

WHY THE IVIES AREN'T WORTH IT

An elite-college degree is nice, but once you factor in tuition and future salaries, public schools jump to the head of the class. BY NEIL PARMAR

WITH HER 4.7 GPA, RACHEL Kominsky figured she was a good bet for admission to a prestigious private college. Indeed, the class valedictorian and National Honor Society vice president from Cleveland was accepted to eight of the 10 schools she applied to, including Cornell, Northwestern and University of Pennsylvania. But after her parents wrote the deposit check for U Penn, Rachel began stressing about what it would take to pay back the \$150,000 Ivy League tuition bill. And a new feeling began welling up: buyer's remorse.

The Kominskys had started saving late—they both had their own hefty medical-school loans to pay back—and they didn't want their three kids, all eyeing med school themselves, to graduate under a similar mountain of debt. So they and Rachel began to look more seriously

at her local "safety" school, Ohio State University. Rachel says that initially, she never really saw herself there, assuming that doing her best meant going Ivy League. But says her mom, Suzanne, "We figured she'd get a great education at either place."

Note to college-bound seniors: The debate over the long-term value of a pricey private-school education is heating up, especially in this tough economy. Sure, everyone knows that by sticker price alone, public schools are a sweet deal, with out-of-state tuition and fees that run about 30 percent less than most of their private rivals—and in-state fees running up to three-quarters less. Indeed, the math is pretty jarring; the difference, on average, ranges between \$7,700 and \$18,600 a year, obviously no small matter with stock market woes depleting so many people's savings. But in the back

of everybody's mind, there's that nagging question: Is the extra money worth it? To their credit, elite private schools do boast lower student-to-faculty ratios, fat endowments and name-brand cachet that, along with their active alumni networks, have long provided entrée into the upper echelons of the working world. But if long-term career and salary are what matters—and what else should,



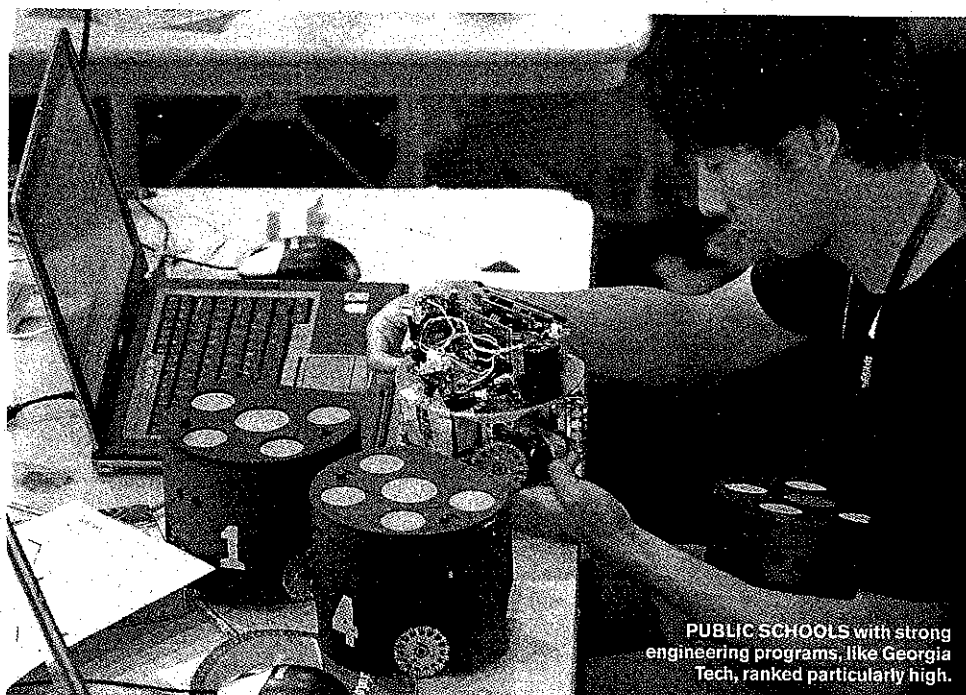


especially in today's economy?—then a growing chorus of private-school critics point out that the public-school scenario may actually deliver a far better bang for your buck.

