

## Was the Debt Worth It? Alumni Reflect on the Value of their College Education

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### Introduction

Debt is a key component of a student's return on investment in a college education, and for students who do not complete their credentials, the value proposition of college may differ. Research shows that completers are more likely than non-completers to hold greater financial knowledge, demonstrate more positive financial behaviors, obtain assets, and build wealth, increasing their likelihood of repaying their debt (Dynarski, 2016; Xiao et al., 2020). Student debt among *non-completers* has not been examined closely at Dallas College, nor at the state or institutional levels. Therefore, in the fall of 2022, the Research Institute conducted the Student Loan Debt Survey of Dallas College alumni (completers and non-completers). We surveyed more than 200 former students who enrolled in at least one credit-bearing class between the 2009-10 and 2019-20 academic years and took out loans to attend Dallas College (Figure 1). This survey sought to compare differences in attitude towards student debt incurred between former Dallas College students who completed and those who did not complete their credential(s).<sup>1</sup>

This brief presents survey findings that depict the connection between respondents' credential completion status and their perceived value of their student debt, income, and Dallas College education. Specifically, we explore the relationship between respondents' credential completion status and (1) their total student loan debt, (2) current household income, and perceptions of whether or not (3) student loan debt has been worth the financial returns, (4) student loan debt has been worth the sacrifices made in life to repay it, (5) they would take out the loans again, if needed, (6) the education completed at Dallas College has allowed them to land, or served as a stepping-stone towards, a well-paying job, and (7) they are employed in a job that their Dallas College education helped them land (employed in field).<sup>2</sup>

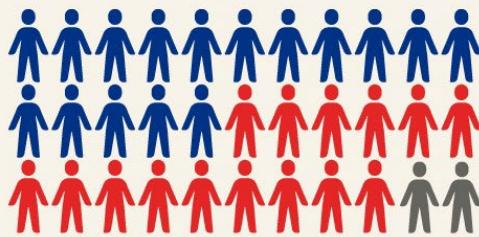
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<sup>1</sup> A total of 219 students took the survey, and the number of Dallas College credential completers and non-completers are nearly identical in the survey sample. Together, they comprise approximately 94% of the sample size, while former students who completed their credentials at another community college comprise 6%.

<sup>2</sup> With the exception of household income and perception of taking out loans again, correlations between completion status and total debt, income, and all other perception indicators were statistically significant at the either the 0.01 or 0.05 significance level based on the chi-squared test of independence.

Figure 1. Did you complete your program of study?

Q: Did you complete your program of study?



48% Did not complete

46% Completed at Dallas College

6% Completed at another 2-year institution

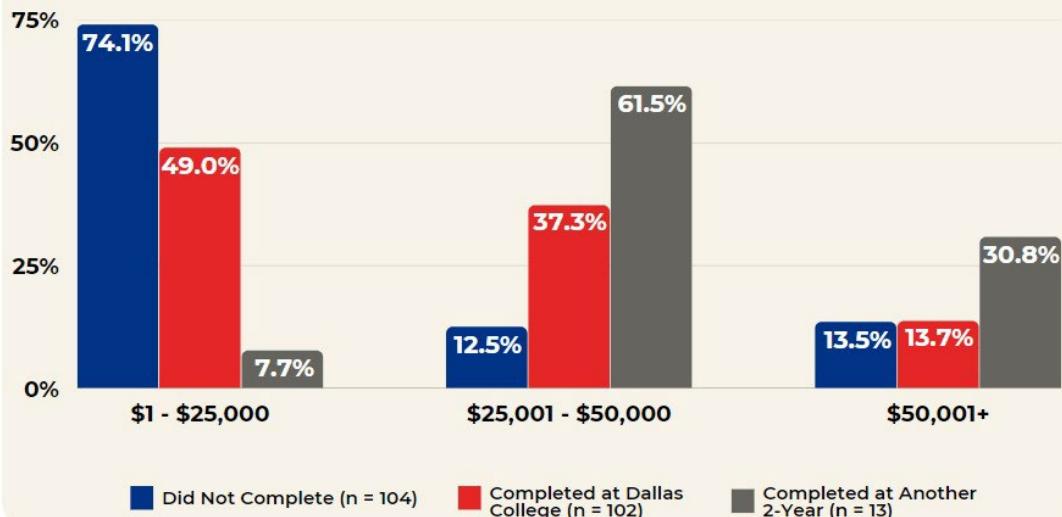
Completion status is at a two-year institution. n = 219

## Alumni Responses

Figure 2. What is the total amount of student loan debt you have incurred?

