

Do You Need a Grad Degree to Compete Right Now? Probably Not

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ABSTRACT (ENGLISH)

Data from a job market analysis done by the Burning Glass Institute show a reduction in middle-skills and high-skills requirements – jobs that require more education than a high school diploma – from 2017 to 2019. [...]the College Scorecard, a data tool from the U.S. Department of Education , which provides information on outcomes like graduation rates and post-graduate salaries, doesn't include graduate-level data by major. Search earnings and entry-level degree requirements for occupations using the Bureau of Labor Statistics Occupational Outlook Handbook. –

FULL TEXT



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More U.S. workers than ever hold a graduate degree. Years of intensifying job requirements and headlines declaring a master's "the new bachelor's degree" nudged a record number of students into grad school.

And yet more well-paying jobs no longer require a college degree at all. In this tight labor market, do college grads need a master's degree to compete? Maybe not.

"We have all reduced our almost obsession with the master's degree," says Johnny C. Taylor Jr., CEO and president of the Society for Human Resource Management.

Anecdotal and statistical evidence shows employers were already pulling back degree requirements even before the pandemic: Data from a job market analysis done by the Burning Glass Institute show a reduction in middle-skills and high-skills requirements —jobs that require more education than a high school diploma —from 2017 to 2019.

If fewer employers are requiring grad degrees to gain entrance to good jobs, prospective students should assess whether advanced degrees are worth taking on debt.

SOME FIELDS STILL REQUIRE ADVANCED DEGREES

Advanced degrees are still the key to entering certain professions: Medicine, law and teaching come to mind. In other fields, as long as you can convey you have the skills an employer is looking for, you can get a job without an advanced degree, says Brad Hershbein, senior economist and deputy director of research for the W.E. Upjohn Institute for Employment Research in Kalamazoo, Michigan.

ADVANCED DEGREES COULD HEDGE AGAINST A RECESSION

Employers are likely reducing education requirements to fill slots, which can be difficult in a tight labor market like this one, experts say. But that doesn't mean it will last.

"Nobody can quite explain what we're going through now; I think everyone thinks it's temporary," says Gordon Lafer, a professor in the Labor Education & Research Center at the University of Oregon.

Holding an advanced degree could provide a safeguard for the future. If the economic tide turns, Taylor says, the degree becomes a differentiator.

Advanced degrees tend to correlate with lower unemployment rates compared with bachelor's or associate degrees. But generally, any degree acts as a buffer against unemployment.

During the Great Recession, those with bachelor's degrees and higher were more likely to keep their jobs, according to 2014 research by the Georgetown University Center on Education and the Workforce. The same goes for job retention during the early days of the pandemic, according to June 2020 data from The Federal Reserve Bank of San Francisco.

GRADUATE PROGRAMS DON'T ALWAYS PAY OFF

What consumers need is data that show program-specific outcomes like graduates' employment rates and average salaries. These are woefully difficult to find. For example, the College Scorecard, a data tool from the U.S. Department of Education, which provides information on outcomes like graduation rates and post-graduate salaries, doesn't include graduate-level data by major.

The lack of transparency makes it harder for prospective students to make an informed decision. And that could lead some to end up with debt they're unable to repay.

"Not everyone realizes there's a risk that it's a bad financial investment," says Hershbein.

Graduate loan debt has reached an all-time high, according to data from the federal government and think tanks like the Center for American Progress and Brookings. Unlike undergraduate loans, which have stricter limits on the amount of debt students can take on annually, federal Grad PLUS and private graduate loans allow students to borrow up to the cost of attendance, so it's easier to rack up debt.

Your earnings after attaining a grad degree will largely depend on your field and employer. Outcomes in some fields are easier to predict than in others, says Hershbein.

"Teachers' master's degrees are carefully calibrated; based on union contracts they know what the pay is going to be," says Hershbein. But outcomes for master's in areas like public policy or fine arts are more of an unknown, he adds.

MASTER'S PROGRAMS ARE NOT ALL EQUAL

Where you get your degree also matters. "If you're getting an online master's degree from the University of Phoenix

it will pay off less than a master's degree from the University of Pennsylvania," Hershbein says.

Taylor says the nature of remote learning during the pandemic erased some of the bias around online programs, but employer preference is still skewed toward degrees from elite colleges.

"I think we have to be honest with ourselves: There's always an elitism that plays itself into the hiring process," says Taylor.

For graduate students, attending a highly selective university might help them make professional connections to more easily get a job. And grad programs are "cash cows" for universities, says Hershbein. Universities count on the prestige of their undergraduate degrees to attract graduate students into expensive programs.

Students then rack up exorbitant debt for degrees that might not pay off.

An estimated 40% of master's degree programs do not pay off at all, according to February 2022 data from the Foundation for Research on Equal Opportunity, a nonprofit think tank.

The uncertainty means prospective students will need to do some legwork to prevent graduate school from harming their finances more than it helps their employment prospects. That means graduate applicants should:

–Start with the graduate program costs on a school's website.

–Search earnings and entry-level degree requirements for occupations using the Bureau of Labor Statistics Occupational Outlook Handbook.

–Scour other tools that list program types and outcomes by degree level including the Wall Street Journal and the Georgetown Center on Education and the Workforce.

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