

# THE VALUE OF A COLLEGE EDUCATION AND THE BURDEN OF STUDENT LOAN REPAYMENT

## How does the value of education differ between gender?

College is a valuable long-term investment that raises lifetime earnings but also comes with financial costs (e.g. tuition), which often result in student loan debt. College is an especially worthwhile investment for women, who earn much less without a college degree than their non-college-educated male counterparts. **However, for both men and women, the return on investment for a bachelor's degree varies according to major** (with economics and chemical engineering creating the highest returns, and education and social work at the bottom).

Assuming a student loan debt interest rate of 4 percent as a benchmark, **a bachelor's degree produces a positive return on investment for 39 out of 40 majors surveyed.** The burden of student loan debt and repayment depends on factors such as gender and the earnings potential of a given field. Over a 10-year payback period, the ratio of debt payments to earnings across all fields is **8.7 percent** for men and **11.3 percent** for women; however, the ratio of debt payments to earnings for men who obtain degrees in fields such as English or psychology can approach **15 percent**—and **17 or 18 percent** for women—increasing the risk of default.

**For more information, please visit:**  
[economist.asu.edu](http://economist.asu.edu)



Bachelor's degree attainment **significantly increases lifetime earnings** for both men and women, with variance in earnings premium by major

The net present value of a four-year college degree...



**MEN**

**\$482,000**

WITH AN ANNUALIZED RETURN ON INVESTMENT OF **14.2%**



**WOMEN**

**\$342,000**

WITH AN ANNUALIZED RETURN ON INVESTMENT OF **13.9%**



Within the same field, lifetime earnings are higher for men but **overall return on investment is higher for women**; because women without college degrees are paid less than those with a bachelor's degree