Top Master's Degrees Fail to Pay Off --- Elite schools push programs that don't yield enough income for graduates to cover loans

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FULL TEXT

Recent film program graduates of Columbia University who took out federal student loans had a median debt of $181,000.

Yet two years after earning their master's degrees, half of the borrowers were making less than $30,000 a year.

The Columbia program offers the most extreme example of how elite universities in recent years have awarded thousands of master's degrees that don't provide graduates enough early career earnings to begin paying down their federal student loans, according to a Wall Street Journal analysis of Education Department data.

Recent Columbia film alumni had the highest debt compared with earnings among graduates of any major university master's program in the U.S., the Journal found. The New York City university is among the world's most prestigious schools, and its $11.3 billion endowment ranks it the nation's eighth wealthiest private school.

For years, faculty, staff and students have appealed unsuccessfully to administrators to tap that wealth to aid more graduate students, said current and former faculty and administrators, and dozens of students. Taxpayers will be on the hook for whatever is left unpaid.

Lured by the aura of degrees from top-flight institutions, many master's students at universities across the U.S. took on debt beyond what their pay would support, the Journal analysis of federal data on borrowers found. At Columbia, such students graduated from programs including history, social work and architecture.

Columbia University President Lee Bollinger said the Education Department data in the Journal analysis can't fully assess salary prospects because it covers only earnings and loan repayments two years after graduation. "Nevertheless," he said, "this is not what we want it to be."

At New York University, graduates with a master's degree in publishing borrowed a median $116,000 and had an annual median income of $42,000 two years after the program, the data on recent borrowers show. At Northwestern University, half of those who earned degrees in speech-language pathology borrowed $148,000 or more, and the graduates had a median income of $60,000 two years later. Graduates of the University of Southern California's marriage and family counseling program borrowed a median $124,000 and half earned $50,000 or less over the same period.

"NYU is always focused on affordability, and an important part of that is, of course, to help prospective students make informed decisions," said spokesman John Beckman. Northwestern spokeswoman Hilary Hurd Anyaso said the speech-language pathology program is among the best in the world. USC spokeswoman Lauren Bartlett said providing students financial support and job opportunities was a priority for the school.

Undergraduate students for years have faced ballooning loan balances. But now it is graduate students who are accruing the most onerous debt loads. Unlike undergraduate loans, the federal Grad Plus loan program has no fixed limit on how much grad students can borrow -- money that can be used for tuition, fees and living expenses. It has become the fastest-growing federal student loan program and charged interest rates as high as 7.9% in recent years.

The no-limit loans make master's degrees a gold mine for universities, which have expanded graduate-school offerings since Congress created Grad Plus in 2005. Graduate students are for the first time on track to have borrowed as much as undergraduates in the 2020-21 academic year, federal loan data show.

"There's always those 2 a.m. panic attacks where you're thinking, 'How the hell am I ever going to pay this off?'" said 29-year-old Zack Morrison, of New Jersey, who earned a Master of Fine Arts in film from Columbia in 2018 and praised the quality of the program. His graduate school loan balance now stands at nearly $300,000, including accrued interest. He has been earning between $30,000 and $50,000 a year from work as a Hollywood assistant and such side gigs as commercial video production and photography.

Highly selective universities have benefited from free-flowing federal loan money, and with demand for spots far exceeding supply, the schools have been able to raise tuition largely unchecked. The power of legacy branding lets prestigious universities say, in effect, that their degrees are worth whatever they charge.

"Students gravitate to Columbia because Columbia's Columbia, right?" film professor and writer-director Katherine Dieckmann said in a 10-minute video about the program that the school posted on YouTube in 2019. "It's a world-class, Ivy League institution with access to all kinds of other departments, other ideas. It's a world-class university. And the next thing is it's in New York City. And I think that combination of elements is pretty seductive."

That was the case for Columbia film MFA student Patrick Clement, who attended community college in California before transferring to the University of Kansas for his bachelor's degree.

