If You Didn’t Get Into [An Ivy League], a Public School Is the Better Investment

Many elite private colleges underperform when it comes to the average student’s return, an analysis shows.

By Paulina Cachero, Francesca Maglione, Cedric Sam and Denise Lu

April 10, 2024

Almost everyone wants to go to an Ivy League school. But if you don’t get in — and most don’t — your next best option isn’t necessarily the most prestigious college that accepted you.

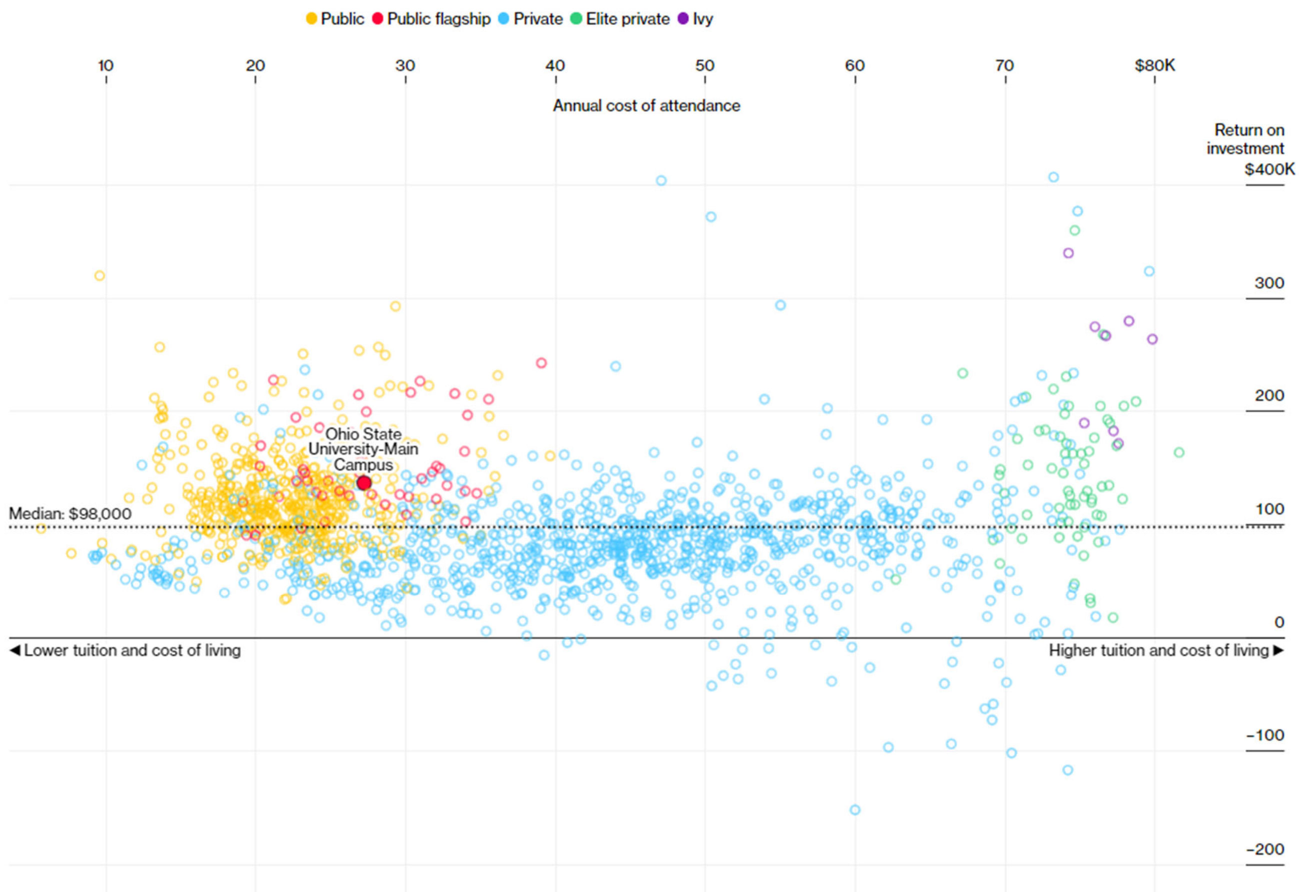
A Bloomberg News analysis of more than 1,500 nonprofit four-year colleges shows the return on investment at many elite private institutions outside the eight Ivies is no better than far-less selective public universities.

