Graduate Degrees

Risky and Unequal Paths to the Top

EXECUTIVE SUMMARY

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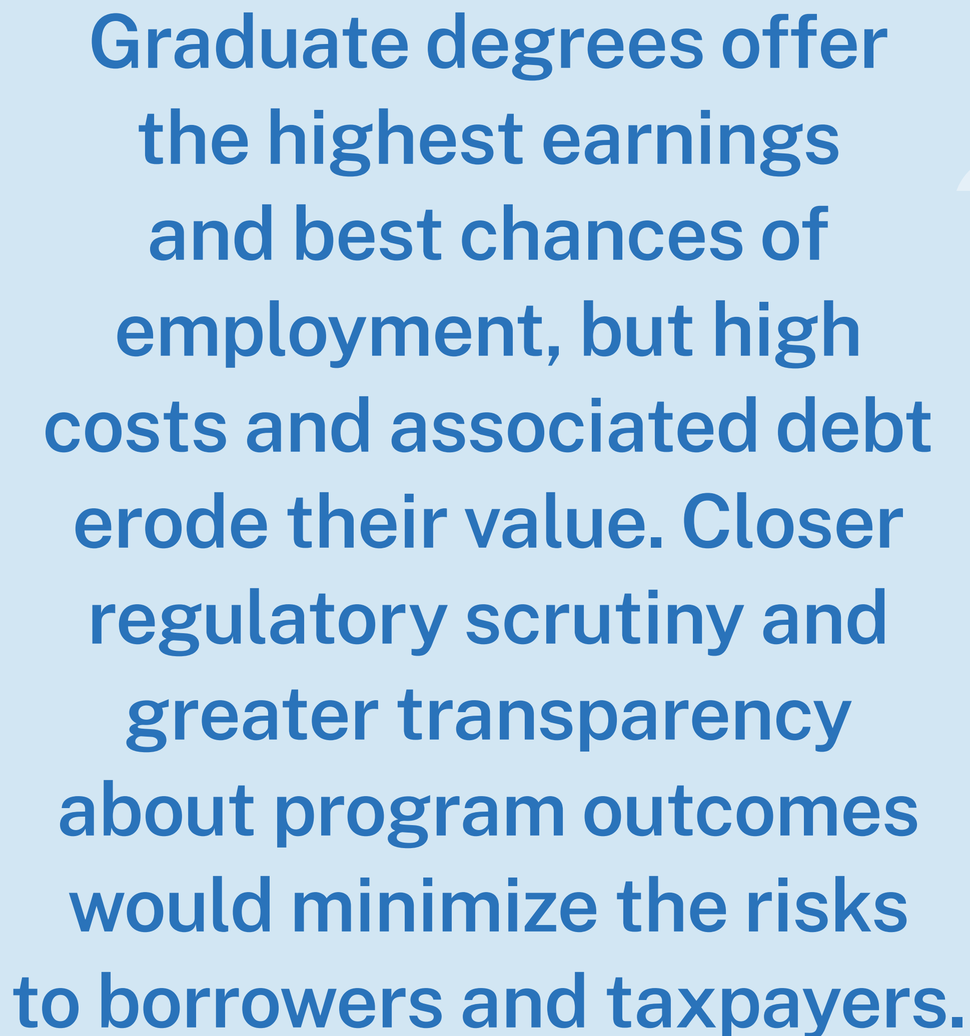


Graduate degrees offer the highest earnings and best chances of employment, but high costs and associated debt erode their value. Closer regulatory scrutiny and greater transparency about program outcomes would minimize the risks to borrowers and taxpayers.

The High Rewards and High Costs of Graduate Degrees

Graduate degrees — including master's, professional, and doctoral degrees — offer the highest earnings prospects and best chances of employment of all educational credentials. The graduate-to-bachelor's-degree earnings premium has held steady for the past 30 years and has even increased for doctoral degrees.[1] Yet despite these economic advantages, the rising costs and debt associated with earning a graduate degree are eroding these degrees' value.

Since 2000, the median net tuition and fees among graduate degree programs have more than tripled,[2] and the median debt principal among graduate student borrowers has grown from $34,000 to $50,000 (**Figure 1**). High debt is not necessarily a problem if graduates earn enough to repay their debt. However, returns to graduate education vary substantially by field of study,[3] and some graduate programs leave completers with debt that they cannot reasonably repay from their earnings. When borrowers can't repay their loans, taxpayers often pick up the remainder of the tab. Minimizing the risks to borrowers and the costs to taxpayers will require closer regulatory scrutiny and greater transparency about graduate program outcomes.

Debt and Earnings Trends in Graduate Education

For more information on graduate degrees, including

- earnings and earnings premiums by degree type and field of study;
- changing trends in popularity of different fields of study;
- trends in cost and debt associated with graduate programs;
- graduate debt by field of study; and
- equity gaps in graduate degree attainment and outcomes by race/ethnicity and gender

please see *Graduate Degrees: Risky and Unequal Paths to the Top.*

To see how all graduate programs in the College Scorecard would perform on our proposed in-field earnings premium and debt-to-earnings tests, visit our online data tool.

1 Georgetown University Center on Education and the Workforce analysis of data from the US Census Bureau and Bureau of Labor Statistics, Current Population Survey, 1992–2022.

2 Georgetown University Center on Education and the Workforce analysis of data from the US Department of Education, National Postsecondary Student Aid Study (NPSAS): Graduate Students (GR), 2000 and 2020.

