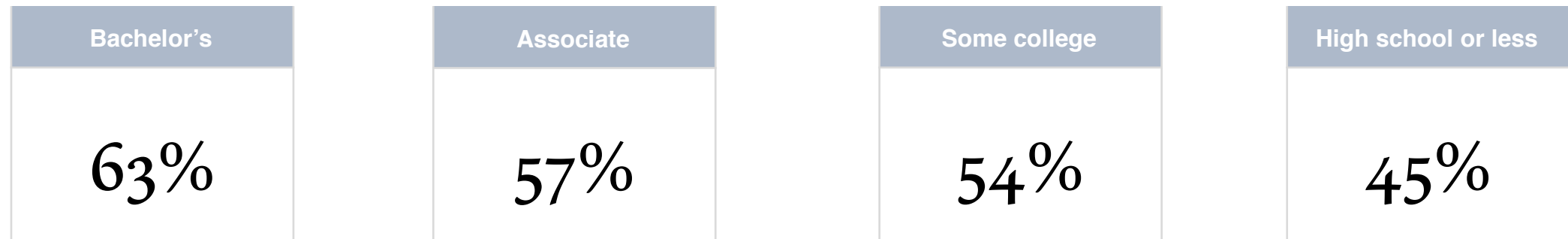
Company program	Program description	Eligibility
Amazon	A series of programs to move associates into highly skilled technical and non-technical roles across the company.	Available to employees across corporate offices, tech hubs, fulfillment centers, retail stores, and transportation networks.
Walmart's Live Better U	Debt-free college is available to associates in technology, business, or supply management. High school associates can also receive up to seven free college credits. Free ACT and SAT prep offered.	Associates and eligible family members.
Starbucks College Achievement Plan	100% tuition coverage for part- or full-time employees to receive a first-time bachelor's degree from Arizona State University's online program.	Must be a Starbucks employee. Must be a first-generation college student. Tuition doesn't cover books, laptops, and other supplies.
AT&T	Online courses offer training to new and prospective employees. The company also partners with online education companies as well as established universities to hone technical and other skills.	AT&T employees

Where do we go from here?

The future of college is one with a diverse user experience. Some who can afford it will enjoy the traditional route. Others will opt for a non-traditional format that costs less money or even venture abroad for a [tuition-free](#) education. Regardless of the route, what matters is that the road to social mobility is kept traffic-free with plenty of education options. Continuing education post-college will also be more common. [According](#) to a Pew Research survey, 87% of workers say they will continue to learn new skills.

What adults think of the need for continuing education.

Proportion of workers with various education levels who say continuing education is essential throughout their career.



Want to know more? Read Quartz coverage on higher education.

- [History will look back on 2020 as a turning point for US universities](#). The pandemic illuminated weaknesses in college business models.
- [How to educate the world without so much debt](#). There has to be another way.
- [America's top colleges are not the engines of social mobility they say they are](#). America's best schools mostly admit rich students.
- [Public universities are buying the for-profit schools their professors criticize](#). Schools are venturing into online territory, a disputed aspect of higher education.
- [Is it still worth studying in the US as an international student?](#). The pandemic and an ever-changing immigration policy are forcing students to reconsider their options.

You'll also enjoy our member-exclusive field guides: [Beyond student debt](#) and [Higher ed goes remote](#).

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