What's the real story? In a new twist on traditional college rankings, SMART-MONEY took a crack at quantifying the long-term value of a college education. Our goal was to spotlight the relation-

ship between tuition costs and graduates' earning power. Working with consultant PayScale.com, which recently published a groundbreaking survey on alumni salaries, we first looked at what graduates from 50 of the most expensive four-year colleges earn in their early and midcareers. Then we factored in their up-front tuition and fees. The result? A unique "payback" ratio for each school.

In the end, our scorecard may be music to the ears of many state-school admissions deans—not to mention a lot of struggling parents. After all, who would've guessed that University of Georgia (the oldest state-chartered college in the nation—and No. 1 in our survey) would deliver a payback nearly three times that of Harvard? Or that the state universities of Delaware and



PUBLIC SCHOOLS with strong engineering programs, like Georgia Tech, ranked particularly high.

TOP PUBLIC SCHOOLS

RANK	SCHOOL	AVERAGE PAYBACK
1	U. of Georgia	338%
2	Texas A&M	315
3	U. of Texas (Austin)	306
4	Georgia Tech	283
5	U. of Washington	225
6	Rutgers	214
7	U. of Illinois*	210
8	Clemson	201
9	Purdue	197
10	U. of N.C. (Chapel Hill)	190

*Urbana-Champaign.

Rhode Island would beat out every Ivy in the ranking? Indeed, those unheralded public universities turn out to be a far better deal than virtually all the privates we surveyed. The Ivies in general? They deliver nowhere near the payback on tuition that most parents staring at a six-figure bill over four years might expect.

Ultimately, we weren't trying to measure the quality of education or colleges' selectivity. Other rankings take ample care of that, and dedicated students will thrive at any of these fine schools. But with boutique private colleges coming under heavy criticism for spiraling costs, our payback numbers certainly raise questions about the actual "return" on an educational investment. For parents fretting about sending their kid to the University of Washington versus, say, Columbia or Brown, they can rest easier knowing that Husky alums recoup their

tuition costs, on average, twice as fast as grads from those two Ivies.

Of course, rating colleges is not an exact science, and our methods did get their share of criticism from the private-school sector. At Carleton College, a small liberal arts school in Minnesota