*In lower debt brackets, non-completers hold more debt. In higher debt brackets, completers at two-year institutions other than Dallas College hold more debt.*

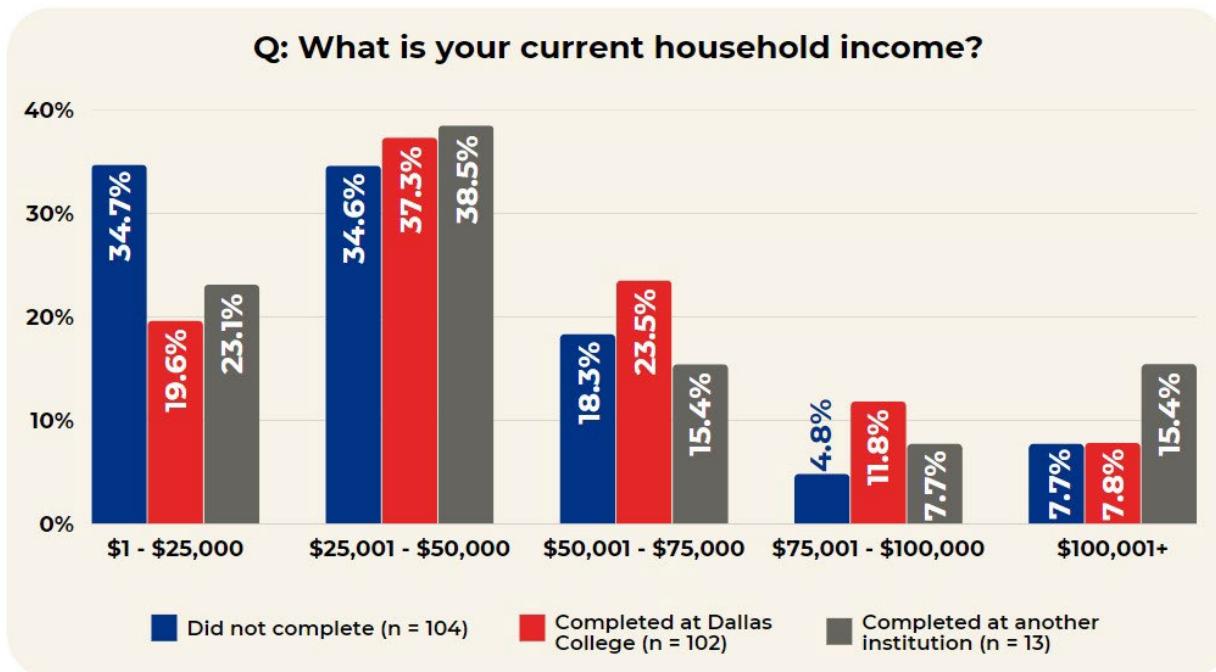
Q: What is the total amount of student loan debt you have incurred?



- More than 86% of Dallas College completers hold \$1-\$50,000 in student debt, while more than 92% of completers at other institutions hold more than \$25,000 in student debt, noting that the small sample size of completers at other institutions with high student debt may skew results.
- Around 14% of Dallas College completers hold \$50,000 or more in student debt, aligning with previous Research Institute findings that a small share of Dallas College students graduate with extreme levels of debt.
- A significantly greater percentage of completers at Dallas College fall in the lowest debt bracket compared to completers at other two-year institutions.