3 For example, workers with graduate degrees in social sciences (including law) have median earnings that are 54 percent higher than those of workers with bachelor's degrees in the same fields, whereas workers with graduate degrees in the humanities and the arts have median earnings that are 10 percent higher than those with bachelor's degrees in the same fields. Georgetown University Center on Education and the Workforce analysis of data from the US Census Bureau and US National Science Foundation, National Survey of College Graduates, 2021. For more on earnings by graduate degree field of study, see Part II of the full report.

How Graduate Education Financing and Degree Outcomes Put Students at Risk

The risk associated with earning a graduate degree stems in part from the financing available to graduate students. Graduate students have two options for federal student loan financing:

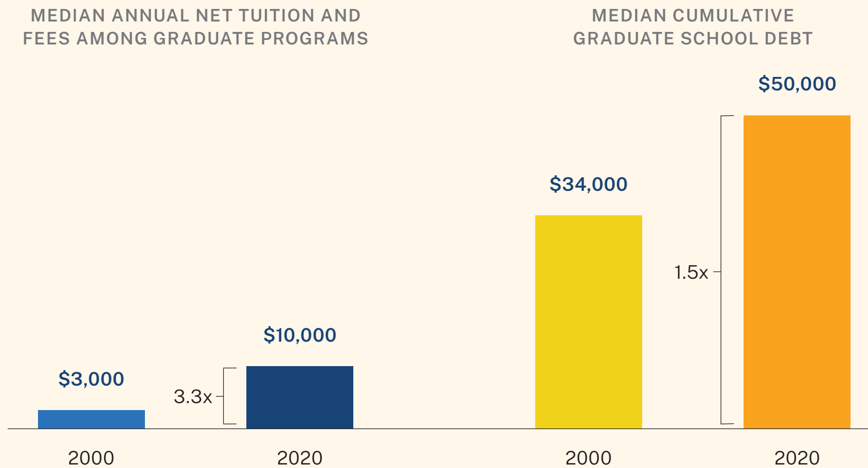
- **Direct Unsubsidized Stafford loans** account for 68 percent of annual federal loan disbursements to graduate students.[4] Students do not need to demonstrate financial need to receive these loans. Graduate students can borrow up to $20,500 annually and up to $138,500 in the aggregate for both undergraduate and graduate studies, with some exceptions.[5]
- **Grad PLUS loans** account for the remaining 32 percent of disbursements. They are typically used by students who require additional funding after exhausting their borrowing through the Direct Unsubsidized Stafford Loan Program.

The federal government does not offer grant aid to graduate students. Those seeking additional financing may rely on private funds, including private student loans.

While Stafford loans currently make up a larger proportion of graduate loans, Grad PLUS loans have a greater potential to exacerbate the escalation of student loan debt. Although Grad PLUS loans make up 32 percent of all graduate student loan disbursements in 2023,[6] these disbursements go to just 16 percent of graduate students,[7] resulting

FIG. 1

The costs and debt associated with graduate education are on the rise.



Source: Georgetown University Center on Education and the Workforce analysis of data from the US Department of Education, National Postsecondary Student Aid Study (NPSAS): Graduate Students (GR), 2000 and 2020.

Note: Median net tuition and fees and median debt amounts are inflation-adjusted to 2022 dollars and rounded to the nearest thousand. The debt totals include federal student loans and loans from other sources (such as states, institutions, and private lenders) and reflect cumulative debt borrowed for graduate studies through the graduation year.

4 Georgetown University Center on Education and the Workforce analysis of data from the Congressional Budget Office (CBO), "Baseline Projections — Federal Student Loan Programs," 2023.

5 Students in certain designated healthcare programs are eligible for higher borrowing limits under the Direct Unsubsidized Stafford Loan Program, up to $26,667 in additional funds annually with an aggregate limit of $224,000. US Department of Education, *2023–24 Federal Student Aid Handbook*, 2023.

6 Grad PLUS loans are projected to make up 38 percent of graduate student loan disbursements in 2033. Georgetown University Center on Education and the Workforce analysis of data from the Congressional Budget Office (CBO), "Baseline Projections — Federal Student Loan Programs," 2023.

7 Research indicates that the median Grad PLUS loan balance has grown from $21,800 to $57,800. Akers et al., *A Framework for Reforming Federal Graduate Student Aid Policy*, 2023.

in high debt levels for these students. Grad PLUS loans broaden access to graduate education and provide a financing option with more borrower protections than the private loan market. But the Grad PLUS Loan Program has unintended consequences: Grad PLUS loans are limited only by the cost of attendance, an amount set by institutions, and they are not subject to any annual or aggregate limits.[8] These conditions incentivize higher student borrowing while doing little to encourage universities to rein in costs.

Thus, while the Grad PLUS Loan Program is intended to improve access to the economic promise of graduate education, there is evidence that the program has led to price increases at higher-cost institutions without substantially improving access for underrepresented student groups.[9] In fact, Grad PLUS loans may be putting vulnerable students at greater risk. Graduate students with Grad PLUS loans are

