Soon, high school seniors across the country will find out which colleges have accepted them for admission in the fall.

For many, next comes a decision that could tether them to[monthly debt payments for decades.](https://www.washingtonpost.com/business/2019/01/18/student-debt-has-kept-home-ownership-out-reach-young-families-fed-reports/?tid=lk_inline_manual_2)

Outstanding student debt stood at [$1.5 trillion in the third quarter](https://www.newyorkfed.org/newsevents/news/research/2019/20191113)of 2019, an increase of $20 billion over the previous quarter, according to the Federal Reserve Bank of New York.

Without adequate savings or enough scholarships and grants to go around, students and their parents feel they have no other choice than to take out student loans.

But, rightfully so, this debt sentence has sparked a debate: Is college still worth it?

Pointing to the “college income premium,” economists and researchers have long argued that a college degree — even with debt — is worth it.

The median graduate of a four-year college can expect to earn as much right after leaving campus as the median high school graduate at age 34, according to a 2016 report released by the [College Board](https://research.collegeboard.org/pdf/education-pays-2016-full-report.pdf), a nonprofit that owns the SAT college entrance exam.

Workers with a bachelor’s degree on average earn well over $1 million more than high school graduates make during their working lives, according to a 2014 report by the Federal Reserve.

“The return has remained high despite rising tuition and falling earnings because the wages of those without a college degree have also been falling, keeping the college wage premium near an all-time high while reducing the opportunity cost of going to school,” the Fed report said.

But borrowing heavily for college can mean decades of debt payments. In my experience, many students and families struggle to face this fact.

So, before you borrow or allow your kid to take on debt to attend his or her dream school, I need you to read “[Is College Still Worth It? The New Calculus of Falling Returns,](https://files.stlouisfed.org/files/htdocs/publications/review/2019/10/15/is-college-still-worth-it-the-new-calculus-of-falling-returns.pdf)” a recent journal article published in the Federal Reserve Bank of St. Louis Review. It is this month’s Color of Money Book Club selection.

You can find the paper at Research.StLouisFed.org, and it is written by William Emmons, assistant vice president and economist at the Federal Reserve Bank of St. Louis and the lead economist with the Center for Household Financial Stability; Ana Kent, a policy analyst for the center; and Lowell Ricketts, the center’s lead analyst.

Putting the college-income premium in perspective is important to get folks to question blanket statements that borrowing for education is a “good investment.” This paper looks not just at income but a better measure of economic success: net worth.

I’m always searching for data to discourage families from borrowing too much for college — or at all. I discovered this paper after reading a recent article in the Atlantic by Annie Lowrey, who covers economic policy for the magazine.

This study “is an exercise in pulling apart averages,” Lowrey writes. “Upon close examination, terrifying generational and demographic trends emerge.”

[*7 ways $1.6 trillion in student loan debt affects the U.S. economy*](https://www.washingtonpost.com/business/2019/06/25/heres-what-trillion-student-loan-debt-is-doing-us-economy/?tid=lk_interstitial_manual_23)

The researchers used the Federal Reserve Board’s Survey of Consumer Finances to determine whether the economic and financial benefits of obtaining a postsecondary degree have changed over time. Their findings are disheartening.

“Our results suggest that college and postgraduate education may be failing some recent graduates as a financial investment,” the authors write.

The paper is extremely technical, but wade through the data to get to this important point: “The wealth-building advantage of higher education has declined among recent graduates of all demographic groups. Among all racial and ethnic groups born in the 1980s, only the wealth premium for white four-year college graduates remains statistically significant.”

Even for the latter group, the [wealth premium is significantly lower](https://www.washingtonpost.com/news/wonk/wp/2014/12/18/private-colleges-are-a-waste-of-money-for-white-middle-class-kids/?tid=lk_inline_manual_29) than previous generations of graduates and “statistically indistinguishable from zero” for people of color, according to the research.

Why are recent graduates not faring as well financially?

For one, older generations benefited from rising home prices, which boosted their net worth. They also didn’t overload on debt. “The explosion of consumer debt beginning in the early 1980s has been remarkable,” the authors write.

And of course, recent college graduates have to contend with staggering increases in the cost of college. Many have trouble saving or [accumulating appreciating assets](https://www.washingtonpost.com/business/2019/12/03/precariousness-modern-young-adulthood-one-chart/?tid=lk_inline_manual_33)because they’re stuck servicing debt.

If you’re in a position to advise a student on his or her college choice, read this paper. If nothing else, these findings should make families pause and consider how the burden of student loans can impact their current and future net worth.