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STUDENTS

When It Comes to Future Earnings, Liberal-Arts Grads Might Get the Last Laugh

By *Bennett Leckrone* | JANUARY 14, 2020 ✓ PREMIUM

Students from liberal-arts colleges don't merely recoup their tuition dollars in the long run. They eventually earn more than those who attended trade or business schools, a new report shows.

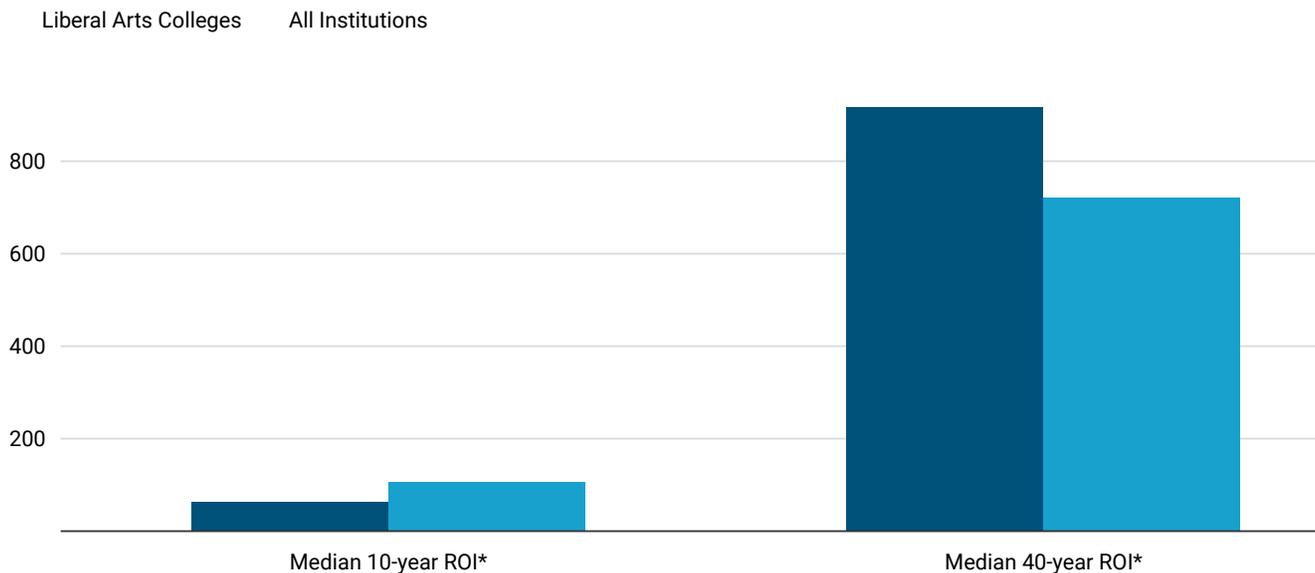
The return on investment, or ROI, from a liberal-arts education skyrockets as people's careers progress, the Georgetown University Center on Education and the Workforce concludes in the report, "ROI of Liberal Arts Colleges: Value Adds Up Over Time." Forty years after enrolling, a graduate of one of the 210 liberal-arts colleges analyzed for the report will have a median ROI that is nearly \$200,000 above that of all U.S. colleges, says the study, published on Tuesday.

The study of liberal-arts colleges builds on the center's November report, "A First Try at ROI: Ranking 4,500 Colleges," which examined the earnings value of higher education at all colleges. Both studies draw on data from the U.S. Department of Higher Education's College Scorecard, an online college-comparison tool unveiled in 2015 by the Obama administration and expanded under President Trump to include program-level data on graduates' debt and earnings.

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If there's any drawback for liberal-arts grads, the latest report suggests, it's the long wait for the payoff. At 10 years after enrollment, the median liberal-arts ROI is only \$62,000 compared with \$107,000 for all institutions.

Liberal Arts ROI Rises Over Time



**in thousands*

Source: [Georgetown CEW](#) • [Get the data](#) • Created with [Datawrapper](#)

But the median ROI of liberal-arts colleges eventually climbs to \$918,000 compared with a median of \$723,000 for all colleges combined. Anthony Carnevale, the study's primary author and director of the Georgetown center, said he was surprised that the long-term ROI of liberal-arts colleges was nearly as high as that of doctoral universities with the two highest levels of research activity.