In fact, the typical 10-year return on investment of the so-called “Hidden Ivies” — a list of 63 top private colleges — is about 49% less than the official Ivies and 9% less than states’ most prominent universities, known as public flagships.

That’s according to ROI calculations provided by Georgetown University’s Center on Education and the Workforce, which relied on publicly available tuition and earnings data of graduates who accepted federal financial aid, meaning the analysis doesn’t include information on those who paid out of pocket.

Public Institutions Outperform Many Elite Private Colleges

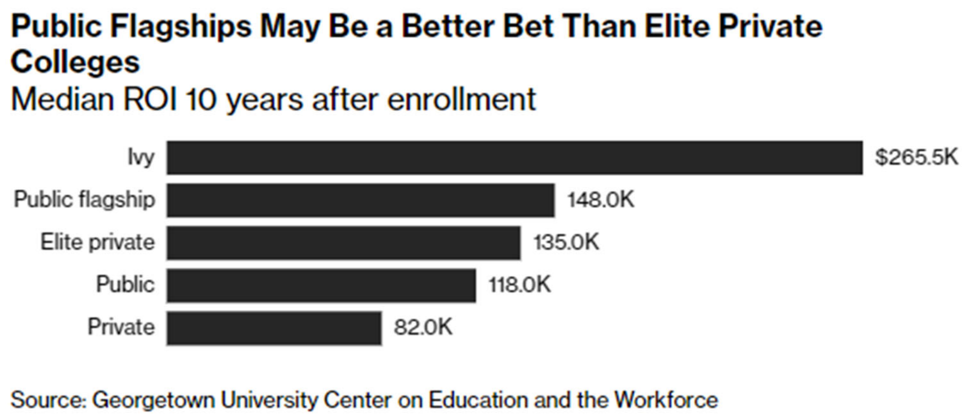
The ROI at **Ohio State University-Mai...** is **$137,000** after 10 years. The annual cost of attendance is **$27,202**.



Source: Georgetown University Center on Education and the Workforce. Note: Cost of attendance includes the advertised price for tuition, fees, books, supplies, and the average living costs at the school. Elite private schools are from the list provided in Howard and Matthew Greene's book *The Hidden Ivies*.

Historically, families have been willing to pay more for prestigious private colleges that promise to open doors to world-renowned programs, esteemed faculty and robust alumni networks. But as the cost of attendance approaches $90,000 a year at many of these elite colleges and the student debt crisis stretches past $1.6 trillion, students are finding the more expensive route isn't always a safe bet.

For example, elite private institutions like Vassar College and Oberlin College respectively return 18% and a whopping 85% less than the median ROI of all public schools analyzed.



When it comes to how much money is in a graduate's bank account a few years out — a time when many are looking for financial freedom from parents and the ability to build wealth by saving for a house or retirement — those who pay less for school tend to hold an advantage.

Take Charles Zigliara, a now 23-year-old credit analyst at Blackstone Inc., who said he weighed three options when he was a high school senior in Atlanta applying to colleges.

1. The University of Georgia, a public flagship where he got scholarships to cover tuition in full.
2. Tulane University, a Hidden Ivy in Louisiana that offered to cover half his tuition.
3. Wake Forest University, another selective college in North Carolina, where he didn't get a scholarship.

If money were no object, Zigliara said he would have chosen Wake Forest at the time. He was reluctant to give up a prestigious name. But in hindsight, he's glad he chose the University of Georgia. He enjoyed his experience and feels like he got the same outcome he would have had he attended a "brand-name" institution. Not only did he graduate debt free, but he also got a job at Ernst & Young LLP right after graduation.

"I knew that I was going to be working hard enough and having high enough aspirations to where that brand name was not going to make or break me," he said.

Charles Zigliara, a credit analyst for Blackstone, in Miami, Florida. Photographer: Alfonso Duran/Bloomberg

Turns out, it was the right choice from an ROI perspective too — and it would have been even without a full tuition scholarship.

The average ROI before taxes at the University of Georgia is $170,000 10 years from enrollment, according to Georgetown's CEW data. That's 31% higher than Wake Forest's return of $130,000 and more than five times that of Tulane's $31,000.