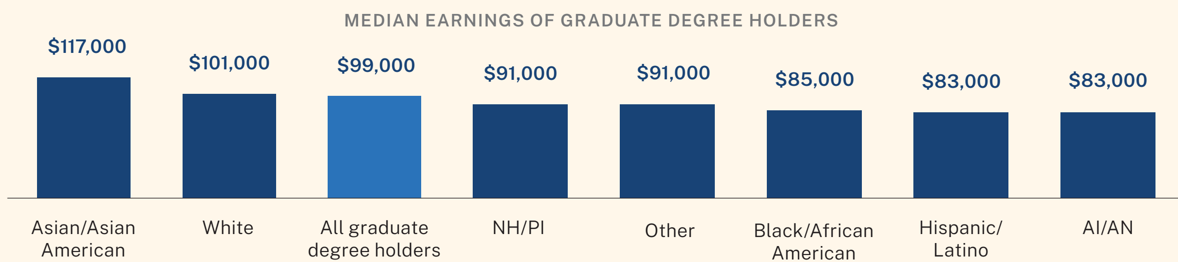
- **More likely to be enrolled in high-cost programs** — Thirty percent of graduate students at programs with annual tuition and fees in excess of $70,000 take out Grad PLUS loans, compared to 5 percent of students at programs with annual tuition and fees of less than $25,000.[10]
- **More likely to have low incomes and come from marginalized backgrounds** — Sixty-eight percent of Grad PLUS borrowers have incomes of less than $30,000, compared with 46 percent of all graduate students. Black/African American students are especially overrepresented among Grad PLUS borrowers; they make up 16 percent of all Grad PLUS borrowers, compared with 12 percent of all graduate students.[11]

The disproportionate reliance on Grad PLUS loans among members of historically underrepresented racial/ethnic groups is especially concerning because workers with graduate degrees in these groups tend to have lower earnings than similarly educated white and Asian/Asian American workers. Among graduate degree holders, American Indian/Alaska Native adults and Hispanic/Latino adults earn $83,000 annually at the median, while Black/African American adults earn $85,000 at the median — much lower than the median earnings for Asian/Asian American adults ($117,000) and white adults ($101,000) (Figure 2).

FIG. 2

Median earnings among American Indian/Alaska Native and Hispanic/Latino workers with graduate degrees are $16,000 less than the median earnings of all graduate degree holders.

MEDIAN EARNINGS OF GRADUATE DEGREE HOLDERS



Source: Georgetown University Center on Education and the Workforce analysis of data from the US Census Bureau and Bureau of Labor Statistics, Current Population Survey, 2018–22 (pooled).

Note: AI=American Indian, AN=Alaska Native, NH=Native Hawaiian, and PI=Pacific Islander. Earnings are for full-time, full-year workers ages 25–64 with graduate degrees and are inflation-adjusted to 2022 dollars and rounded to the nearest thousand.

8 US Department of Education, *2023–24 Federal Student Aid Handbook*, 2023.

9 Black et al., "PLUS or Minus?," 2023.

10 Grad PLUS borrowers are also more likely to be enrolled in professional degree programs and more likely to be enrolled at private nonprofit institutions, with both of these factors contributing to higher costs. Georgetown University Center on Education and the Workforce analysis of data from the US Department of Education, National Postsecondary Student Aid Study (NPSAS): Graduate Students (GR), 2020.

11 Georgetown University Center on Education and the Workforce analysis of data from the US Department of Education, National Postsecondary Student Aid Study (NPSAS): Graduate Students (GR), 2020.

An Improved Regulatory Framework to Address Cost and Debt

To address the issues of rising costs and debt without a commensurate increase in earnings, we propose a new regulatory framework that would ensure a basic return on investment and provide greater transparency around outcomes. Our framework is modeled on the Education Department's Gainful Employment (GE) and Financial Value Transparency (FVT) regulations, but it aims specifically to mediate access to the Grad PLUS Loan Program.[12]

While some critics argue for ending the Grad PLUS program altogether, we believe that such a move would be akin to using a hatchet when a scalpel is a more appropriate tool. The Grad PLUS Loan Program provides an important service by making graduate education more broadly accessible, and it offers better terms and more borrower protections than private loans. However, it is of limited benefit to those students who cannot reasonably expect to repay their Grad PLUS loans without undue financial burden.

Minimizing the financial risks of graduate education for individual borrowers — and the costs to taxpayers — will require both closer regulatory scrutiny and greater transparency about graduate program outcomes.

Our regulatory framework rests on two tests, intended to ensure (1) that graduate degree holders earn at least as much as workers with bachelor's degrees in the same broad field of study, and (2) that graduates are not overly burdened with debt. These tests are as follows:

- **In-field earnings premium test** — Program graduates must have median earnings that are at least 5 percent above the median earnings of young workers (ages 25–34) who are not enrolled in postsecondary education and who hold bachelor's degrees in the same broad field of study in the state where the institution is located.[13]
- **Debt-to-earnings test** — Median graduate federal loan payments must not exceed 10 percent of program completers' median discretionary earnings, defined as earnings above the living wage for a single individual without children in the state where the program is located.[14]

Under this proposal, if a graduate program fails either test for two of three consecutive academic years, its students will not be eligible to receive Grad PLUS loan funding. In addition, all graduate programs will be required to notify prospective students of their performance on these tests. Students who enroll in programs that fail either test will have to provide a signed acknowledgment that they were informed of this fact prior to receiving Title IV financial aid funds. Taken together, these regulations would introduce some cost discipline to institutions and provide transparency on program performance to students.

12 GE regulations apply to graduate degree programs at for-profit colleges and universities, as well as graduate certificate programs across all institutions. FVT regulations apply to graduate degree programs at public and nonprofit colleges and universities. US Department of Education, "Financial Value Transparency and Gainful Employment," 2023.

13 This test uses the reference group recommended by Matsudaira and Turner (2020) (bachelor's degree holders in the same broad field as the graduate degree program and in the same state as the institution). Instead of subtracting amortized program costs from graduates' earnings, as Matsudaira and Turner recommend, we use a separate debt-to-earnings test to measure affordability, adding a 5 percent cushion to account for noise in the data; Matsudaira and Turner, *Towards a Framework for Accountability*, 2020. For more information about our proposed in-field earnings premium test, see Appendix A of the full report.