Carnevale attributes the high return on investment to the rise, since the 1980s, of program specialization and liberal-arts-and-sciences colleges.

"More and more now, there is a direct relationship with occupations," Carnevale said. "The economy changed."

The report calculates long-term earnings using net present value — how much a sum of money in the future is valued today. The measure was used to calculate the 10- and 40-year ROI for all colleges in the center's November report.

The new report might be good news for liberal-arts colleges, which are struggling to prove their worth as enrollments decline and debts rise, said Lynn Pasquerella, president of the Association of American Colleges and Universities. Many fail to see the long-term benefits of undertaking a focus on arts and ethics instead of concrete, hands-on training.

“There’s a prevailing national rhetoric that calls into question higher education in general, and liberal education in particular,” Pasquerella said. “Liberal education is viewed as taking place in the ivory tower, with a willful disconnect from the matters of everyday life.”

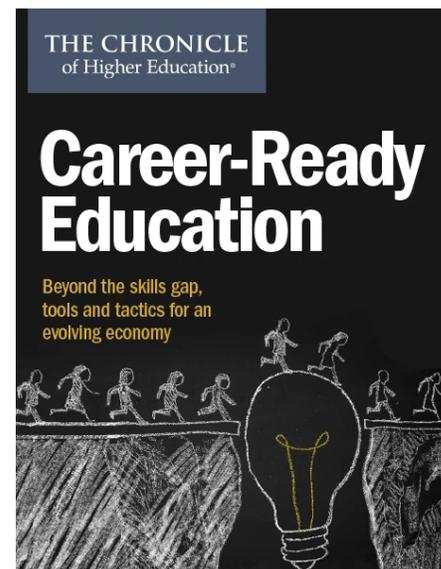
Preparing students for their careers should be a major selling point for liberal-arts colleges, Pasquerella said. Liberal-arts education, she said, gives students the necessary skills to advance in their careers.

“Employers are looking for employees who can advance in the profession, not just entry-level work,” She said. “That will be the future of the work force.”

But Robert Kelchen, an associate professor of higher education at Seton Hall University, said that convincing students that a liberal-arts college will bring them long-term success might be difficult when they’re faced with looming education debt.

Liberal-arts colleges “need to market themselves about preparing students for what they want to do throughout their career,” Kelchen said. “To some extent it’s a tough sell. The short term is when you’re paying your student loans.”

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ADD TO CART

There seems to be a general formula for colleges that generate a high return on investment: Private, selective universities with a high graduation rate tend to have the highest ROI. Of the 10 colleges with the highest long-term ROI, only one, the Virginia Military Institute, is public. The rest are private, nonprofit institutions.

That's not surprising to Douglas Webber, an assistant professor of economics at Temple University. Webber noted that the students who attend elite, private colleges on the coasts often have more money to begin with and will achieve a higher return on investment regardless.

"These are different students," Webber said. "Selectivity is playing a huge, huge role here."

Carnevale said not all colleges fit that trend, and he pointed out that a variety of factors influence how much return on investment a college has. He said the divide between ROI at liberal-arts colleges represents "the usual American issue" — race and class divides. Elite colleges, he said, tend to draw students from elite backgrounds.

LaToya Russell Owens, director of learning and evaluation for the United Negro College Fund, said the data need to be broken down even further to provide insight on college success. She pointed out that historically black colleges and universities, which have a lower median ROI, nonetheless have a huge impact on social mobility for many first-generation students of color.

"Even a highly successful student that is low income, first generation, or black may not be successful at these institutions that are generally educating very elite students," Owens said. "Understanding the experience of students of color at these institutions, and understanding the experience of first-generation or Pell Grant students, is really something that I think needs to be explicitly spelled out in data."

The majors and types of specialization available at different colleges tend to have an impact on ROI. Harvey Mudd College is considered to be a liberal-arts college despite its intensive focus on engineering, science, and mathematics. It has the highest long-term ROI of any liberal-arts college in the country — more than \$1.8 million.