**Figure 3. What is your current household income?**

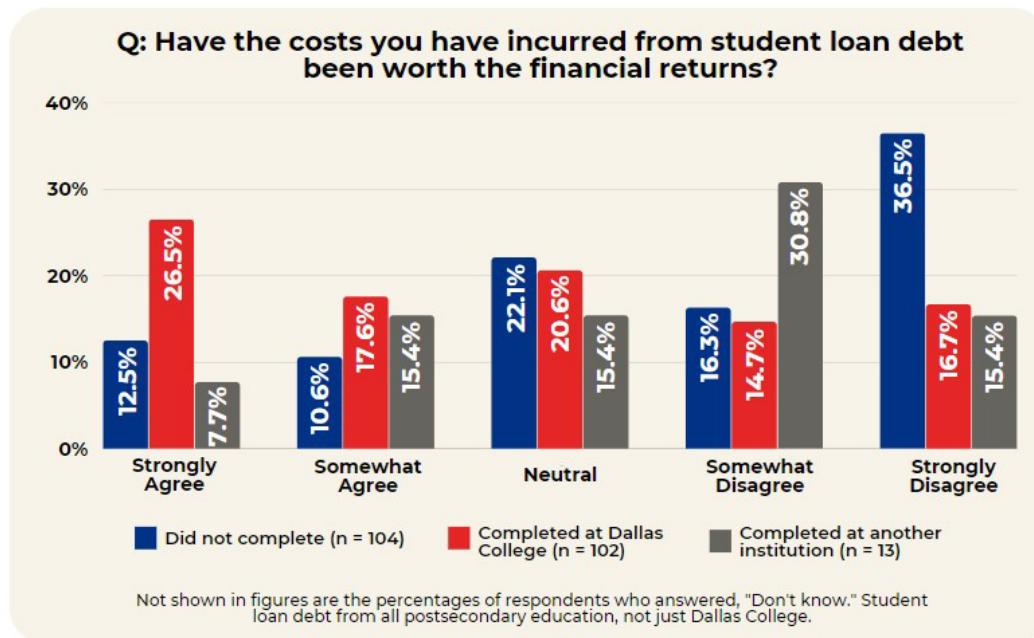
***A greater proportion of non-completers fall in the lowest income bracket in comparison to completers.***



- There are fewer Dallas College completers with a household income of \$25,000 and below than completers at other institutions (by three percentage points).
- Completers at other institutions have a higher proportion of household incomes of over \$100,000 than the other populations; the proportions of non-completers and Dallas College completers in the highest income bracket are roughly equal.

**Figure 4. Have the costs you have incurred from student loan debt been worth the financial returns?**

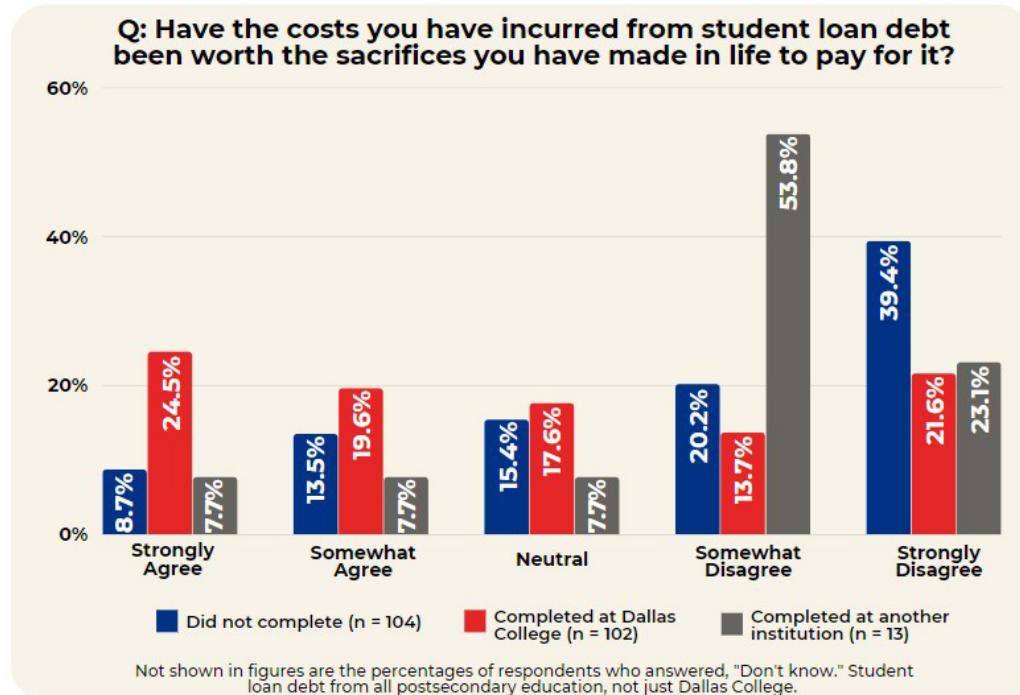
*Dallas College completers were most likely to believe their student debt was worth the costs.*