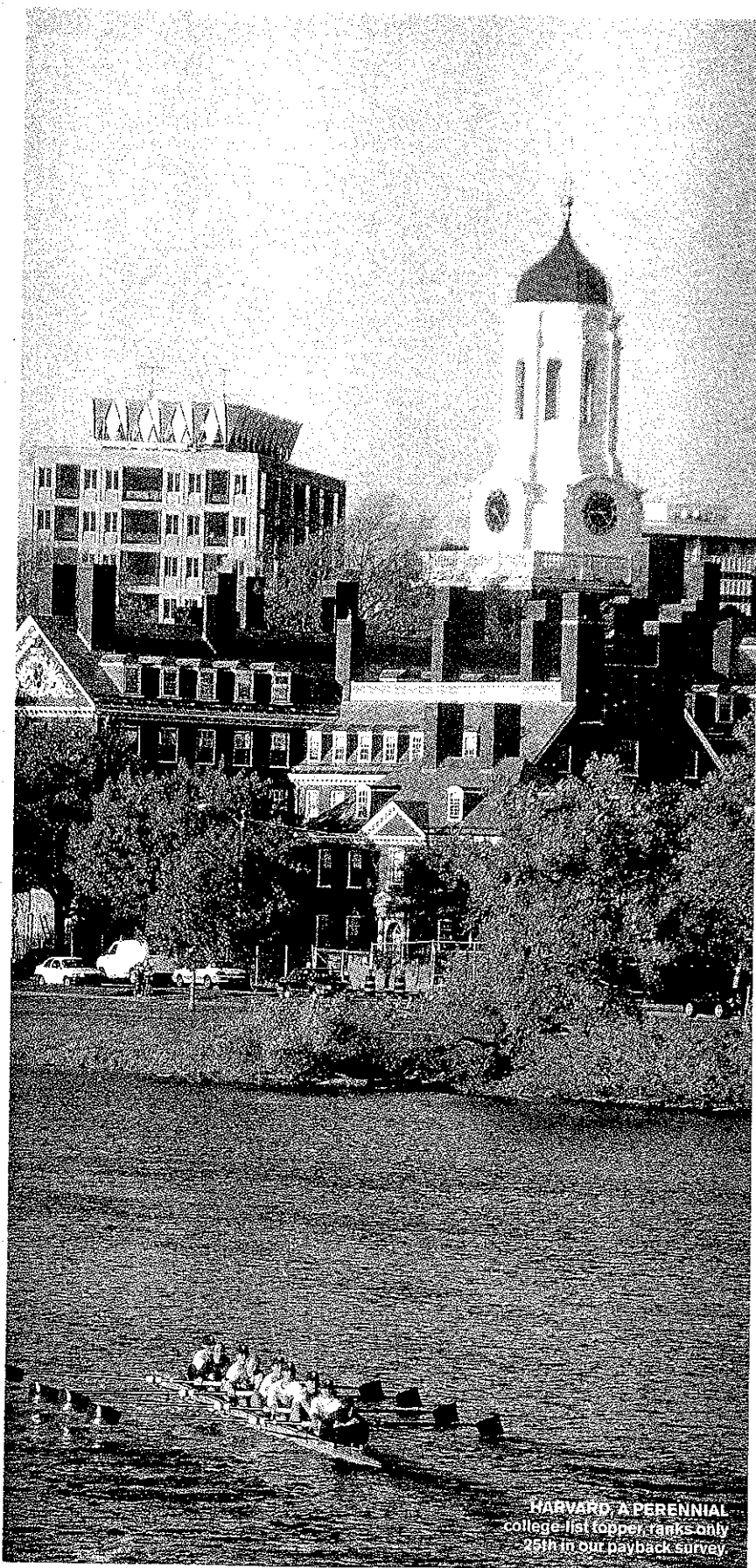
In a recent survey, 70 percent of college students said making more money after graduation was a major reason for going to school.

that normally ranks very high in college surveys—but only 39th in ours—Dean of Admissions Paul Thiboutot says we underestimated their alums' average salaries by including only those who stopped at a bachelor's degree. "The real earning

power is what they end up doing in professional and graduate school," he says. Other private schools, including the Ivies, say that many of their students pay less than the full sticker price we used for tuition, because of grants and scholarships. (True, but public schools also discount their tuition, especially for in-state students.)

Then there are the schools that argue that payback surveys miss the whole point, since you should enter their hallowed halls to enrich your mind, expand your cultural IQ and improve your critical thinking. (Why else would anyone suffer through Descartes, Dostoyevsky and differential equations?) Caesar Storlazzi, Yale's director of student financial services, for one, points to his school's world-class faculty, libraries and art collections. "Put this all together and the experience is without compare," he says.

Still, critics of the elite-school path have a quick retort to all this: Show me the money. In a recent survey by the Higher Education Research Institute at the University of California, Los Angeles, 70 percent of college students said making more money after graduation was a major reason for going to school. And it's no wonder. Along with that diploma comes an average debt of \$22,000 (more than double that of 10 years ago), a financial parasite that eats away at starter paychecks, making it harder for



Photograph by Joe Sohm/Getty

HARVARD, A PERENNIAL college-list topper, ranks only 25th in our payback survey.

grads to upgrade from their beater cars and ramen-noodle dinners. And in this economy, more families are hard-pressed to help support low-earning kids who've boomeranged back home—making financial independence a more compelling goal than ever.