14 If median annual earnings for program graduates are below the living wage for the state where the program is located, the program will fail this metric regardless of borrowers' debt levels; Glasmeier, "Living Wage Calculator," 2023. We calculate expected debt payments using a graduated repayment option adjustment to account for earnings growth over the course of borrowers' careers. The repayment periods we use for loan payment calculations are 15 years for master's degrees and 20 years for doctoral and professional degrees. For more information on the construction of our proposed debt-to-earnings test metric, see Appendix A of the full report.

Some may argue that graduate degree programs require an even stricter standard than the one we have outlined, with a higher earnings threshold than we recommend. However, we believe that such an approach would be overly restrictive, limiting individual choice for students who may want to pursue graduate education options with lower earnings due to academic or personal interests. As long as programs are transparent about their financial outcomes, offer at least some earnings benefits, and enable completers to attain earnings sufficient to repay their loans without financial duress or additional cost to taxpayers, students should be allowed to obtain financing to enroll, including through the Grad PLUS Loan Program.

Some may also worry that the standards will discourage students from pursuing certain high-cost, high-debt graduate healthcare programs that are necessary to meet public health needs. But these programs will not be affected by our proposed regulations. While completers of these programs tend to have some of the highest borrowing levels of all graduate degree holders,[15] much of their additional borrowing takes place through Stafford loans, which carry higher limits for many healthcare programs.[16] In addition, residency requirements for many medical and other health professionals mean that their early-career earnings are not representative of what they are likely to earn as fully trained, licensed professionals.[17] Due to the unique nature of these programs — and their role in meeting the public health needs of many communities — we recommend that federal policymakers (in consultation with public health experts and the medical community) consider the viability of developing separate outcomes-based accountability standards for these programs.

15 Among graduate degree students completing their programs, 54 percent of those who studied healthcare have more than $45,000 in cumulative graduate student debt, whereas 54 percent of those who studied any other field do not have any graduate student debt. Georgetown University Center on Education and the Workforce analysis of data from the US Department of Education, National Postsecondary Student Aid Study (NPSAS): Graduate Students (GR), 2020.

16 Students in Doctor of Allopathic Medicine, Doctor of Osteopathic Medicine, Doctor of Dentistry, Doctor of Veterinary Medicine, Doctor of Optometry, Doctor of Pediatric Medicine, and Doctor of Naturopathic Medicine or Doctor of Naturopathy programs are eligible for an additional $20,000 annually if they are in a 9-month-academic-year program and an additional $26,667 if they are in a 12-month-academic-year program. Students in Doctor of Pharmacy, Doctor of Chiropractic, Doctor of Clinical Psychology, and master's or doctoral degrees in public health or health administration are eligible for an additional $12,500 in direct unsubsidized Stafford loans if they are in a 9-month-academic-year program and an additional $16,667 if they are in a 12-month-academic-year program. US Department of Education, *2023–24 Federal Student Aid Handbook*, 2023.

17 The median earnings of workers ages 40–49 with a professional degree in health are over $210,000; Georgetown University Center on Education and the Workforce analysis of the data from the US Census Bureau and US National Science Foundation, National Survey of College Graduates, 2015, 2017, 2019, and 2021 (pooled).

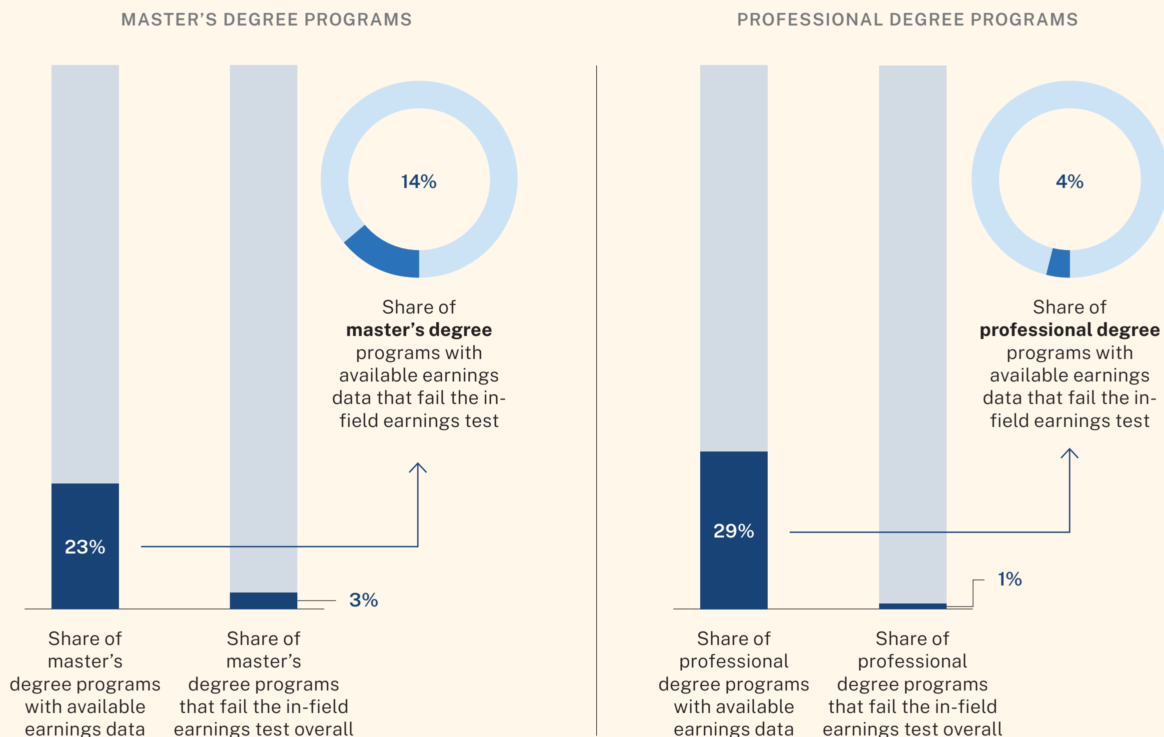
How Graduate Programs Perform on Our Proposed Regulatory Tests

Based on our evaluation of programs with available data, 14 percent of master's degree programs and 4 percent of professional degree programs would fail our proposed in-field earnings premium test.