	University of Georgia	Tulane University of L...
	PUBLIC FLAGSHIP, GEORGIA 48% ACCEPTANCE	ELITE PRIVATE, LOUISIANA 11% ACCEPTANCE
10-YEAR RETURN ON INVESTMENT	$170,000	$31,000
MEDIAN EARNINGS At 10 years after enrollment	$59,769	$56,999
NET PRICE Average cost of attendance minus financial aid	$14,257	$39,749

A spokesperson for Tulane said CEW's calculation was an unfair point of comparison, noting the figure is a reflection of the aftermath of Hurricane Katrina when incoming student enrollment dropped and a third of its student population was part-time adult learners at its School of Continuing Studies. A representative for Wake Forest also noted CEW's figure was only relevant to students who accept federal aid. The majority of its students pay out of pocket, meaning they don't rely on federal loans, grants or work-study arrangements.

Prestige Doesn't Always Pay

Higher education has long been the golden ticket to social mobility in the US.

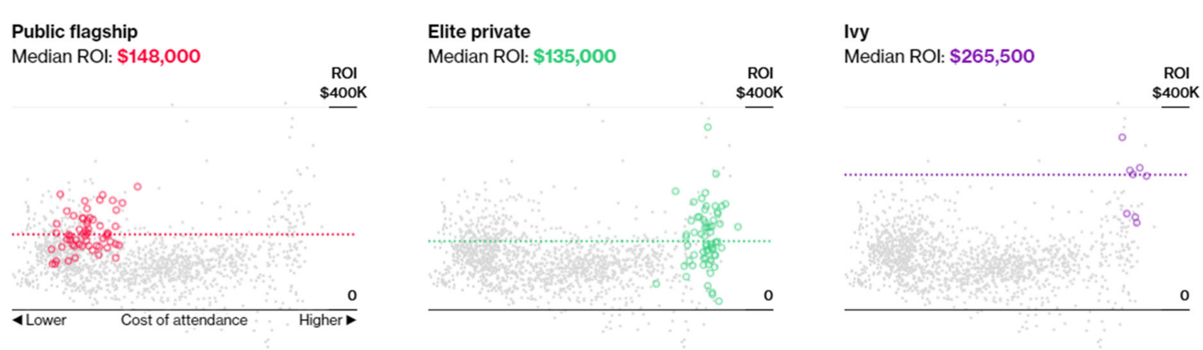
College graduates are more likely to secure higher paying jobs, granting them stability and a better quality of life. The reward is believed to be even sweeter for those admitted to a top school. But with a changing job market and soaring tuition costs, more people are questioning whether it's worth as much as six figures to attend an elite institution.

Some parents have adopted an "Ivy-or-bust" mentality, placing prestige above all when thinking about college. And while the higher return on investment is notable for the Ivies — families might want to think again before handing over hundreds of thousands of dollars for the next best school.

CEW's calculations — which examine the net present value of the typical graduate's earnings minus the average price paid after aid packages — shows a degree from an elite private college 10 years from enrollment is worth about $135,000 compared to $265,500 at an Ivy, according to the analysis.

It's a striking gap, especially when these universities are considered to be "the best" and "next best" schools.

More than 140 public institutions accepting the majority of applicants are able to return more than $135,000 for the typical student after 10 years. And public flagship institutions, which can be more selective, tend to do even better with a typical 10-year ROI of $148,000.



"If you get into an Ivy, the ROI is going to be great. But if you're part of the 99% of students who don't get in, regional and state flagship schools can punch above their weight and allow a strong return on investment," said Michael Itzkowitz, founder of HEA Group and the former director of College Scorecard, the publisher of the student outcomes dataset Georgetown's CEW used.

To be sure, the assumptions baked into CEW's calculations provide a somewhat limited outlook on the value of a college degree. For instance, working a $10-an-hour job full time for 10 years would produce a comparable ROI of $191,000 before taxes. CEW assumes the typical student is incurring costs and not working for the first five years after enrollment, as that's the average time it takes to graduate. So 10 years out, a school's ROI can look significantly worse than after, say, 40 years when the cost of tuition is dwarfed by a lifetime of elevated earnings. The same logic holds when comparing expensive colleges against cheaper ones. Further out, the return can look better for a more expensive school, if it's able to get students higher paying jobs.

> A typical graduate from **Ohio State University-Mai...** earns **$55,332** 10 years after enrollment. That's **64% more than** the typical high school graduate.

