State Schools Top Ivies In Key College Costs Returns On Investment

By PAUL KATZEFF, INVESTOR'S BUSINESS DAILY
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So your family has a young scholar who will head to college. Whether that's next year or further in the future, odds are he'll weigh costs for each school he considers attending.

You can help him with this calculation by pointing out the importance of measuring not just each school's list price, but the return on investment for each of his prospect colleges. That's the typical earnings over a number of years divided by the cost of getting an undergraduate degree from each school.

And there can be a big difference between a college's return on investment (ROI) in sheer dollars and its rate of ROI. For instance, look at net ROI over the first 30 years after students graduate. The list of schools whose undergraduates rack up the most net pay — pay beyond a high-school graduate — minus the cost of attending school in those three decades is led by Harvey Mudd College, Caltech, Polytechnic Institute of New York University and MIT, in PayScale.com's annual ranking.

MIT grads average a cumulative net ROI of $1.6 million. Harvey Mudd's average $2.1 million. But when you convert that into an annual rate of return, all four fall from the top tier. Harvey Mudd's 8.3% is only 38th best, which is still good.

Tops is City University of New York Bernard Baruch College's 10.6%, for which net ROI is $924,100. For ROI with grants, the top 11 schools are public. Williams' 11.3% annual ROI ranks 12th. The top-ranked Ivy League school, all of which are private, is Harvard. Its 11% annual ROI ranks 22nd, tied with Caltech and MIT.

So is a public college the only way to go? "As long as you go to a school with strong studies in an area you want to focus on, public education makes sense because public is inherently cheaper," Bardaro said.

PayScale dropped graduation rates from this year's number-crunching to get rid of certain statistical biases. Ivy League schools ranked higher than many engineering schools in last year's ROI-rate-with-grants list, due to higher graduation rates.

Your major goes a long way in determining your income potential. Look again at the schools whose graduates earn the most in the decades after receiving their sheepskins. All of the top four — Harvey Mudd, Caltech, NYU-Poly and MIT — are top-heavy with technical studies. "Engineering majors and STEM studies are heavily demanded in the workforce," Bardaro said, referring to science, technology, engineering and math academics. "It tends to be easier for graduates in those fields to get jobs. And because demand for their skills outstrips the supply of graduates, pay is better."
Harvey Mudd grads rank first among engineering majors in 30-year net ROI in dollars, at $2.4 million. McNeese State's 11.7% is the No. 1 rate of ROI for that major.