More troublesome, among graduate programs with available data, 41 percent of master's degree programs and 67 percent of professional degree programs would fail our debt-to-earnings test.[18]

FIG. 3

Approximately 14 percent of master's degree programs with available data would not pass our in-field earnings premium test.



Source: Georgetown University Center on Education and the Workforce analysis of data from the US Department of Education, College Scorecard, 2023; and the US Census Bureau, American Community Survey (ACS), 2009–21 (pooled).

Note: Earnings from the College Scorecard are measured four years after graduation. The in-field earnings premium is calculated relative to the earnings of 25-to-34-year-olds with bachelor's degrees in the same field of study working in the state where the institution is located. Doctoral degree programs are excluded from this figure due to the exceptionally low availability of earnings data in the College Scorecard. The following programs are also excluded from this analysis due to potentially atypical earnings trajectories: master's degree programs in clinical, counseling, and applied psychology; master's degree programs in mental and social health services and allied professions; professional degree programs in healthcare professions; professional degree programs in clinical, counseling, and applied psychology; and professional degree programs in mental and social health services and allied professions.

18 Doctoral degree programs are excluded from these analyses due to the exceptionally low availability of earnings and debt data in the College Scorecard. The following programs are also excluded from these analyses due to potentially atypical earnings trajectories: master's degree programs in clinical, counseling, and applied psychology; master's degree programs in mental and social health services and allied professions; professional degree programs in healthcare professions; professional degree programs in clinical, counseling, and applied psychology; and professional degree programs in mental and social health services and allied professions. Georgetown University Center on Education and the Workforce analysis of data from the US Department of Education, College Scorecard, 2023; US Census Bureau, American Community Survey (ACS), 2009–21 (pooled); and Glasmeier, "Living Wage Calculator," 2023. For more about these metrics, see Appendix A of the full report.

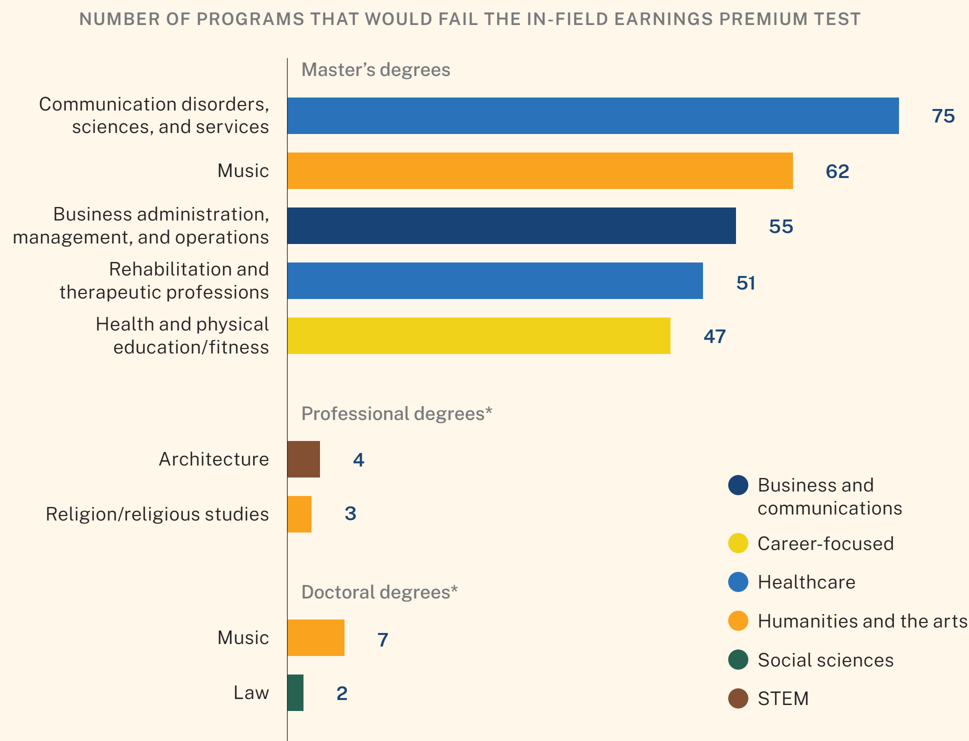
IN-FIELD EARNINGS PREMIUM TEST

Fourteen percent of master's degree programs and 4 percent of professional degree programs would not pass our proposed in-field earnings premium test, among the 23 percent of master's degree and 29 percent of professional degree programs with available earnings data. When accounting for all programs, including those without data, 3 percent of master's degree programs and 1 percent of professional degree programs would fail the in-field earnings test (Figure 3).

