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## College ROI for Low-Income Students Is \$756,000, Compared to \$822,000 for All Students, Georgetown University Report Says

*Report ranks institutions by ROI for low-income students as well as percentage of student body who are Pell Grant recipients and their graduation rates*

**(Washington, DC, Jan. 25, 2022)** College typically pays off for low-income students, but not as much as it does for their peers. Low-income students have a lower return on investment (ROI) than all students across public and private institutions and certificates, associate's degrees, and bachelor's degrees, largely because they tend to earn less as adults, according to a new report from the Georgetown University Center on Education and the Workforce (CEW). *The Colleges Where Low-Income Students Get the Highest ROI* finds that overall, these students get the best financial returns from attending public institutions, where costs are generally lower.

Low-income students, whose families earn \$30,000 or less per year, comprise more than one-third of college students. Among institutions that primarily award bachelor's degrees, public institutions generally lead to the highest ROI for these students during a 40-year timeframe (\$951,000), followed by private nonprofit institutions (\$863,000) and for-profit colleges (\$763,000). Although for-profit colleges have the lowest overall returns among institutions that predominantly award bachelor's degrees, their student bodies have the greatest share of Pell Grant recipients (56%), followed by those of public institutions (36%) and private nonprofit institutions (35%).

Among public bachelor's degree institutions, Maine Maritime Academy has the highest returns for low-income students, with net economic gains of \$2.2 million. However, only 28% of its students receive Pell Grants. While public institutions generally lead to the best returns, low-income students can find good returns across institutions. In fact, the 24 bachelor's degree institutions with the highest ROI for low-income students are private nonprofit universities, led by Georgetown University (\$3.3 million), Stanford University (\$3 million), and Harvard University (\$3 million). However, these institutions enroll relatively small shares of Pell Grant recipients.

Low-income students' returns from associate's degrees can exceed \$1 million, and certificates can be just as lucrative. The ROI for low-income students follows a similar pattern for associate's degrees and certificates, with the highest returns from public institutions, followed by private nonprofit and for-profit institutions. For these programs, around 35% of students at public institutions typically receive Pell Grants, while at least 60% of the students at private nonprofit and for-profit institutions generally receive Pell Grants. Many of the institutions that top the rankings at these levels are highly specialized. Charles R. Drew University of Medicine and Science in Los Angeles, a nonprofit private institution, tops the weighted ranking of institutions that primarily award associate's degrees (\$1.8 million). Teterboro School of Aeronautics, a private for-profit institution now known as Aviation Institute of Maintenance-Teterboro, ranks first for institutions that primarily award certificates (\$1.3 million).

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“Many of the colleges with the highest ROI for low-income students enroll relatively small shares of Pell Grant recipients,” CEW Director and lead author Anthony P. Carnevale said. “ROI is important, but students won’t get that ROI if they can’t go to these colleges.”

To recognize colleges that are good values for low-income students, the report includes an index that gives additional weight to such factors as the percentage of low-income students who are enrolled, their graduation rates, and their long-term ROI. In these weighted rankings, Alice Lloyd College in Kentucky emerges as the highest-ranked private nonprofit institution. Columbia University is the only highly selective private college that makes the top 20 weighted ranking for bachelor’s-degree institutions. The highest-rated public institution in the weighted rankings is the University of California, Riverside, where 54% of students receive a Pell Grant and 75% of low-income students graduate within six years. UC-Riverside is one of 12 public institutions in California that make the top 20 weighted rankings for bachelor’s-level colleges and universities.

For-profit institutions generally lead to low returns for low-income students, but there are some exceptions. Neumont College of Computer Science in Utah (\$1.5 million) and SAE Expression College in California (\$1.1 million), both for-profits, top the weighted list of bachelor’s degree-granting institutions with the highest ROI for low-income students. However, the impact of these institutions is small; together, they enroll only 800 students.

The wide variation in ROI at different types of colleges points to the need for an enhanced system of counseling and advising in the United States. Potential students can’t know which college and major have the best value unless they study the data with guidance from a counselor who can help them understand the potential financial outcomes. Attending public colleges that predominantly grant bachelor’s degrees results overall in the best outcomes for low-income students, but that does not mean that any given public four-year college is the best choice for a low-income student. Likewise, while attending most for-profit colleges results in low ROI for low-income students, some for-profit colleges offer a high ROI.

“Choosing a college is full of anxiety, and sometimes results in bad decisions. We need a comprehensive career counseling system to help potential students determine whether a college program is worth the investment,” said Martin Van Der Werf, a report co-author and CEW associate director of editorial and postsecondary policy.

To view the full report and rankings, visit [cew.georgetown.edu/lowincome](http://cew.georgetown.edu/lowincome).

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