



Median ROI of Liberal Arts Colleges Nearly \$200,000 Higher Than the Median for All Colleges, New Georgetown University Report Says

Students from the 47 most selective liberal arts institutions see 40-year financial returns of \$1.13 million

(Washington, DC, January 14, 2020) The value of a liberal arts education has come into question in past years, leading to program cuts and even school closings. But the degrees that liberal arts colleges confer have substantial returns on investment (ROI) in the long term, according to a new report from the Georgetown University Center on Education and the Workforce (CEW).

ROI of Liberal Arts Colleges: Value Adds Up Over Time finds that 10 years after enrollment, the median ROI for liberal arts colleges is \$62,000, which is \$45,000 below the median ROI of all colleges. By 40 years after enrollment, however, the ROI of liberal arts colleges rises to \$918,000, which is nearly \$200,000 higher than the median ROI of all colleges (\$723,000).

More selective liberal arts institutions typically have even higher median returns on investment. The 47 most selective liberal arts colleges, which include Carleton College, Kenyon College, the University of Richmond, Wesleyan University, and Williams College, have a 40-year ROI of \$1.13 million. Those returns are nearly as high as the ROI from doctoral institutions with the highest research activity, at \$1.14 million. Selective colleges tend to have higher graduation rates than other colleges, and enroll fewer students from low-income families. Higher graduation rates contribute to higher ROI, likely because students who complete their credentials have greater earnings potential. Students who do not graduate may have debt without increasing their earning potential.

“As with many four-year institutions, financial returns from liberal arts colleges start low, but enrolling at one of these colleges is a good investment in the long term,” lead report author and CEW Director Anthony P. Carnevale said.

These findings hold true for many, but not all, liberal arts colleges. The lowest-ranking four-year liberal arts colleges have 40-year ROIs of less than \$550,000. And not all schools with few low-income students or high graduation rates offer students high financial returns. At Oberlin College, where 8.8% of students are Pell Grant recipients, the 40-year ROI is \$763,000. Meanwhile, at Washington and Lee University, 8.7% of students are Pell Grant recipients—but the ROI is \$1.58 million. Bennington College has a relatively high graduation rate of 69% but 40-year returns of just \$530,000, while Southern Virginia University has a low graduation rate of 30% but higher returns of \$713,000.

Students’ college major also matters when it comes to their overall financial returns. Liberal arts colleges with higher percentages of students majoring in STEM tend to have higher ROIs. Institutions in the top third by share of STEM students have a 40-year return of \$992,000, which is \$179,000 more than the return from institutions in the bottom third. But there is a great deal of variation even among STEM majors’ returns. At Lafayette College and Ursinus College, about 40% and 42% of students major in STEM fields, respectively. However, Lafayette College, where engineering is the most popular major, has

