



Private Colleges Provide Higher Financial Returns than Public Colleges 40 Years after Enrollment, New Georgetown University Report Says

Community colleges and many certificate programs have the highest ROI 10 years after enrollment

(Washington, DC, November 14, 2019) Bachelor's degrees from private colleges have the highest returns on investment 40 years after enrollment, a new report from the Georgetown University Center on Education and the Workforce (CEW) finds. *A First Try at ROI: Ranking 4,500 Colleges* attempts to answer a question that persists as student debt levels continue to soar: Is college worth it?

Of the 10 colleges with the best long-term net economic gain, all are four-year institutions, and eight are private nonprofit institutions. Meanwhile, colleges that predominantly offer certificates or associate's degrees have the highest return on investment 10 years after enrollment. Returns on investment from bachelor's degrees eventually overtake returns from most two-year credentials. For example, Babson College, a private college in Massachusetts, ranks 304th in net present value at the 10-year horizon, but ranks seventh at the 40-year horizon.

"Everyone is asking, 'Is college worth it?' and we set out to try to find an answer," said Dr. Anthony P. Carnevale, lead author and CEW director. "Not only will it help students, but this kind of information on the costs and benefits of higher education holds institutions more accountable."

The type of institution makes a difference in overall return on investment. Public colleges, where tuition is lower and students accumulate less debt, lead to better returns than private colleges at the 10-year horizon. But degrees from private nonprofit colleges typically have a higher return on investment when measured in the long term. Even though students, on average, take out more than twice as much in loans to attend private colleges, a degree from a private nonprofit college is worth \$8,000 more annually 10 years after enrollment. Over the course of 40 years, the average graduate of a private college has a net economic gain of \$838,000, even after paying off higher amounts of debt, compared to \$765,000 for a graduate of a public college.

Colleges that award associate's degrees and certificates show the highest returns on investment 10 years after enrollment. Twenty-six of the 30 institutions with the best short-term net economic gains primarily grant certificates or associate's degrees. Because these programs require fewer credits to complete, they leave students with less debt and allow them to enter the workforce sooner. In the long run, however, the returns of these programs fall behind those of bachelor's degree-granting institutions because students' earnings are lower.

These findings hold true for many schools, but there are notable exceptions. Two public four-year institutions, Maine Maritime Academy and the United States Merchant Marine Academy, rank in the top 10 colleges with the best long-term returns. And two four-year private colleges, St. Louis College of Pharmacy and Albany College of Pharmacy and Health Sciences, rank in the top 10 for short-term returns as well as for long-term returns. Institutions with the highest returns 10 years after enrollment offer

returns of more than \$1 million, and sometimes \$2 million, at the 40-year horizon, exceeding the median 40-year returns of private institutions. Veeb Nassau Community College has 40-year returns of about \$1.4 million, and the Ocean Corporation, a private for-profit institution, has 40-year returns of about \$1.3 million, to name a few examples.

The report uses expanded College Scorecard data to calculate the net present value of a credential from 4,500 colleges, including traditional two-year and four-year public and private colleges, as well as for-profit colleges and training academies. CEW also developed an online table of the 4,500 colleges that allows users to sort data on tuition, median student debt, and median earnings for each institution.

“Students and their parents should take advantage of data by institution to make more informed financial decisions about where to attend college,” said Ban Cheah, co-author of the report and research professor and senior economist at CEW.

Key Findings:

- Ten years after enrollment, the median net present value for all colleges is \$107,000; measured at the 40-year horizon, that number rises to \$723,000.
- Colleges that primarily award associate’s degrees have the highest short-term return, a median of \$141,000 10 years after enrollment.
- In the long term, the net economic gains for attending a private for-profit college are \$551,000, compared to \$838,000 for a private nonprofit college and \$765,000 for a public college.
- The institutions with the lowest long-term economic value range from theological institutions to beauty schools to colleges specializing in the arts.

For the full report and sortable tables of 4,500 colleges and universities ranked by various ROI metrics, visit cew.georgetown.edu/CollegeROI.

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The Georgetown University Center on Education and the Workforce (CEW) is an independent, nonprofit research and policy institute that studies the link between individual goals, education and training curricula, and career pathways. CEW is affiliated with the Georgetown University McCourt School of Public Policy. For more information, visit cew.georgetown.edu. Follow CEW on Twitter [@GeorgetownCEW](https://twitter.com/GeorgetownCEW), [Facebook](https://www.facebook.com/GeorgetownCEW), [YouTube](https://www.youtube.com/channel/UC8vKj0j0j0j0j0j0j0j0j0j), [LinkedIn](https://www.linkedin.com/company/GeorgetownCEW), and [Medium](https://www.medium.com/@GeorgetownCEW).