- Dallas College completers were most inclined to believe their student debt was worth the financial returns, compared to those who either did not complete or who completed at another institution.
- Almost 53% of non-completers and 46% of completers at other institutions believed their debt was not worth the financial returns, while only approximately 31% of Dallas College completers had similar sentiments.
- This could imply that completers at Dallas College held less debt than completers at other institutions, likely due to lower attendance costs. Another possible explanation is that even if Dallas College completers held more debt than completers at other institutions, they may, nevertheless, feel that debt was worth it because of the positive earnings returns from their Dallas College investment. Dallas College completers may also have been more likely to repay loans than non-completers because they obtained occupations with higher earnings.

**Figure 5. Have the costs you have incurred from student loan debt been worth the sacrifices you have made in life to pay for it?**

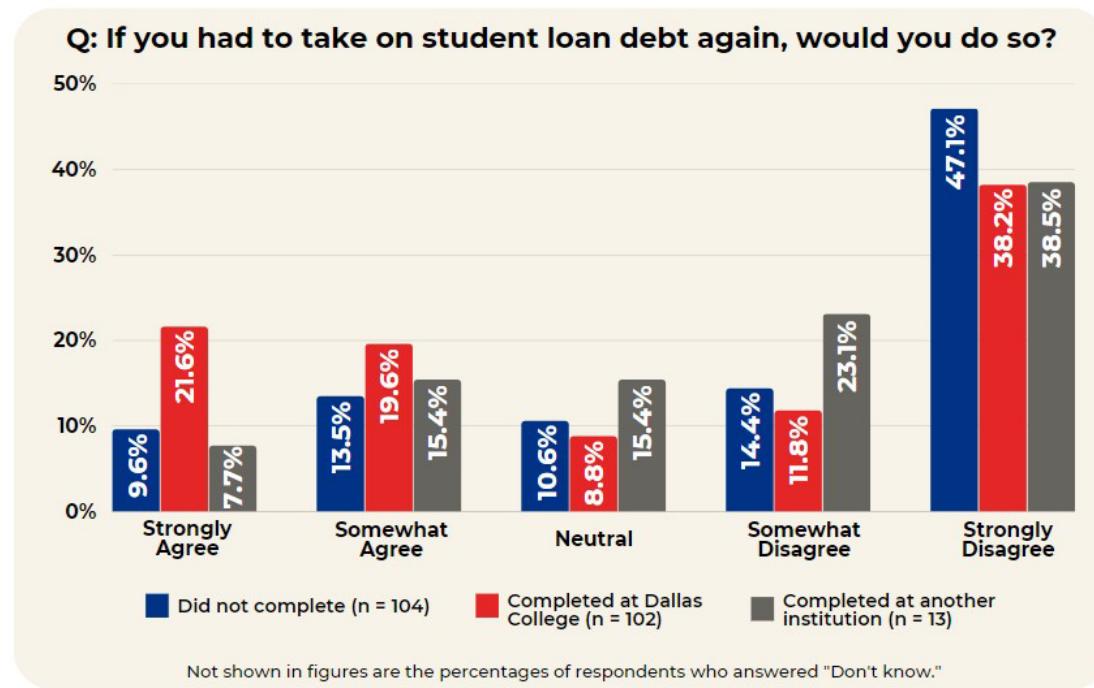
***Dallas College completers were most likely to affirm that their student debt was worth the sacrifices made to repay it.***



- Compared to those who did not complete and completers at other institutions, Dallas College completers were most likely to affirm that their student debt was worth the sacrifices made to repay it.
- Only a three-percentage point difference exists between Dallas College completers who strongly agree and strongly disagree that their debt was worth the sacrifices, indicating more marginal differences between variance in attitudes toward life sacrifices versus the variance in attitudes toward financial returns (the latter being around a ten-percentage point difference).