But that's not always a guarantee. Nearly half of all college graduates find themselves working jobs that don't require a degree a decade out of college, according to a report by the Burning Glass Institute and the Strada Education Foundation. That can be crippling for students who took on debt and were banking on higher earnings to pay off their loans. For many, the ROI of their degree could be even lower than CEW estimates as its calculations didn't include the cost to service student loan debt and a lot of graduates are paying interest rates north of 7%.

Caitlin McCarty transferred to New York University from Manhattan College, thinking she'd find better connections and employment opportunities at a brand-name school — even if it meant an additional $25,000 in debt by the time she graduated in 2019.

"I thought everyone knows NYU. It's going to help me get such a great job," she said. "And then I started applying and I was like, 'it's not helping.'"

Eventually she found her first full-time job as an executive assistant at a small company. But currently unemployed, she says she's never used any of the skills she learned in college and regrets the extra money she paid for NYU.

"At the end of the day, I just don't think it was worth it," she said.

Compared to NYU, the average Manhattan College graduate not only pays less for a degree but commands a 9% higher salary. Manhattan College has struggled financially lately, announcing cuts to staff and programs this year. But its ROI is meaningfully higher at $180,000 10 years after enrollment, compared to NYU's $107,000, according to CEW data.

	New York University	Manhattan College
	PRIVATE, NEW YORK 21% ACCEPTANCE	PRIVATE, NEW YORK 78% ACCEPTANCE
10-YEAR RETURN ON INVESTMENT	$107,000	$180,000
MEDIAN EARNINGS At 10 years after enrollment	$76,040	$83,117
NET PRICE Average cost of attendance minus financial aid	$38,569	$30,215

