



Will My Postsecondary Credential Pay Off in the Job Market?

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What is the
primary motivation for
high school students
to pursue a college
education?

TO GET BETTER JOB
OPPORTUNITIES AND
HIGHER SALARIES



**TRUE OR FALSE:
LET'S PLAY!**

1) College graduates from low-income households earn 1/2 as much as those from higher-income households.

T R U E O R F A L S E ?

2) 39% of college graduates are in non-college-level jobs a year after graduation.

T R U E O R F A L S E ?

3) Black and Latinx students are more likely to pick college majors that result in lower earnings.

TRUE OR FALSE?

4) When it comes to earnings, where you go to college matters more than what you study in college.

TRUE OR FALSE?

5) A 2024 Gallup-Lumina Foundation poll revealed that only 48% of adults in the US have a "great deal" or "quite a lot" of confidence in the value of higher education.

TRUE OR FALSE?

6) If you had known what you know now, there's a good chance you would have changed your college major.

A N S W E R S

- 1) True
- 2) False -- 52%
- 3) True
- 4) False
- 5) False -- 36%
- 6) You tell us!



OUR FOCUS TODAY

Students invest thousands of dollars and hours in their education after high school. Too often, their investment DOESN'T pay off.



How can we help them assess whether their postsecondary credential will pay off in the job market?

CHALLENGES

- 1) High cost of college
- 2) Student loan debt crisis
- 3) Mismatch between college instruction and workforce needs
- 4) Many students don't think about ROI when choosing a postsecondary program of study.