**Figure 6. If you had to take on your student loan debt again, would you do so?**

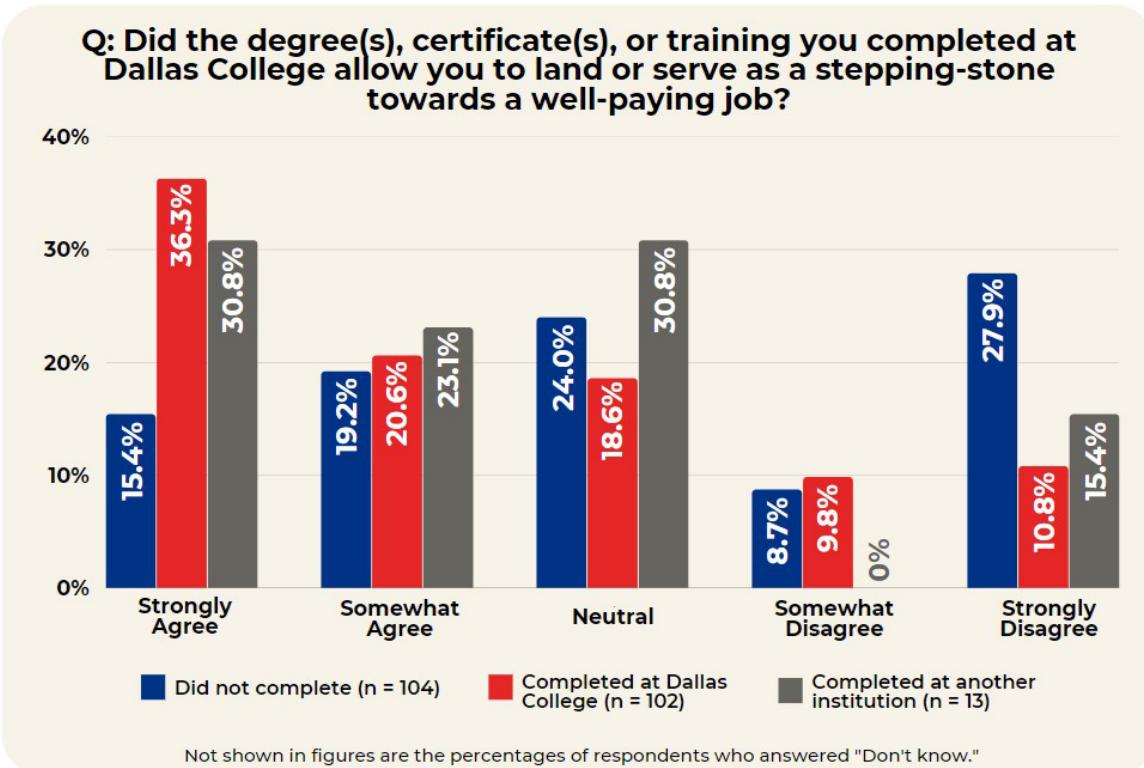
***All groups expressed that in a hypothetical situation, they would not bear their student debt burden again.***



- Non-completers, completers at other institutions, and Dallas College completers expressed that in a hypothetical situation, they would not bear their student debt burden again.
- More than 60% of completers at other institutions and non-completers responded that they *somewhat disagreed* or *strongly disagreed* with taking on the debt again, in comparison to 50% of Dallas College completers.
- Dallas College completers were more inclined to repeat their student debt experience again as opposed to non-completers and completers at other institutions.

**Figure 7. Did the degree(s), certificate(s), or training you completed at Dallas College allow you to land, or serve as a stepping-stone towards, a well-paying job?**