The fields of study with the largest numbers of programs that would fail our proposed in-field earnings premium test include master's degree programs in communications disorders, sciences, and services; music; business administration, management, and operations; teacher education; and allied health professions. Four architecture and three religion/religious studies professional degree programs would fail the in-field earnings test, as would seven doctoral degree programs in music and two in law (Figure 4).

FIG. 4

Graduate programs in healthcare, humanities and the arts, and business and communications feature the largest numbers of programs that would fail the in-field earnings premium test.



Source: Georgetown University Center on Education and the Workforce analysis of data from the US Department of Education, College Scorecard, 2023; and the US Census Bureau, American Community Survey (ACS), 2009–21 (pooled).

Note: The figure highlights selected fields of study with the largest numbers of failing programs at each degree level. For a complete listing, please see the full report. Earnings from the College Scorecard are measured four years after graduation. The in-field earnings premium is calculated relative to the earnings of 25-to-34-year-olds with bachelor's degrees in the same field of study working in the state where the institution is located. The College Scorecard has earnings data available for 23 percent of master's degree programs, 30 percent of professional degree programs, and 7 percent of doctoral degree programs. The following programs are also excluded from this analysis due to potentially atypical earnings trajectories: master's degree programs in clinical, counseling, and applied psychology; master's degree programs in mental and social health services and allied professions; professional degree programs in healthcare professions; professional degree programs in clinical, counseling, and applied psychology; and professional degree programs in mental and social health services and allied professions.

*Fields of study with just one failing program on the proposed test have been excluded from this figure.

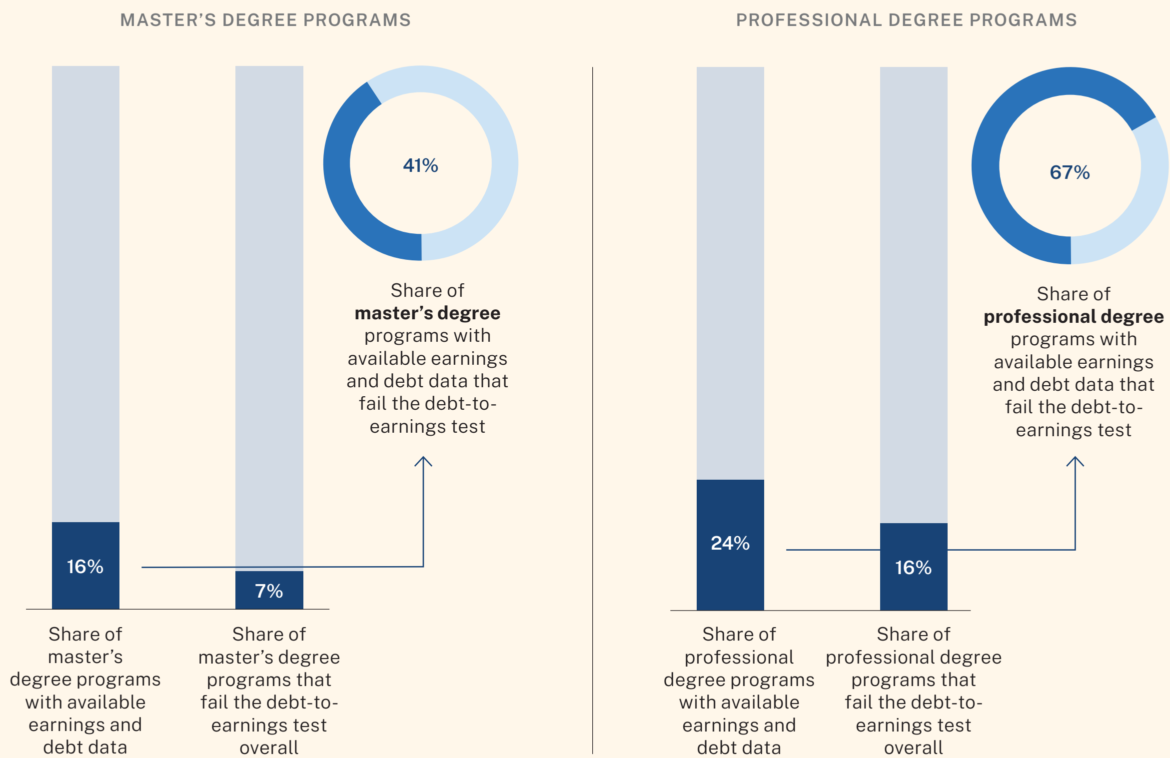
DEBT-TO-EARNINGS TEST

Forty-one percent of master's degree programs and 67 percent of professional degree programs would not pass our proposed debt-to-earnings test, among the 16 percent of master's degree programs and 24 percent of professional degree programs with sufficient earnings and debt data available in the College Scorecard. When accounting for all programs, including those without sufficient earnings and debt data, 7 percent of master's degree programs and 16 percent of professional degree programs would fail the debt-to-earnings test (Figure 5).

Among master's degree programs, 180 social work programs, 176 student counseling and personnel services programs, and 162 teacher education and professional development programs would fail our proposed debt-to-earnings test. All these programs are within the broad field of education and public service. Following these, 129 master's degree programs in communication disorders sciences and services and 112 programs in rehabilitation and therapeutic professions would also fail the test. Notably, a large number of professional degree and doctoral degree programs in law would also fail the test (120 and 18, respectively) (Figure 6).

FIG. 5

Forty-one percent of master's degree programs and 67 percent of professional degree programs with available data would not pass our proposed debt-to-earnings test.