So who gets there faster? It's probably no surprise that when it comes to paycheck size, private-school alums still outearn their public rivals. Using PayScale.com data, we found that three years out, Ivy and liberal-arts grads pull in an average of \$51,500, compared with \$48,500 for their state-school counterparts. And looking 15 years out, the public-private gap widens more.

But once you factor in the tuition investment, the picture changes dramatically. In our ranking, no private school even makes the top 18. Dartmouth grads, for example, report the highest average midcareer salary, but their payback ranking falls to 21st on our list after you factor in historical degree costs. (Georgia Tech's payback, by contrast, is twice as high.) Got No. 40 Swarthmore on your wish list? While its grads pull in the same early-career salary as alums from Texas A&M, the Aggies' long-term payback is three times better. University of Georgia President Michael Adams, for one, is not surprised at his school's top ranking. "We are such a bargain," he says.

IVY LEAGUE SCHOOLS

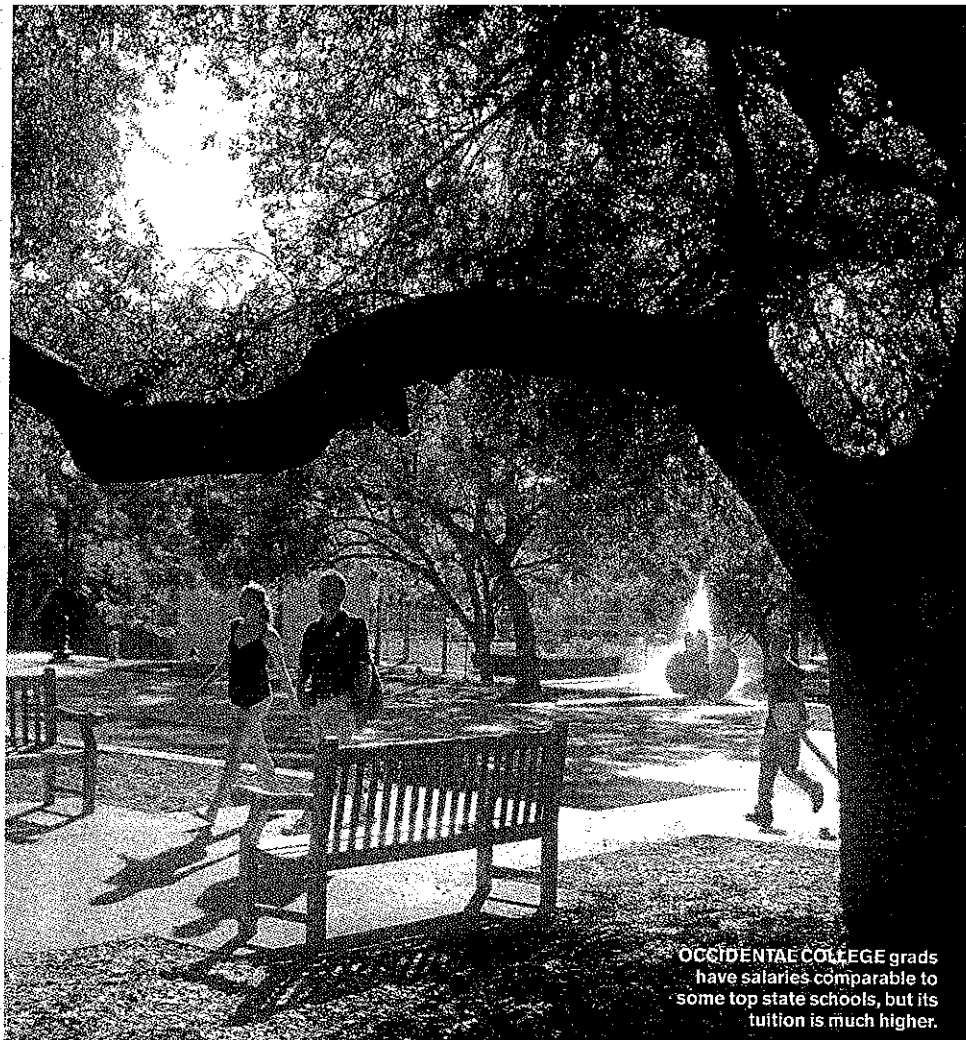
RANK	SCHOOL	AVERAGE PAYBACK*
1	Princeton	132%
2	Dartmouth	131
3	Yale	127
4	Harvard	124
5	U. of Penn.	124
6	Cornell	115
7	Columbia	112
8	Brown	108

*Ties resolved by exact figures.