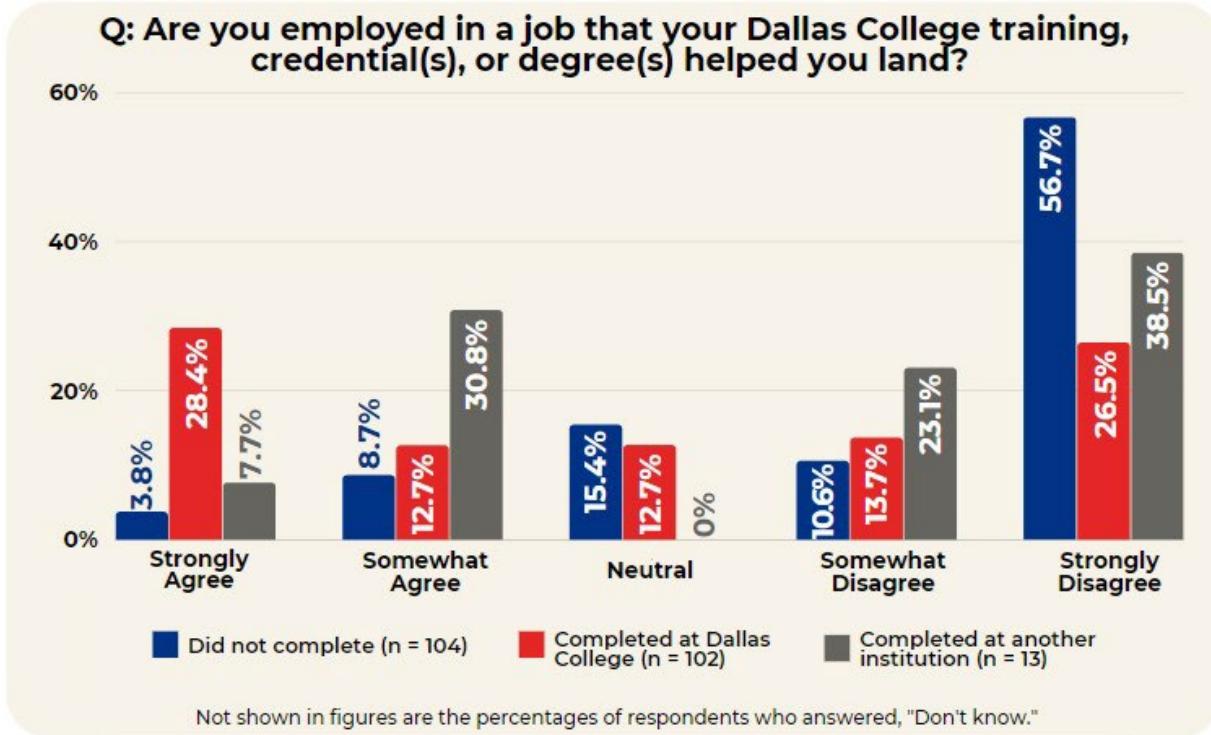
***Dallas College completers and completers at other institutions were more likely to believe their education at Dallas College led to a well-paying job.***



- Dallas College completers and completers at other institutions were more likely to believe their education at Dallas College led to a well-paying job than those who did not complete.
- Interestingly, a noteworthy proportion of non-completers (approximately 35%, the sum of *strongly agree* and *somewhat agree*) generally believed that their Dallas College education led to a well-paying job. This subset of non-completers perceived that even the completion of some postsecondary coursework produced notable gains in their earnings.

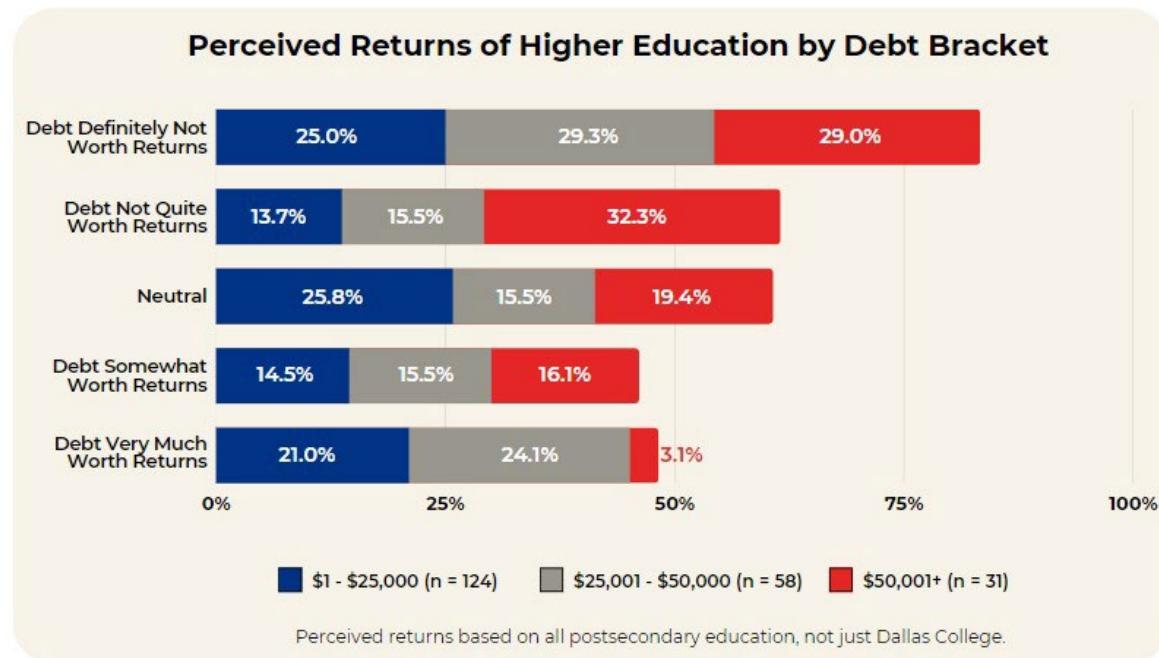
**Figure 8. Are you employed in a job that your Dallas College training, credential(s), or degree(s) helped you land?**