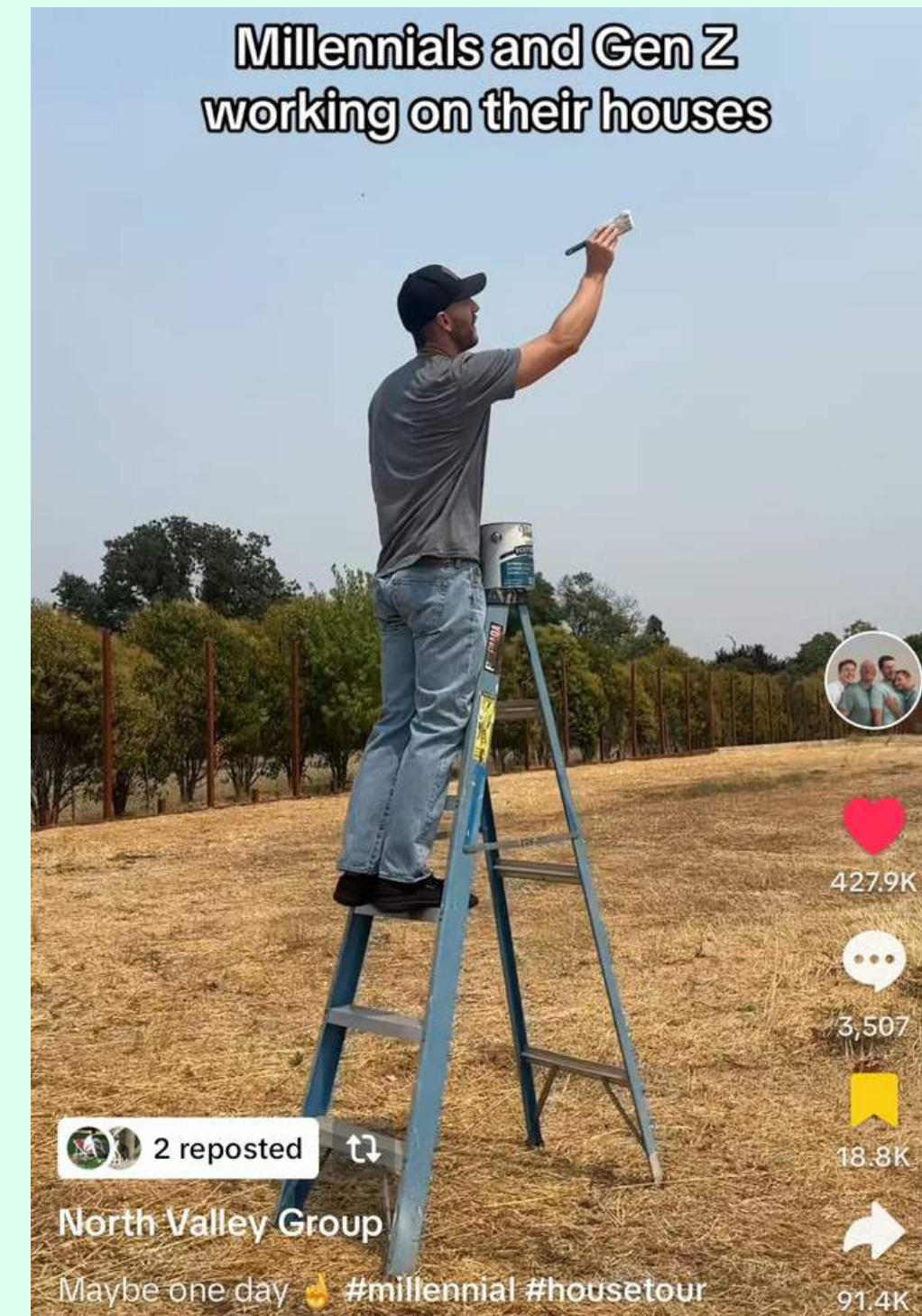
College degree
but low-paying job



YOUNG PEOPLE & ADULTS ARE QUESTIONING WHETHER A COLLEGE DEGREE IS/WAS WORTH THEIR \$\$\$ AND TIME.



Source: Dailyhaha.com



Source: North Valley Group TikTok

We know that college degrees pay off in the labor market more often than not – the question is **WHICH degrees?**

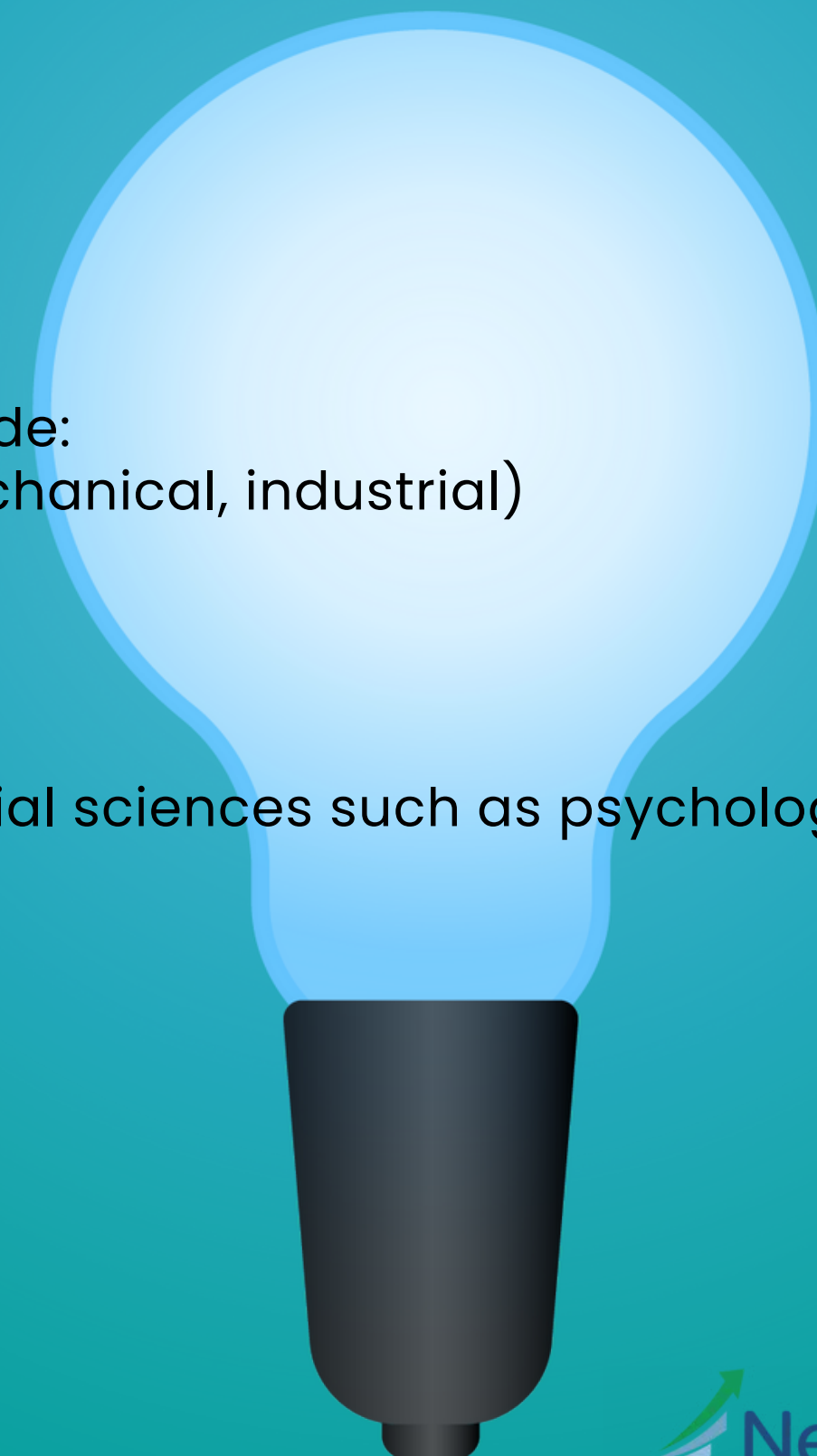
College Majors that Pay the Most 5 Years after Graduation include:

- Engineering (chemical, computer, aerospace, electrical, mechanical, industrial)
- Computer Science
- Finance

Majors that Pay the Least 5 Years after Graduation include:

- Liberal Arts (humanities such as English and history AND social sciences such as psychology, sociology, anthropology)
- Performing Arts
- Theology
- Hospitality
- Misc. biological science
- Fine arts

Source: U.S. Census Bureau, American Community Survey-2022 data





How do we assess whether a postsecondary credential will pay off in the job market?



- **Does it lead to a well-paying job* in the region where I want to work?**

*NextGen Talent defines a well-paying job as one that pays at least 80 percent of the regional median wage. You can find occupational wages by MSA (region) on the BLS website.

- **Will my potential earnings justify my student loan debt?**



The 8% Rule: A helpful guideline for managing student debt after graduation

Your monthly student loan payment
should NOT exceed
**8 percent of your total monthly
(gross) income after graduation.**



Practicing the 8% Rule

Step 1: Figure out your estimated monthly loan payment. Use a student loan calculator (e.g., Bankrate.com, MEFA.com).

- Enter Your Total Loan Amount for all years of college/postsecondary.
- Enter Your Interest Rate. For example, 6.53 percent.
- Choose Your Loan Term: Select 10 years (120 months) or some other length as your repayment term.

The calculator will compute an estimated monthly payment based on the details you provided. Write down this number.

Step 2: Estimate your monthly income BEFORE TAXES once you graduate from college/postsecondary.

- Go to the MyNextMove website. In the “I want to be a” search box, type in your desired occupation (e.g., registered nurse, graphic designer, plumber, social worker).
- Find the “Job Outlook” section and click on “Local Salary Info.” Type in the zip code or state where you plan to work.
- Scroll down to see the table and find the “Annual 25%” salary. This is a good estimate of what you could make starting out in this occupation.
- Divide this salary by 12 to get your estimated monthly income.
- Now calculate 8 percent of this number (multiply your monthly income amount by 0.08). Write down this number.

Step 3: Compare your answers. YOUR MONTHLY STUDENT LOAN PAYMENT SHOULD NOT EXCEED 8 PERCENT OF YOUR MONTHLY INCOME.

Let's practice.

Step 1:

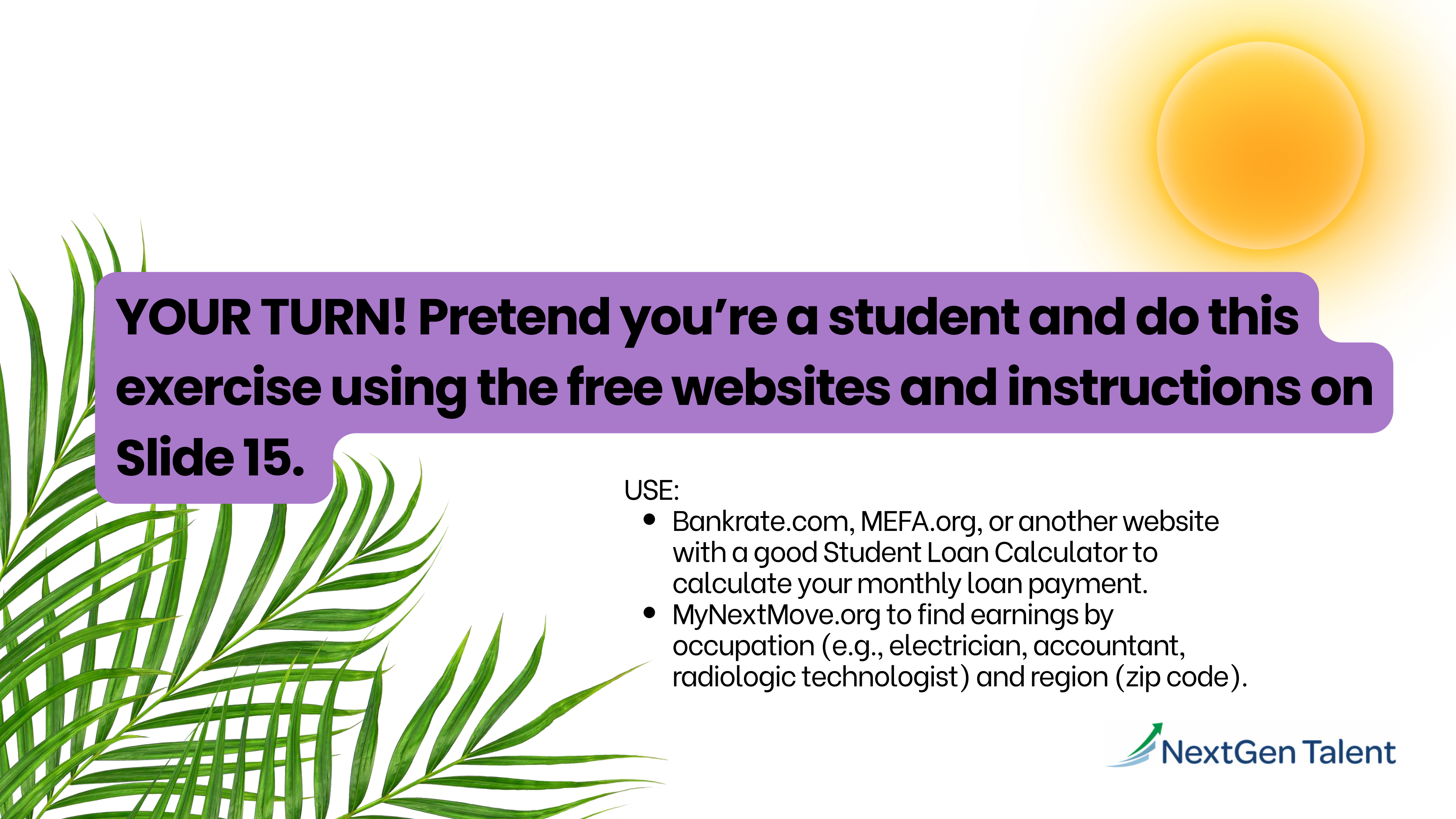
- Soleil uses a Student Loan Calculator. She enters a Total Loan Amount for all years of college = \$42,000.
- Her Interest Rate = 6.53 percent.
- Her Loan Term is 10 years (120 months)

The calculator tells Soleil her estimated monthly loan payment = **\$477.54**.

Step 2:

- Soleil uses the MyNextMove.org website. In the "I want to be a" search box, she types "registered nurse" as her desired occupation.
- Under "Local Salary Info" she types "02130" as her zip code (Boston).
- She scrolls down to see the "Annual 25%" salary. It's \$82,970. This is a good estimate of what she could make starting out in this occupation (as a nurse in Boston).
- She divides \$82,970 by 12 to get her estimated monthly income: \$6,914.
- She multiplies \$6,914 by 0.08 = **\$553.12**. This is 8 percent of her monthly income.

Step 3: She compares these two numbers. HER MONTHLY STUDENT LOAN PAYMENT (**\$477.54**) IS LESS THAN 8 PERCENT OF HER MONTHLY INCOME (**\$553.12**), so she can afford this plan. It's worth the investment!



YOUR TURN! Pretend you're a student and do this exercise using the free websites and instructions on Slide 15.

USE:

- Bankrate.com, MEFA.org, or another website with a good Student Loan Calculator to calculate your monthly loan payment.
- MyNextMove.org to find earnings by occupation (e.g., electrician, accountant, radiologic technologist) and region (zip code).

FINAL THOUGHTS

- Postsecondary credentials have value outside of potential earnings. Today, we focused on labor market value because it's one of the main reasons young people want a college degree.
- Teach your students how to do the math to assess the labor market payoff of different postsecondary credentials. Use our exercise from today!
- We are NOT discouraging students from majoring in liberal arts or choosing careers they love because they don't pay high wages.
 - We want students to be informed consumers of their education and to make financially literate decisions.
 - To do that, they need to understand their potential earnings BEFORE choosing a program of study.

QUESTIONS? COMMENTS?



THANK YOU!

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