"As a poor kid and a high-school dropout, there was an attraction to getting an Ivy League master's degree," said Mr. Clement, 41. He graduated in 2020 from Columbia, borrowing more than $360,000 in federal loans for the degree. He is casting for an independent film, he said. To pay the bills, he teaches film at a community college and runs an antique shop.

Columbia grad students who borrowed money typically held loans that exceeded annual earnings two years after graduation in 14 of the school's 32 master's degree programs tracked by the Education Department, the Journal found. In about a dozen Columbia master's programs, the majority of recent graduates weren't repaying the principal on their loans or took forbearance, according to data released for the first time this year.

Julie Kornfeld, Columbia's vice provost for academic programs, said master's degrees "can and should be a revenue source" subsidizing other parts of the university. She also said grad students need more financial support.

In the past four years, Columbia School of the Arts said it has increased average scholarships by about a third to nearly $24,000. The length of the MFA film program also was reduced to a maximum of four years from five.

In April, Columbia announced a $1.4 billion fundraising campaign aimed at financial aid. Mr. Bollinger said administrators have yet to settle on how much will go to students in master's degree programs.

Debt counselors recommend students not borrow more than they will earn right out of school. Yet about 38% of master's programs at top-tier private universities in the U.S. failed that test, according to the Journal's analysis of salary data for graduates from the 2015 and 2016 classes, the latest available.

At for-profit schools, a common target of regulators for high student debt and poor job prospects, 30% failed to meet the debt counselors' advice.

Whether or not students should have better weighed the personal consequences of borrowing heavily to pursue lower-paying careers, the burden is far-reaching. After 20 to 25 years on an income-dependent payment plan, the balance on Grad Plus loans -- roughly $11.2 billion issued in the school year that ended in 2020 -- can be forgiven. Taxpayers will bear any losses.

At least 43% of the people who recently took out loans for master's degrees at elite private universities hadn't paid down any of their original debt or were behind on payments roughly two years after graduation, the available data show.

Universities, which receive their tuition up front, have an economic incentive to expand graduate degree programs and face no consequences if students can't afford to pay the federal loans after they leave.

"They're not really held accountable for the myth they're selling to students," said Ozan Jaquette, an associate professor of higher education at the University of California, Los Angeles's Graduate School of Education and

Information Studies. His doctoral dissertation was on the growth of master's programs. "We should not be giving federal-aid dollars to these programs that systematically saddle students with high debt," he said.

Matt Black graduated from Columbia in 2015 with an MFA in film and $233,000 in federal loans. He signed up for an income-based repayment plan that in leaner years requires no remittance from him. With interest, his balance stands at $331,000.

Mr. Black, a 36-year-old writer and producer in Los Angeles, said he grew up in a lower middle-class family in Oklahoma. He earns $60,000 in a good year and less than half that in dry stretches. The faculty at Columbia was stellar, he said, but he blamed the school for his "calamitous financial situation."

"We were told by the establishment our whole lives this was the way to jump social classes," he said of an Ivy League education. Instead, he said he feels such goals as marriage, children and owning a home are out of reach.

During a car ride last year with three friends from the film program, Mr. Black said, they calculated they collectively owed $1.5 million in loans to the federal government. "Financially hobbled for life," he said. "That's the joke."

An offer to attend Columbia is hard for many to pass up. Founded in 1754, the school boasts graduates who became U.S. presidents, Supreme Court justices and stars in the arts, medicine and business.

More than 800 people applied this year for roughly 72 spots in the film MFA program, which can total nearly $300,000 for tuition, fees and living expenses. Students aspire to join the lineage of successful alums who include Kathryn Bigelow, the director of "The Hurt Locker," and Jennifer Lee, screenwriter and co-director of "Frozen."

"The top anything tends to be more expensive than something that isn't quite as good," said Keith Goggin, a private investor in New York who until June was chairman of the Columbia Alumni Association. "I'd like to think the outcomes coming out of Columbia justify the cost."

Like many of its Ivy League peers, Columbia offers generous financial aid to undergraduates. The neediest students pay next to nothing. Low-income Columbia undergraduates who received loans borrowed a median $21,500, according to the latest federal data covering students who received federal Pell Grants. Yet 2015 and 2016 master's graduates from low-income backgrounds borrowed more than double that amount in every Columbia master's program for which the Education Department publishes data.