***Nearly equivalent proportions of Dallas College completers who strongly believed their Dallas College credential helped them attain their current job and those who strongly did not believe so may suggest respondents' perceptions vary based on their programs of study and the extent to which the programs have placed them in occupations within related fields.***



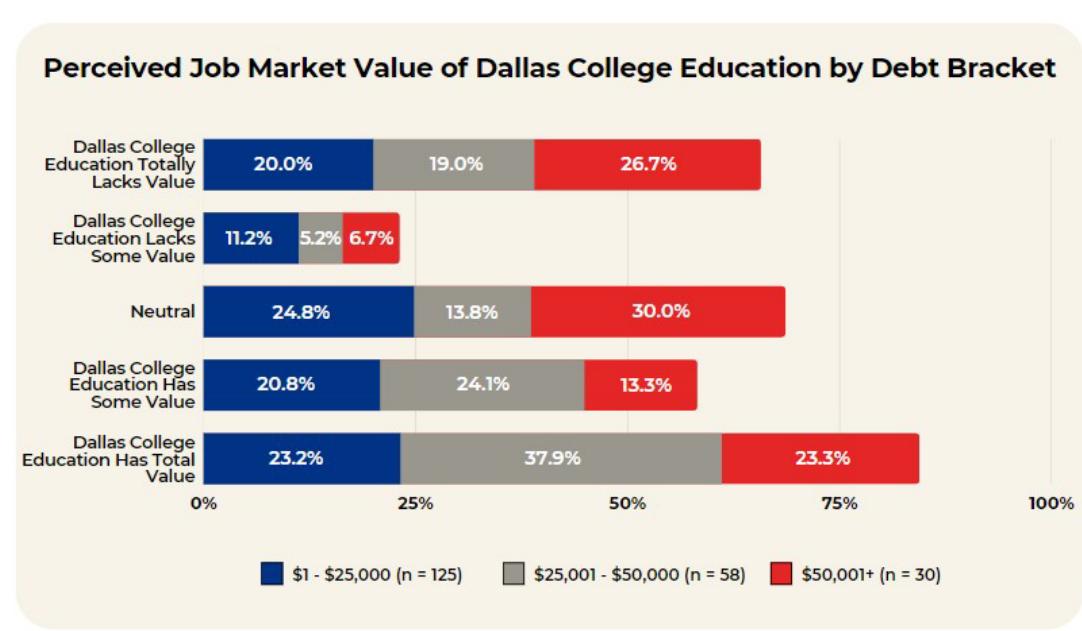
- As expected, non-completers were most likely to state that their Dallas College training and education did not have any bearing on their current occupations. Given that they did not complete their credentials, this possibly implies that they are employed in jobs unrelated to the programs of study undertaken at the College.
- Approximately 62% of completers at other institutions generally felt their education at Dallas College did not help them land their current job.
- Less than a two-percentage point difference exists between Dallas College completers who strongly believed their Dallas College credential helped them attain their current job and those who strongly did not believe so. This suggests respondents' perceptions may vary based on their programs of study and the extent to which the programs have placed them in occupations within related fields.

**Figure 9. Student Debt and Financial Returns**



- Across all debt brackets, more respondents believed that the costs incurred from their student debt were not worth the returns, as opposed to those who believed the costs were worth the returns.
- Across all debt brackets, more than 61% *somewhat disagreed* and 83% *strongly disagreed* their debt was worth it; 46% *somewhat agreed* and 48% *strongly agreed* their debt was worth it.
- More respondents in lower debt brackets (\$1-\$50,000) *strongly* felt and *somewhat* felt their debt was worth it in comparison to those in the highest debt category.