TOP LIBERAL ARTS SCHOOLS

RANK	SCHOOL	AVERAGE PAYBACK*
1	Washington and Lee	145%
2	U. of Richmond	130
3	Lafayette	115
4	Coll. of the Holy Cross	114
5	Bucknell	114
6	Amherst	114
7	Occidental	113
8	Colgate	110
9	Bowdoin	105
10	Ursinus	104

*Ties resolved by exact figures.



OCCIDENTAL COLLEGE grads have salaries comparable to some top state schools, but its tuition is much higher.

Of course, public schools reminded us that it's not just lower degree costs that explain their ranking; they're also attracting brighter students than before. Experts say that with the number of high school grads soaring (last year marked an all-time peak), state schools have been fielding more applications—and becoming increasingly selective. Many public schools we spoke with report a steady rise in their incoming students' SAT scores, GPAs and class rankings. "The competition to get into top schools has trickled down," says Alexandra Robbins, author of *The Overachievers: The Secret Lives of Driven Kids*. "There's no such thing as a 'safety' school anymore."

And roping in more-promising freshmen is only a start. For most students, it's the course of study they choose that determines how fat their future paychecks can be. Considering a fine arts, religion or drama major? Such liberal arts degrees are "bottom of the list, earning-wise," says Al Lee, director of quantita-

tive analysis at PayScale. According to its research, the best dough comes in fields like engineering and business—strong programs in many of our survey's top-ranked public schools.

That's a fact that doesn't go unnoticed in corporate America, where recruiting pros say the bias toward brand-name schools is on the wane. "Often, there's a waiting list of companies trying to meet our students because they know we're a rich ground for recruitment," says Fred Wood, a vice chancellor at University of California, Davis. Indeed, according to a study published in the *Harvard Business Review*, nearly half the top executives at Fortune 100 companies now hail from public schools.

Whether or not they agree with our payback rankings, few private schools deny that their price tags can be daunting, especially in an era when family savings have been so hard-hit. Their financial-aid officers stay busy looking for new ways to help worthy students. In a

well-publicized move, many Ivies have started rolling back costs, with Harvard, for one, offering tuition breaks for families earning under \$180,000 a year. But many public schools are staying ahead of the game—by focusing on keeping costs down instead. Elsa Murano, president of No. 2-ranked Texas A&M, bragged to us about how stringently it economizes on administrative costs. In fact, she says, it recently bucked the education-inflation trend by limiting this year's tuition hike to its lowest percentage in 10 years.

It's the kind of thinking that's getting into the heads of more parents, like Kelley Atkinson. Her son, Doug, is still in the 11th grade, but the Eldersburg, Md., mom says they've already decided to up the number of public schools he'll apply to. "There's no way of telling how much money we'll have a year or 18 months from now," she says. **S**

