



Written by [Bob Adelman](#) on December 20, 2010

The College Graduate Bubble: One Student's Story

Cortney Munna bought the lie, hook, line and sinker. The College Board has been selling it for years: "Over the course of a 40-year career, the average college graduate earns about 66 percent more than the typical high-school graduate." At age 17, Cortney and her mother, Cathryn, decided they "would do whatever they could to get Cortney into the best possible college, and they maintained a blind faith that the investment would be worth it," as researcher Ron Lieber told their story:



Once she was accepted at New York University (annual tuition: \$50,000), Ms. Munna took advantage of every funding opportunity available to her, beginning with the federal student loan program. This program has been touted for years as enabling students to earn a college degree who otherwise couldn't afford it. It's part of the same song sung by the College Board: Get your degree and everything will work out OK.

The student loan was far from enough to cover the costs at NYU and so Cortney was given some grants and some work-study money, which, along with two loans from [Sallie Mae](#) co-signed by her mother, paid part of the way. When a third loan application to Sallie Mae was declined, NYU suggested that Cortney apply through Citibank. They allowed her to rack up an additional \$20,000 in debts prior to her graduation in 2005 at age 26. Today, with interest, her student loans total \$97,000. And her options are, to be generous, limited.

She works for a photographer in San Francisco, making \$22 an hour. The work requires her often to work nights and weekends, and, after taxes, she takes home \$2,300 a month. Her rent is \$750, and full monthly payments on her loans would be \$700 if they weren't being deferred for the time being. Researcher Lieber says that there is plenty of blame to go around for Cortney's predicament: easy money available with federal guarantees, excessive enthusiasm by NYU whose business, after all, is to enroll, teach, and graduate students, encouragement by Sallie Mae, loose lending standards by Citibank, and naïveté on Cortney's part.

One thing Cortney did not see was the coming bubble in college degrees which has been developing for years. In October, Christopher Matgouranis, writing for the Center for College Affordability and Productivity (CCAP), published evidence that there is an overabundance of college degrees out there chasing a level, if not steadily declining, number of jobs that require such a degree. He says "There are legions of underemployed college graduates," and then proves it with a list provided by the Bureau of



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Labor Statistics (BLS) showing, for example, that nearly 30 percent of all flight attendants have a college degree, one in four retail salespersons have a degree, more than one in five CSRs have one, and one in seven telemarketers hold a college degree. Matgouranis concludes that “this is basic empirical evidence that we have produced too many college graduates. The promise of a college degree falls short...”

The bubble in graduates isn't the only bubble. At NakedLaw, a recent article provides “8 Reasons College Tuition Is the Next Bubble to Burst,” including:

Excessive demand for college degrees is causing tuition to rise at 8 percent a year — meaning that tuition is doubling every 9 years.

66 percent of students borrow to pay for college

Publicly-traded higher education companies currently generate three-quarters of their revenues from federal funds

In 2008, presidents of 23 private colleges made more than \$1 million a year. In 2002, there were no million-dollar presidents.

In a study just released by CCAP, Cortney's difficulties in coping with the reality outside the hallowed halls are confirmed: “In 1970, only 9.8% of college graduates were underemployed. This grew to 17.7% by 1992 and the rose dramatically throughout the 2000s to 34% in 2008.”

Stepping away from his analysis of the statistics in that study, the senior writer, Director Richard Vedder was astonished to discover anecdotal evidence in his own life when he hired a person to cut down a tree, only to discover the tree surgeon had a master's degree in history! He then learned that his furnace repairman had a college degree in mathematics, and his TSA inspector at the airport informed him that he also held a college degree.

Vedder's study showed that “fully one third of all college graduates were employed in jobs which they could have obtained without earning a bachelor's degree.” In his concluding remarks, Vedder says his study proves that “the notion of President Obama and many higher education leaders that our nation's future depends upon higher numbers of graduates is fundamentally flawed. It is based more on assumption, and perhaps almost an *ideological attachment* [emphasis added] to colleges and universities [rather] than on labor market realities.”

The result is situations now faced by college graduates such as Cortney: she is now part of a huge and growing pool of graduates unable to obtain a job that is much different from what a high school graduate could take. Vedder is persuaded that the education establishment is very much aware of the bubble of graduates, but it has little interest in exposing or opposing it.

A good case can be made that knowledgeable adults (college professors and university administrators) generally know what we are saying in this report is true, but they have been silent about it because making it public would reduce their government subsidies [and] the demand for their services. Their silence has probably led to bad personal choices for many college students. It saddens me to think that this might be the case.

It's sad for Cortney, too, who is on an endless treadmill with no end in sight. She faces decades of payments, essentially no opportunity ever to own her own home, and, as researcher Lieber put it, “a debt burden that can repel potential life partners.” Cortney agrees that it was a poor decision based upon incomplete information, unrealistic assumptions and flawed ideology:



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I don't want to spend the rest of my life slaving away to pay for an education I got for four years and would happily give back. It feels wrong to me.



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