**Figure 10. Student Debt and Perceived Value of Dallas College Education**



- Regardless of the total amount of debt held, more respondents believed their Dallas College education had job market value in comparison to those who did not.
- Across all debt brackets, more than 84% *strongly agreed* and 58% *somewhat agreed* their Dallas College education led to gainful employment; approximately 66% *strongly disagreed* and 23% *somewhat disagreed* with this sentiment.
- Within the middle debt bracket, the greatest proportion of respondents positively viewed their return on investment and felt Dallas College contributed to the returns.
- Alumni perception of the market value of their Dallas College education in absolute terms is more positive than negative despite debt levels. However, factoring in student debt negatively skews respondents' assessment of financial returns from their overall higher education experience.

## Summary of Findings

This brief has examined key factors related to whether or not alumni respondents felt their student debt was worth the returns and whether they believed their Dallas College education was valuable and led to gainful employment based on the amount of debt held.

- Completers are in a more advantageous position to repay their student loans than non-completers. Although the majority of non-completers hold debt in the lowest debt bracket, they also tend to fall in the lowest household income brackets, which may indicate that their current debt-to-income ratios may be less manageable than completers. Dallas College completers hold low- to mid-level student debt amounts overall and, in comparison, their household incomes reflect slightly better outcomes, which suggests they have a marginal advantage in repaying their debt than non-completers. Similar comparisons can be made for completers at other institutions. Due to the cross-sectional nature of the data<sup>3</sup>, this conclusion does not account for the increased earnings potential over time for credential completers than non-completers, which may lead to even healthier future debt-to-income ratios for the completer group.
- Dallas College completers were more likely to perceive that their student debt was worth it than completers at other institutions and non-completers. However, their perceptions vary between the impact of the debt on financial returns and its impact on the sacrifices made in life to pay for it. While Dallas College completers were more inclined to feel their student debt was worthwhile in terms of the financial gains, they felt less assured about its worth based on how the debt affected their life decisions and family circumstances.
- A considerable proportion of non-completers felt their Dallas College education and training allowed them to enter a well-paying job, but completers at Dallas College and elsewhere were more likely to believe this.
- The majority of completers at other institutions did not accredit their current occupation to their Dallas College education. Completers were split between whether they believed their Dallas College education helped them attain their current occupations, denoting differences in program-level effects on in-field job placement.
- When comparing sentiments on returns by debt brackets, respondents were generally more likely to believe their student debt was not worth the returns across all debt levels.
- When comparing perceptions on the value of education by debt brackets, respondents were generally more likely to believe their Dallas College education had financial value despite the amount of debt held.
- Dallas College attracts students because of its low cost, and generally Dallas College students attribute financial value to the education received at the institution. However, they are less likely to feel their student debt was worth the returns.

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<sup>3</sup> Cross-sectional data are the outcome of a data collection that is conducted at one point in time on a group of units of analysis. Time-variant inferences cannot be made with cross-sectional data.

## Next Steps

These findings can guide student advising across various offices at Dallas College, including the work of financial aid advisors, success coaches, and academic leaders. For example:

- Students' perceived value of education and debt vary based on factors such as type of program pursued and completion or non-completion of a credential.
- Financial aid advisors should standardize information shared with students about stipulations specific to their loan packages, guiding students on how to locate this information in their loan documents, and mentoring students on best practices for accepting loans (e.g., accepting the necessary minimum, understanding repayment plans, etc.) to minimize the financial burden of student debt.
- To increase potential returns, success coaches should also stress to students during onboarding and throughout their studies at Dallas College the importance of completion of pursued credential(s), guide students in clarifying their educational goals and intent, and assist students in creating customized plans that keep them on track to completion.
- It is critical for program heads and faculty to make students aware of potential earnings and job growth within relevant career fields to ensure positive returns on their educational investment and increase their prospects for upward mobility.

While this survey provides insights into how alumni weigh the financial and personal tradeoffs of student loan debt, it cannot fully capture the lived experiences behind these perceptions. To deepen understanding of how students make sense of their borrowing decisions, repayment journeys, and the long-term value of their education, future research should incorporate qualitative approaches. Alumni interviews and focus groups could build on these findings by exploring the stories, contexts, and decision-making processes that shape how borrowers define whether their debt was "worth it." Together, these complementary strands of research will help the College better support students in making informed financial and educational choices.

## References

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