Are College Degrees Worth the Cost?

March 25, 2013 - With college loan debt now exceeding $1 Trillion, and default rates on college loans now exceeding 13%, every prospective college student needs to take a close look at what they are buying. After all, if you are going to take out a loan for something that can cost as much as a house, doing a little investigation first might be wise. Now, there is a very simple way for college bound students to get a lot of information in a simple, graphical display. And that information is being distributed by the White House.

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It is called the College Scorecard and it is available through the White House website. The information provided is not all that comprehensive. For instance, you can't look at a particular major at a specific college and find out how much graduates make when they get out. You can't even tell how many graduates even find employment right away. Nor does it provide any information on graduate school programs. But if you are considering undergraduate programs, you can get some very valuable information in just a few clicks.

The Scorecard will tell you what percentage of students graduate from each campus. It will also tell you what the loan default rate at that campus is. Those two items alone will give you a pretty good idea about how good the school is.

A quick search using two different schools can give you a pretty good idea about the value of what you are buying. I did searches on the University of Phoenix Online Campus and the University of Colorado at Boulder (CU). The difference in results was startling.

In the University of Phoenix search, only 17% of full time students graduated within 150% of the time typically allotted to

students to obtain a degree. By comparison, 68.1% of full time students at CU Boulder graduated in the same amount of time. The default rate on loans from CU was only 3.6% even though the average borrowing family took out more than $21,000 in debt. At the University of Phoenix, it was a whopping 26.4% on an average of 11,750 in debt.

Making this information available to families prior to the time that a student enrolls is extremely valuable. The way that the site is setup, users can look at the data in several different ways. If you know what you want to major in, the site will provide a list of schools that offer the major. You can then view the data on expenses, loans and default rates for each campus. Or, if you want to attend school in a specific geographic area, you can go through the data for each campus located in that area.

For the budget-minded student or family, the Scorecard provides a great starting point to research the costs and value of a college degree. And if the data is used wisely, it could help prevent costly decisions to invest in an education when there is very little chance of getting a return on that investment.

byJim Malmberg
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