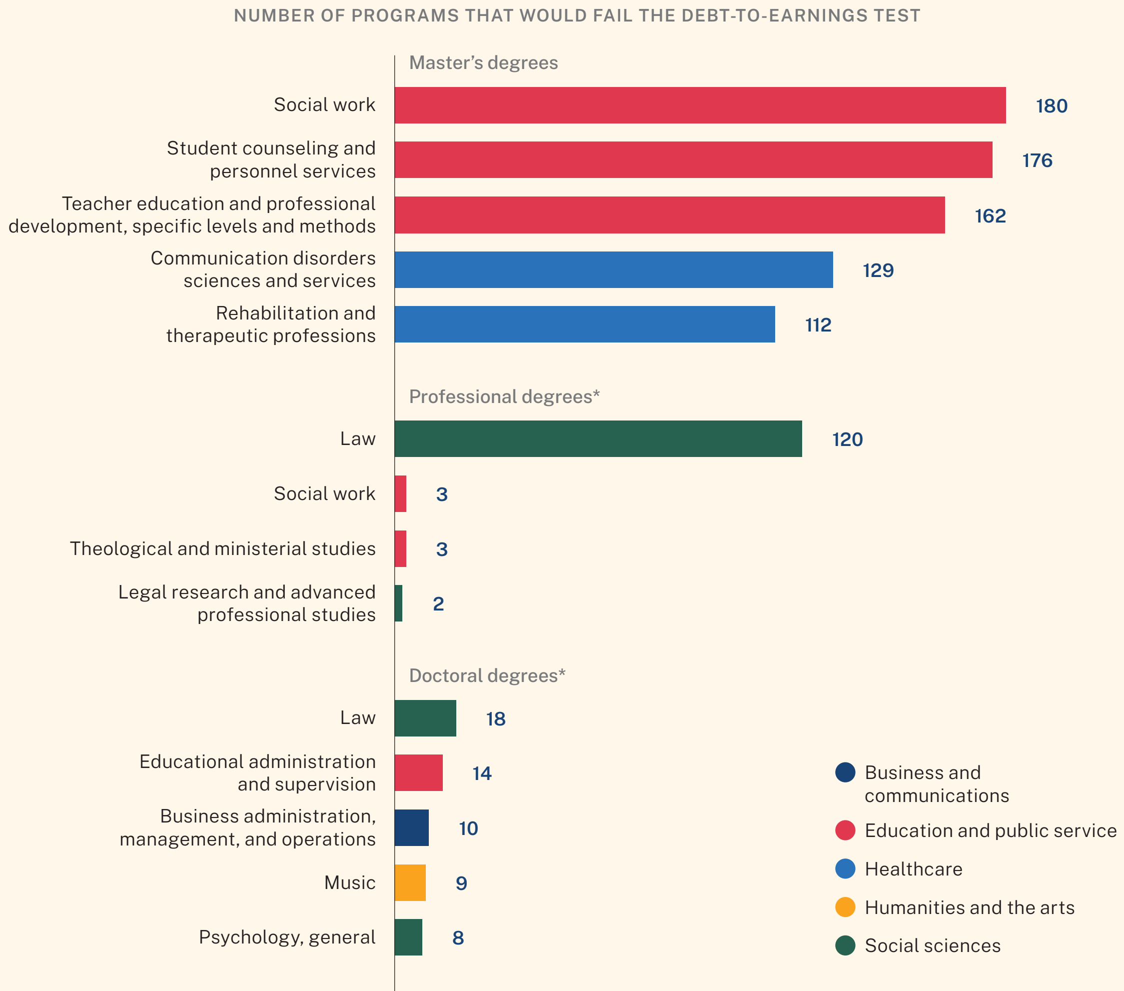


Source: Georgetown University Center on Education and the Workforce analysis of data from the US Department of Education, College Scorecard, 2023; and Glasmeier, "Living Wage Calculator," 2023.

Note: Earnings from the College Scorecard are measured four years after graduation. The debt-to-earnings metric is based on an analysis of debt payments amortized over 20 years for professional degrees and over 15 years for master's degrees, with a graduated repayment adjustment to account for earnings growth over the repayment period. If the payments under these assumptions exceed 10 percent of the individual's earnings above the state living wage for an individual adult without children, the program is considered to fail the debt-to-earnings test. Doctoral degree programs are excluded from this figure due to the exceptionally low availability of earnings and debt data in the College Scorecard. The following programs are also excluded from this analysis due to potentially atypical earnings trajectories: master's degree programs in clinical, counseling, and applied psychology; master's degree programs in mental and social health services and allied professions; professional degree programs in healthcare professions; professional degree programs in clinical, counseling, and applied psychology; and professional degree programs in mental and social health services and allied professions.

FIG. 6

Graduate programs in education and public service, humanities and the arts, and social sciences feature large numbers of programs that would fail the debt-to-earnings test.



Source: Georgetown University Center on Education and the Workforce analysis of data from the US Department of Education, College Scorecard, 2023; and Glasmeier, "Living Wage Calculator," 2023.

Note: The figure highlights selected fields of study with largest numbers of failing programs at each degree level. For a complete listing, please see the full report. Earnings from the College Scorecard are measured four years after graduation. The debt-to-earnings metric is based on an analysis of debt payments amortized over 20 years for professional degrees and over 15 years for master's degrees, with a graduated repayment adjustment to account for earnings growth over the repayment period. If the payments under these assumptions exceed 10 percent of the individual's earnings above the state living wage for an individual adult without children, the program is considered to fail the debt-to-earnings test. The College Scorecard has earnings and debt data available for 16 percent of master's degree programs, 25 percent of professional degree programs, and 4 percent of doctoral degree programs. The following programs are excluded from this analysis due to potentially atypical earnings trajectories: master's degree programs in clinical, counseling, and applied psychology; master's degree programs in mental and social health services and allied professions; professional degree programs in healthcare professions; professional degree programs in clinical, counseling, and applied psychology; and professional degree programs in mental and social health services and allied professions.