ROI Resembles Graduation Rates

Colleges with higher graduation rates tend to offer a higher return on investment.

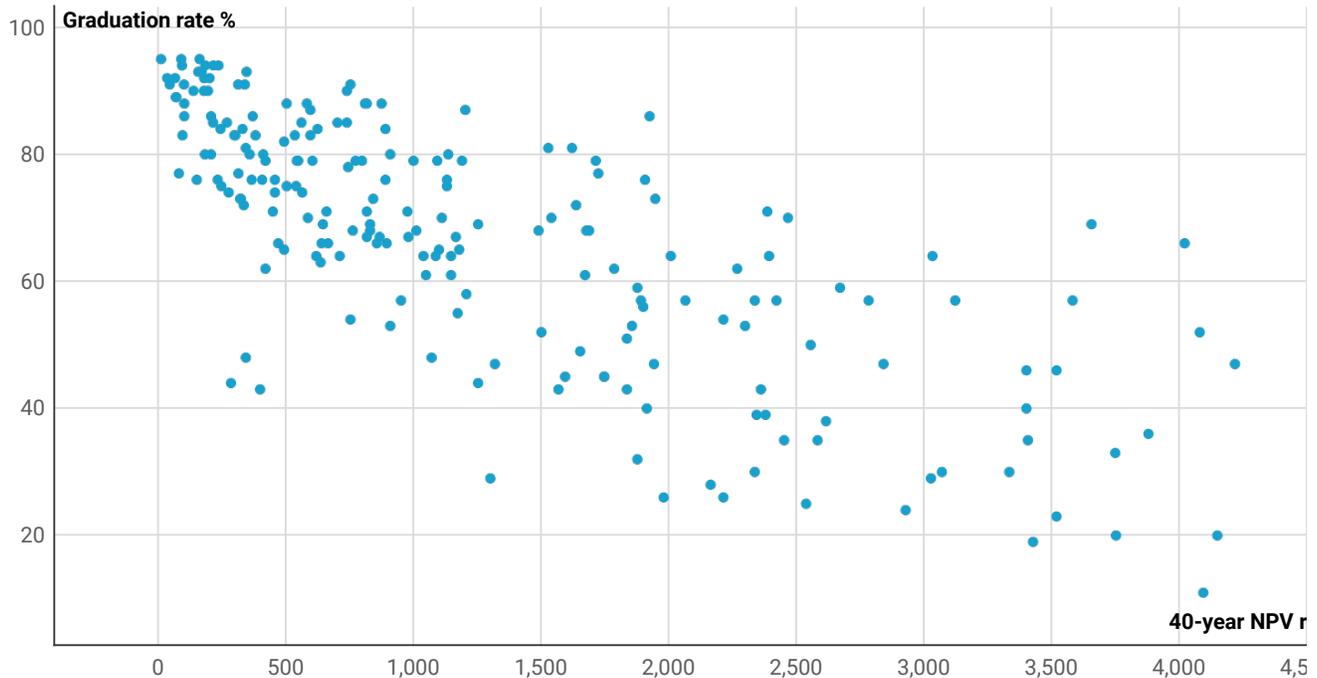


Chart: Bennett Leckrone • Source: [Georgetown CEW](#) • [Get the data](#) • Created with [Datawrapper](#)

Gauging return on investment is a moving target in higher education, which — contrary to the opinions of its critics — is always evolving. As Pasquerella pointed out, STEM fields are becoming intertwined with the liberal arts, scientists are expected to understand the ethical implications of their work, and those in the arts are being asked to convey scientific ideas to the public.

“In the future, in order to prepare students for success, we need to break down disciplinary silos,” Pasquerella said.

Webber cautioned that, while ROI is something students should consider when selecting a college, it shouldn’t be the first thing on their mind. Students who are comfortable at their college in a major they like are more likely to graduate and succeed in the long term, he said.

“Earnings prospects should matter, but it’s not necessarily the first thing,” Webber said. “These are averages ... and these are projections. The single most important thing about the college that you go to is that you wind up graduating.”

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