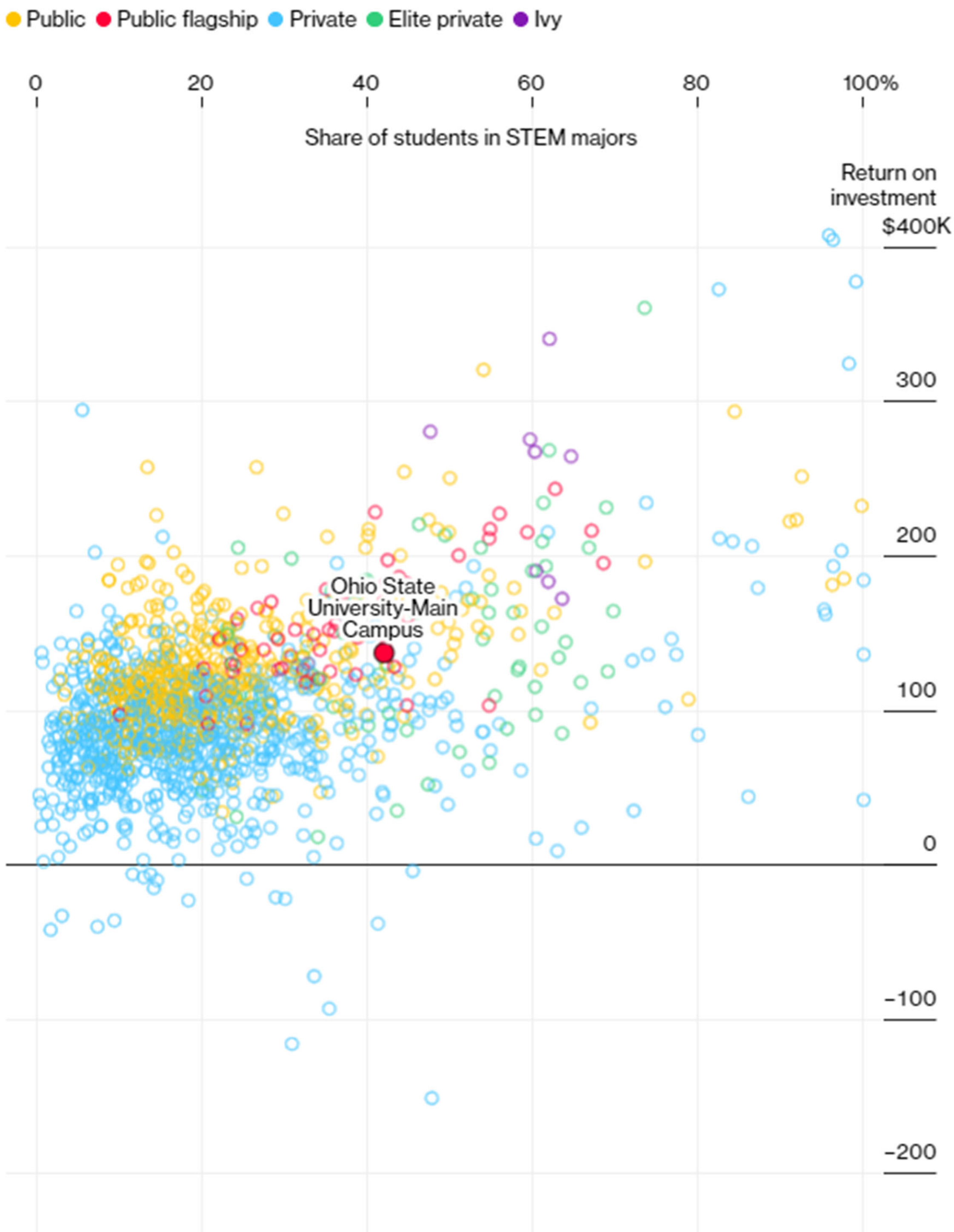
Major Makes the Difference

When Georgetown's CEW began to publish ROI calculations in 2019, it acknowledged the awkwardness in discussing a degree's return on investment in the same terms as a tangible financial asset. It depends on the degree and what a graduate does with it.

Technical majors such as computer science, engineering or mathematics can serve as a direct pathway to a good job early in one's career, translating to higher earnings right out of college. That's why schools with more STEM majors tend to outperform other top universities when it comes to ROI figures.

Colleges With More STEM Graduates Have Higher Returns

The 10-year ROI at Ohio State University-Mai... is **$137,000** with roughly **42% of students graduating with STEM majors**.



Sources: Georgetown University Center on Education and the Workforce and IPEDS. Note: Data are not available for all schools, and schools with no STEM majors in the data are excluded.

The top four colleges with the highest ROIs, for instance, comprise a list of highly specialized schools: the Massachusetts Institute of Technology, the University of Health Sciences and Pharmacy in St. Louis, the California Institute of Technology, and the Albany College of Pharmacy and Health Sciences.

"The ROI of a degree is associated much more with major than school," said Martin Van Der Werf, director of editorial and education policy at CEW. "A brand name can be important. But it's important for people to decouple the school from what they want to do. They should focus on what they want to do and narrow it down from there."

The reality is, however, many students are unsure about what they want to study in their late teens, so when picking out colleges, applicants tend to focus on reputation, rather than career outcomes.

Ohio State University-Mai..., **a flagship public school**, returns **48% less than** the typical Ivy League institution and **about the same as** elite private colleges.

For Celeste Watkins, the decision came down to a combination of prestige and financial aid. After applying to more than 25 universities, she ended up going to Franklin & Marshall College, a Hidden Ivy in Lancaster, Pennsylvania.

There, she pursued a major in biology with a minor in Chinese area studies and remembers having a "dearth of information" regarding potential careers. After graduating in December 2016, she worked in customer support and retail positions before landing a job as an administrative assistant at a Chinese railcar manufacturer. But feeling her career options were limited — even after attending a premier school — she decided to pursue a master's degree in business administration at Yale University, taking on more than $100,000 in debt to do so.

"It's the information asymmetry that I think is driving a lot of the question of, is college worth it or not," she said. "You simply don't have enough of the right information to know, here is reasonably what I can expect to be doing with my life after school."

Celeste Watkins on campus at Yale University in New Haven, Connecticut. Photographer: Joe Buglewicz/Bloomberg

The curriculum at liberal arts colleges typically focuses on the humanities, arts, social sciences and natural sciences. Graduates develop in-demand soft skills such as critical thinking — which may garner renewed interest with the rise of artificial intelligence — but non-technical majors often lead to jobs with lower wages.

According to a separate 2019 CEW report, the ROI of a liberal arts education 10 years after enrollment is around $62,000, or about 40% below the median ROI of all 4,500 two- and four-year colleges CEW analyzed, which was $107,000.

Elite liberal arts colleges tend to do better. The average graduate of Franklin & Marshall has a 10-year ROI of $123,000, which the college said should increase as time goes on. Still, graduates of top schools can find the career opportunities lacking, pushing some into graduate school, which can require more debt and delay earnings even further out.

Take a school like Oberlin College. It says its graduates have earned more research doctorates than graduates of any other four-year college. But Oberlin also has the lowest ROI of the Hidden Ivies analyzed, coming in at $18,000 10 years from enrollment.