Mr. Bollinger said undergraduates have "the most moral claim" to financial aid: "They are the people among us who are most trying to begin their lives and to build a base of education."

Since fall 2011, Columbia has increased published rates for most master's programs by a greater margin than it did for its undergraduates. In the most recent academic year, it kept tuition flat for undergraduate students because of the pandemic but raised charges for nearly every master's degree.

At least as far back as 2016, students said, they complained to top administrators about debt.

Mr. Morrison, who owes nearly $300,000, said he was invited to a fireside chat for graduate students at Mr. Bollinger's Manhattan townhouse that year.

Mr. Bollinger asked for a show of hands by those who felt prepared to pay off their student loans and to succeed in the workplace, Mr. Morrison recalled. The grad student didn't raise his hand, and Mr. Bollinger asked him why.

Mr. Morrison said the job market for aspiring screenwriters and directors looked bleak for someone with a six-figure debt load. He recalled Mr. Bollinger saying he understood the concern but that Columbia was a really good school.

"My immediate takeaway is that there's a huge disconnect between the administration's perception of the School of the Arts," Mr. Morrison wrote to a faculty member a few days after the meeting, "and what's actually happening for students."

Mr. Bollinger said he recalled asking a question like that, and "I'm very much aware of what the School of the Arts needs in terms of financial aid support."

That same year, more than 160 MFA film students petitioned Mr. Bollinger and School of the Arts Dean Carol Becker, lamenting how little financial support Columbia offered. They didn't hear back from the president. Ms. Becker told them in meetings her hands were tied by the university administration, according to five students present.

Although the school created an emergency fund for international students, Americans "were just told to go and take more loans," said Paul Carpenter, a 2018 film MFA graduate who joined the petition. Columbia said it also offset some student fees.

Scholarships cover only a small slice of Columbia master's program costs.

Columbia MFA theater student Brigitte Thieme-Burdette, 31, negotiated up to $30,000 a year in scholarships but said the program remained a financial burden. She has so far borrowed $102,000 in federal loans. She said the school directed her to the federal loan application when she had financial questions, and didn't say she could take out less than the maximum amount.

Columbia's theater graduates who borrowed took on a median $135,000 in student loans, four times what they earned two years after graduation, the data show.

While Columbia is wealthy, it isn't as wealthy as other Ivy League schools, limiting the funds available for scholarships, Mr. Bollinger, three Columbia deans and other top university administrators said.

The university said recent increases in grad-student aid weren't reflected in the federal data the Journal analyzed. For example, the School of Social Work increased the number of full-tuition awards for new master's students to 12 from two a few years ago.

The fall 2020 entering class had around 560 students.

One foreign student said he notified School of the Arts officials in 2016 that he may need to drop out of the film program because he could no longer afford tuition and living expenses. International students aren't eligible for federal loans. He received an email that August from an administrator.

"I was informed that you might be interested in additional on-campus work opportunities," said the message, viewed by the Journal. "We were contacted by the Office of President Bollinger who hires students for dog caretaking."

Mr. Bollinger said he didn't know about or condone officials making the offer in response to the student's situation. He said the job of caring for his yellow Labradors, Arthur and Lucy, while he traveled was intended to give students pocket money and wasn't meant to address serious financial need.