Additional reporting by Jason Kephart and Laurence Witherington

Photograph by Kevin Burke

RANK	SCHOOL	MEDIAN SALARY 3 YEARS AFTER GRADUATION*	OUT-OF-STATE DEGREE COST** (Class of 2005)	MEDIAN SALARY 15 YEARS AFTER GRADUATION*	OUT-OF-STATE DEGREE COST** (Class of 1993)	AVERAGE PAYBACK
1	U. of Georgia	\$44,100	\$54,742	\$86,000	\$14,450	338%
2	Texas A&M	49,700	47,213	96,100	18,297	315
3	U. of Texas (Austin)	49,700	49,876	93,900	18,360	306
4	Georgia Tech	58,300	59,896	106,000	24,684	263
5	U. of Washington	48,800	62,632	85,300	22,935	225
6	Rutgers	50,300	55,417	91,800	27,244	214
7	U. of Illinois†	52,900	62,156	96,100	28,666	210
8	Clemson	48,400	55,152	86,000	27,334	201
9	Purdue	51,400	66,472	90,500	28,660	197
10	U. of N.C. (Chapel Hill)	42,900	61,880	81,500	26,245	190
11	Ohio State	44,900	63,462	83,700	29,121	179
12	U. of Virginia	52,700	82,757	103,000	35,614	176
13	Indiana (Bloomington)	46,300	66,536	84,000	30,046	175
14	U. of California (Davis)	52,300	77,972	99,600	36,674	169
15	U. of Rhode Island	43,900	64,160	85,300	31,980	168
16	U. of Delaware	45,900	62,338	84,500	33,154	164
17	Penn. State	49,900	73,244	85,700	35,106	156
18	U. Mass. (Amherst)	46,800	64,541	88,200	37,987	152
19	Washington and Lee	53,600	89,575	104,000	45,350	145
20	Princeton	66,500	111,840	131,000	64,150	132
21	Dartmouth	58,000	113,943	134,000	63,466	131
22	U. of Richmond	48,600	97,760	94,600	45,065	130
23	U. of New Hampshire	41,800	74,223	78,300	39,738	127
24	Yale	59,100	111,450	126,000	62,980	127
25	Harvard	63,400	113,147	124,000	64,324	124
26	U. of Penn.	60,900	114,652	120,000	61,572	124
27	U. of Michigan	52,700	95,816	93,000	50,048	120
28	Lafayette	53,900	106,918	107,000	59,320	115
29	Cornell U.	60,300	112,377	110,000	62,694	115
30	Coll. of the Holy Cross	50,200	107,380	106,000	58,300	114
31	Bucknell	54,100	112,556	110,000	60,945	114
32	Amherst	54,500	111,097	107,000	59,735	114
33	Occidental	51,900	109,702	105,000	58,155	114
34	Columbia U.	59,400	116,374	107,000	61,590	112
35	Colgate	52,800	115,980	108,000	61,827	110
36	Brown U.	56,200	116,832	109,000	65,122	108
37	Bowdoin	48,100	117,711	107,000	63,255	105
38	Ursinus	42,100	108,200	80,000	47,470	104
39	Carleton	47,500	111,633	103,000	62,886	103
40	Swarthmore	49,700	112,834	104,000	64,306	103
41	Williams	51,700	110,144	102,000	64,635	102
42	U. of Vermont	44,800	88,763	82,700	53,854	102
43	Vassar	46,000	115,170	94,600	63,010	95
44	Mount Holyoke	42,400	113,730	94,200	61,970	95
45	Wellesley	42,800	107,650	83,500	61,006	88
46	Gettysburg	44,700	111,114	85,800	63,055	88
47	Hamilton	49,200	118,010	83,700	64,200	86
48	Reed	40,500	113,866	81,100	62,920	82
49	Oberlin	43,400	115,499	81,600	64,369	82
50	Skidmore	41,600	115,413	74,600	61,090	79

Ties resolved by exact figures. †Urbana-Champaign.

SOURCES: *Payscale.com; **TUITION COSTS PROVIDED BY THE SCHOOLS

RETURN ON TUITION

To determine each school's "payback" ratio, we started with a list that included 50 of the priciest four-year schools drawn from three categories: Ivy League, liberal arts and public. Then, culling data from a recent survey by PayScale.com, an online salary database, we looked at the median salaries alumni are earning at two career stages—within five years of graduation (median: three years) and after 10 years (median: 15 years). We then divided each of those figures by the school's historical degree cost and averaged them together.

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For a slide show of the top schools in our ranking, go to smartmoney.com/mag.

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