	Franklin and Marshall ...	Oberlin College
	ELITE PRIVATE, PENNSYLVANIA 37% ACCEPTANCE	ELITE PRIVATE, OHIO 35% ACCEPTANCE
10-YEAR RETURN ON INVESTMENT	$123,000	$18,000
MEDIAN EARNINGS At 10 years after enrollment	$72,227	$47,921
NET PRICE Average cost of attendance minus financial aid	$30,911	$34,777

A factor driving this is that students pay a hefty net price of $34,777 a year, compared to a median of $29,000 for all Hidden Ivies. Plus, Oberlin's most popular major is music performance, followed by psychology. These tend to be lower-paying degrees and could explain why the median salary of Oberlin graduates 10 years from enrollment is $48,000, compared to almost $73,000 for other Hidden Ivies.

It's a similar story at Vassar, which returns about $98,000 10 years after enrollment.

The majority of its students are enrolled in non-STEM fields, such as psychology, English and political science, pushing down the median salary of graduates. According to Vassar President Elizabeth Bradley, a considerable number of students also pursue graduate education or "competitive fellowships" right after college.

"For a substantial group of our graduates it may take longer to see earnings rise, but our data points out that it does rise," she said.

Up for Debate

Asked about the findings, some of the schools contacted argued the return on investment of a college degree can't be expressed as a dollar figure – alluding to intangible benefits such as student experience and a school's academic rigor.

"It is impossible to distill the excellence of any given college into one ranking, particularly one that only looks at success in terms of dollars and cents," said Andrea Simakis, an Oberlin spokesperson, who noted the school's graduates are well-represented among Grammy winners and MacArthur genius fellows. "Not only does this study not capture the lifetime ROI of these individuals, it does not begin to capture the ROI to the world."

Future earnings are just one part of an ROI, added Alan Caniglia, Franklin & Marshall's vice president for institutional research and chief strategy officer. "The ability to do work you value, the quality of life beyond the career, and your contributions as a citizen and community member" are also important, he said. Additionally, the school provides "substantial programs to help students prepare and plan for their professional careers."

Other schools also noted CEW's calculations don't take into account the location of schools and migration of students after graduation in the context of earnings. Universities in close proximity to high-paying cities like New York, for instance, are more likely to produce a higher median salary for graduates than those located in the midwest or south.

Furthermore, academics contacted by Bloomberg said that while they agree students must consider costs when picking out an institution, attending college will always be worth it.

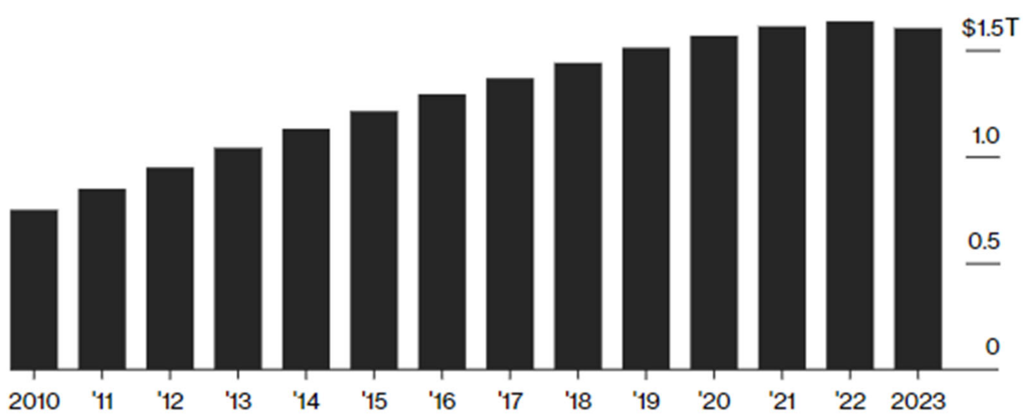
"Whatever that right fit school is for you, that's where you should be, independent of financial ability or ability to pay," said Phillip Levine, an economics professor at Wellesley College. "If you have that student who should be going to a very top institution, but ends up at the community college because they think that that's what they can afford, that's a mistake."

Wealth Deferred

Still, as graduates take on more debt and pay down balances for longer, many aren't able to see the same wealth-building advantages typically associated with higher education.