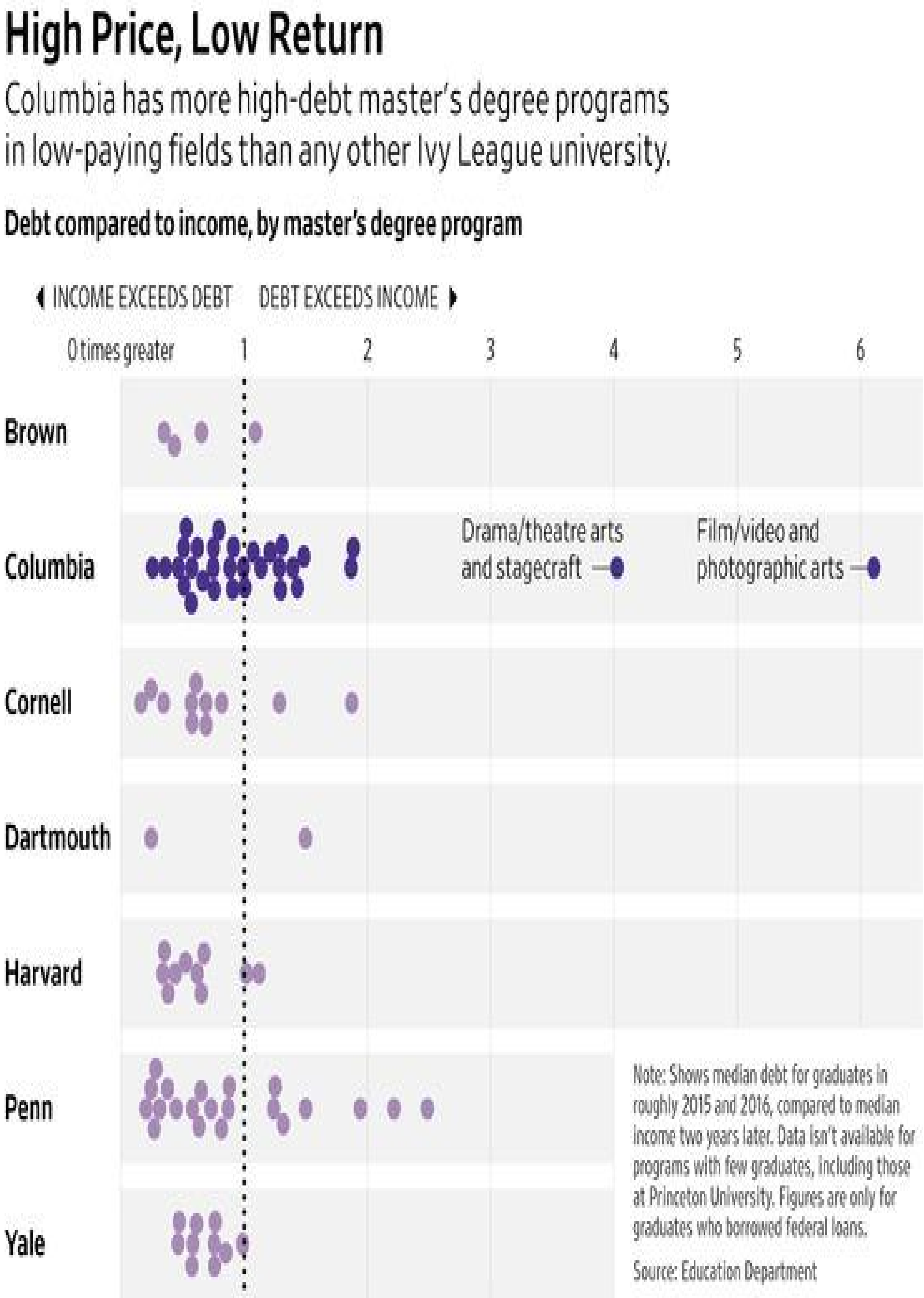
In 2018, more than 100 film students and alumni detailed their financial concerns to a faculty committee conducting a program review. The review criticized the School of the Arts for leaving students in debt, said a professor who read it. Columbia said such reviews were confidential.

Ms. Becker said she was working to secure more donor support.

Grant Bromley, 28, accumulated $115,000 in federal loans while getting his Master of Arts in film and media studies at Columbia. He had hoped to advance into academia after graduating in 2018. Instead, he moved back home with his parents in Knoxville, Tenn., for a year, taking a job at the TJ Maxx where he had worked as a teenager. He now works at a TJ Maxx near Chattanooga.

Mr. Bromley earns around $16 an hour and can't afford to pay down his loan balance, which is $156,000, including undergraduate debt and interest. "It's a number so large that it doesn't necessarily feel real," he said.

Editor's note: Andrea Fuller is an adjunct lecturer at Columbia University.



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