*Fields of study with just one failing program on the proposed test have been excluded from this figure.

Additional Policy Recommendations

In addition to our proposed regulatory tests, we offer several policy recommendations to improve graduate degree outcomes.

USE A PASS/FAIL APPROACH TO ADDRESS DATA MISSINGNESS IN THE COLLEGE SCORECARD.

The US Department of Education suppresses College Scorecard data on small programs when deemed necessary to protect graduates' personal information. As a result, the earnings data in the College Scorecard cover a majority (65 percent) of master's and professional degrees awarded,[19] but a much smaller share of programs: the median earnings data for completers four years after graduation in the College Scorecard only covers 23 percent of master's degree programs, 30 percent of professional degree programs, and 7 percent of doctoral degree programs.[20] The high level of data missingness in the College Scorecard limits our ability to assess many programs.

As more graduating cohorts are added to the College Scorecard database, it will become possible to pool earnings and debt data across more cohorts to make outcomes available for more programs without compromising privacy. However, some steps can be taken now to provide prospective students with a more accurate picture of potential programmatic outcomes. We recommend that the Department of Education consider instituting a pass/fail approach using our proposed in-field earnings premium and debt-to-earnings tests for graduate programs currently subject to data suppression. This approach would protect program completers' privacy by not disclosing specific median earnings and debt figures, but would still provide prospective students and policymakers with some information about program performance.

PROVIDE GRANT AID TO SUPPORT STUDENTS IN GRADUATE PROGRAMS LEADING TO CAREERS IN SOCIALLY VALUABLE BUT LOWER-PAYING FIELDS.

Certain fields of study prepare students for socially valuable but lower-paying careers in areas like teaching and social work. We recommend that the federal government and state governments fund targeted grant programs, similar to the current TEACH grants program, to support graduate education in fields leading to work in these crucial yet often underpaid professions. These grants would go to graduate students upfront and would stipulate that those who receive them work in the targeted professions after graduation. Such grant aid would thread the needle of supporting students in their pursuit of these vocations without putting them at unnecessary financial risk.

We recommend that the federal government and state governments fund targeted grant programs to support graduate education leading to careers in socially valuable, but lower-paying fields.

19 Coverage of doctoral programs in the College Scorecard is substantially lower, with earnings data available for programs representing only 23 percent of awards. Georgetown University Center on Education and the Workforce analysis of data from the US Department of Education, College Scorecard, 2023.

20 Georgetown University Center on Education and the Workforce analysis of data from the US Department of Education, College Scorecard, 2023. We excluded a small number of programs from this analysis due to atypical earnings trajectories; therefore, the shares cited in Figures 3 and 5 are slightly smaller than the ones listed here.

CREATE GREATER TRANSPARENCY ABOUT PROGRAM METRICS BEYOND DEBT AND EARNINGS.

Earnings and debt outcomes are not the only relevant measures of programmatic success. Completion, retention, and the extent to which students are prepared for their chosen occupation are other critical dimensions of program quality. We recommend that programs be required to share additional information on their websites and on a central site administered by the Education Department, including

- the primary occupation for which programs prepare students,
- program completion rates,
- program withdrawal rates,
- repayment rates among borrowers,
- the share of students who have loans,
- the breakdown of all undergraduate and graduate loans held by students, and
- any relevant post-graduation requirements for licensure or entry into occupations for which the program prepares students, along with admissions and retention rates.

Colleges and universities should also be required to report the same type of information about graduate programs that they currently report on undergraduate programs to the Department of Education. These include all data elements necessary to calculate admissions rates, retention rates, and graduation rates, as well as any financial aid provided to graduate students and the net prices students pay. To the extent possible, these metrics should be disaggregated by race/ethnicity and gender to allow for the examination of equity gaps within different types of graduate education programs at different institutions.

Colleges and universities should be required to report the same information on graduate programs as they currently do on undergraduate programs.

Conclusion

Graduate degrees offer individuals the opportunity to attain higher earnings and advance in their careers. Society also reaps the benefits of investment in graduate education, through advancements in technology, innovation, education, and the arts. However, these benefits come at a cost. Student borrowers and taxpayers are shouldering increasingly high debt as costs rise. Many programs fall short of their promise, leaving graduates with unmanageable debt and insufficient earnings benefits.

Debt can be a valuable tool, enabling students to pursue degrees they would otherwise not be able to afford. But when debt overwhelms earnings, it pushes students into adverse financial situations rather than promoting economic mobility. Growing costs and debt require appropriate regulatory intervention and greater transparency around program outcomes. While the Education Department's current GE and FVT regulations are a step in the right direction, we believe they do not go far enough to address the extensive borrowing associated with graduate programs. Grad PLUS loans pose particular risks for borrowers due to the high levels of individual borrowing permitted under this program.

Greater transparency about program outcomes and alignment between costs and labor-market returns would strengthen the value of graduate education.

A regulatory scheme based on program-level outcomes would ensure that Grad PLUS funds only go to students enrolled in graduate programs that provide sufficient economic value for graduates. Greater transparency about program outcomes and closer alignment between costs and labor-market returns would strengthen the value of graduate education, leaving prospective students more confident in their expected returns and reining in unnecessary cost increases for programs that do not provide adequate value.

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EXECUTIVE SUMMARY

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