A Federal Reserve Bank of St. Louis report from 2019 found that while college graduates still enjoy higher salaries, the wealth premium had declined for more recent graduates, thanks in part to the rising cost of college.

Federal Student Loan Debt Has More Than Doubled Since 2010



Source: US Education Department

“If you’re busy paying down student loan debt as opposed to putting money in a 401(k) or down towards a house, that has larger macro economic consequences,” said Ana Hernández Kent, a senior researcher at the St. Louis Fed. “Even if it’s just a few years, it’s taking graduates longer to get there. They don’t have as much time to allow those assets to appreciate.”

That seems to be the case for Ryan McMullin, a 27 year old in Washington DC, who now works at a top consulting firm.

McMullin attended the renowned Elliott School of International Affairs at George Washington University, studied for a year at the Paris Institute of Political Studies and worked as a paralegal for a law firm.

But even with his success, he wonders if he made the right choices — starting with the decision to take on $145,000 in student debt. While he earns more than the average American, he says the burden of his debt outweighs the higher paycheck he earns.

He thinks of his former high school classmates in Pennsylvania who are buying homes and starting families. With a $1,250 monthly student loan bill, McMullin says can’t even afford to live alone or buy a car. In fact, he feels trapped by his choices.

“I have genuine fears I won’t have a reasonable chance of hitting major milestones until much later in life,” he said. “I don’t think a degree, certainly not a private one, was necessary. It’s not going to help me achieve some of the things in life that really matter.”

Related tickers:

- 321034Z:US (Columbia University in the City of New York)
- 545745Z:US (Cornell University)
- 317595Z:US (Dartmouth College)
- 3252Z:US (Harvard University)
- 8943Z:US (Princeton University)
- 318542Z:US (University of Pennsylvania)
- 6047Z:US (Yale University)
- 3648655Z:US (University of Georgia)
- 27359MF:US (Tulane University)
- 854804Z:US (Wake Forest University)
- 321042Z:US (New York University)
- 51051MF:US (Manhattan College)
- 855080Z:US (Franklin and Marshall College)
- 855104Z:US (Oberlin College)
- 780797Z:US (Vassar College)
- 317611Z:US (Wellesley College)
- BX:US (Blackstone Inc.)
- 5092Z:US (Ernst & Young LLP)

Editors: Jennifer Bissell-Linsk, Yue Qiu, and Craig Giammona
With the assistance of: Brittany Harris

Methodology

Bloomberg's analysis was of more than 1,500 four-year, nonprofit undergraduate colleges and universities in the US that predominantly offer Bachelor's degrees. The data was provided by Georgetown University's Center on Education and the Workforce (CEW), which used College Scorecard data for its calculations. The data are based on surveys of graduates who accepted federal aid during enrollment, meaning the outcomes of students who paid out of pocket are not included in the analysis.

The most recent iteration of the College Scorecard data include the 2019 and 2020 earnings of students who were enrolled in 2008-09 and 2009-10. These earnings are then adjusted to 2021 dollars and reported at the median. CEW's calculations take into consideration College Scorecard's data on net price and median earnings at six, eight and 10 years after initial attendance. It took averages between years 6, 8, and 10 to get earnings for years 7 and 9. And it did not take into consideration the cost to service debt associated with earning the degree. The net price figure is the cost of attendance, including room and board, minus federal and institutional aid and scholarships. The calculation also assumes students incurred costs for five years — which is the average time it takes to graduate — and didn't start earning money until six years out from enrollment. Then, the center's figure for the return on investment is expressed as a net present value as of 2021, in which future cash flows were given a 2% discount rate.

The analysis then categorized CEW's data by public, public flagship, private, elite private and Ivy League institutions. It relied on data from CEW to do so for all but the elite private category. This category was derived from the list provided in Howard and Matthew Greene's book *The Hidden Ivies*, which is an in-depth look at 63 colleges and universities offering a broad liberal arts education. Highly selective schools notably missing from this list, however, include the Massachusetts Institute of Technology, California Institute of Technology, Harvey Mudd College, Boston University and New York University.

Salary comparison to a typical high school graduate compares the median earnings in the CEW data, which is in 2021 dollars, to the 2021 datapoint for salary of recent high school graduates from the Federal Reserve Bank of New York.

STEM major percentages are calculated based on data from IPEDS on first major degrees given in 2022 and the Department of Homeland Security STEM Designated Degree Program List. Some schools are not included in the data.