

# Are Prestigious Private Colleges Worth the Cost?

BY DOUGLAS BELKIN

WHEN COLLEGE-ACCEPTANCE letters are mailed to high-school seniors this spring, students who get offers from a wide range of schools may find themselves contemplating this question: Are prestigious, private colleges worth the additional cost?

The Wall Street Journal invited three people to join in an email discussion of the issue. They are: Levi Bissonn, a senior at Olympia High School in Washington state who has applied to 13 schools, including Johns Hopkins University and the University of Washington; Patty Pogemiller, the director of talent acquisition at Deloitte; and Scott Thomas, dean of the School of Educational Studies at Claremont Graduate University in California, who has researched opportunity in higher education.



Levi Bissonn



Scott Thomas



Patty Pogemiller

## Recruiting Edge

**WSJ:** *Levi, the University of Washington and Johns Hopkins are both great schools but, depending on aid and scholarships, the price difference could be significant. If you were to pay full freight, Johns Hopkins would run you about twice as much. How much, if at all, will the price tag and prestige of the institution impact*

*your decision if you get in to both schools?*

**MR. BISSONN:** Both Johns Hopkins and UW are amazing nationally acclaimed universities that have the quality of education one needs to be a successful engineer, [my potential area of study]. The question then becomes, how much debt will I be in graduating from Johns Hopkins versus UW? And how will Johns Hopkins on a diploma compare with UW when seeking a job? Assuming both schools are viable choices financially—the choice then boils down to clout.

**MR. THOMAS:** Levi, I'd also advise a thoughtful consideration of softer factors such as institutional location, mission, faculty and student diversity, or the breadth of curricular options that may be of interest outside of engineering. All things equal, simply evaluating which institution is likely to send the stronger signal to potential employers or graduate programs may lead one to a better

brand but a worse fit.

**MR. BISSONN:** When looking at colleges I definitely did look at other factors such as which school I would fit into and what extracurriculars I would have access to. Assuming, academically and socially, the school fits me well, the decision does, at least partially, come down to name.

**WSJ:** *Patty, when you're considering prospective hires, how significant a role does the school from which they graduated play in your decision?*

**MS. POGEMILLER:** First and foremost, our interest lies with the individual students and their achievements in school—their skills, GPA, character and personal attributes—and how well they match our open positions. We want to know about the leadership roles they've held in school and extracurricular activities where they've contributed in a meaningful way and demonstrated leadership and collaboration. We look for students who are confident, entrepreneurial and "client ready"—people who can walk into a room and instantly gain credibility.

**WSJ:** *But how does the school's reputation play into that calculus? What kind of edge, if any, does a prestigious degree offer?*

**MS. POGEMILLER:** We recruit at schools offering the strongest programs in the skill sets we need for open positions—accounting, technology, engineering, tax, finance, etc. The majors for these skills are stronger at some schools than others, so students should look at the schools with the best reputations/programs in their area of interest.

In terms of an advantage, we expect high-caliber graduates from top schools because of their rigorous admissions criteria. We build relationships with high-performing students from the top schools early in their academic careers. We don't actively recruit at schools with low graduation rates, but that doesn't mean we wouldn't hire a graduate from one. That graduate would have to work harder, though, networking and using communications channels like social media to get their story in front of our recruiting teams.

**MR. THOMAS:** Patty, letting the colleges screen your future prospects first does clear away a lot of the field and minimize variance in training and orientations of hiring prospects. But there are only so many "top schools," and the diversity of background and experience at those schools is limited and known to be powerfully correlated with pre-existing family advantage. That can serve to discourage the introduction of new views and ways of knowing that lead to innovation and fresh ideas in the workplace and society.

**WSJ:** *Patty, how do you determine which*

*programs are the best?*

**MS. POGEMILLER:** Many of the programs we recruit from are ranked by a variety of organizations and publications. Accounting programs are ranked by the Public Accounting Report, which surveys accounting professors on the quality of programs (professors can't vote for their own schools). Business schools and accounting programs are ranked by BusinessWeek, U.S. News & World Report and the Association for Advancement of Collegiate Schools of Business. These rankings look at a range of factors, including admission requirements, graduation rates, job-placement rates, starting salaries, and CPA-exam passage rates. These sources along with our own internal criteria guide us to the best programs. Schools with outstanding reputations generally have strong programs in certain disciplines. For example, Notre Dame is one of our top schools for new hires in our four businesses—audit, tax, consulting and financial advisory.

## Worthy Perks?

**WSJ:** *Other than networking, what are the prestigious private schools offering for the high tuition they charge?*

**MR. THOMAS:** Outstanding libraries and museums; nationally and internationally distinguished faculty; low student-to-faculty ratios implying greater individualized attention; rich curricular-, extra- and co-curricular programming; deep and loyal alumni networks; exceptional international programming partners; generally outstanding dining halls, student residences, and other amenities typically afforded to those of privilege; and sheepskin-carrying membership in an elite group that signals a particular station in society. That's quite a bit, actually.

**WSJ:** *Are these perks worth the cost?*

**MR. THOMAS:** It really depends on your family's preferences, budget, and your own debt tolerance. Many of the advantages can be found at public universities in every state.

**WSJ:** *In the aggregate, do students from elite institutions outperform their peers?*

**MR. THOMAS:** From the academics [who have studied this] we know that in terms of future earnings, 1) your choice of field matters more than your choice of college, 2) after controlling for ability, the earnings differences of graduates from elite and nonelite institutions are small at best, and 3) any earnings advantage that may emerge over the long run is difficult to concretely tie back to the effects of one's college choice.

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## Looking for Value

Where some of the best tuition values are, according to the 2014 PayScale College ROI Report. For more, go to [payscale.com/college-roi/](http://payscale.com/college-roi/).

### Best Private Colleges for Returns on Investment

For all majors, based on projected earnings over 20 years. Four-year cost is based on 2013 tuition, room and board on campus, with no financial aid.

School	Cost	Annual ROI	20-Year Net ROI
Brigham Young University	\$80,170	10.9%	\$534,500
Touro College	\$109,800	9.9%	\$592,000
Harvey Mudd College	\$229,500	8.8%	\$980,900
Wayland Baptist University	\$90,060	8.4%	\$344,300
California Institute of Technology	\$220,400	8.3%	\$837,600
Manhattan College	\$178,300	8.3%	\$675,600
Park University	\$94,990	8.3%	\$355,100
Massachusetts Institute of Technology	\$223,400	8.2%	\$831,100
Stanford University	\$236,300	7.8%	\$789,500
Rose-Hulman Institute of Technology	\$217,400	7.8%	\$736,200

### Best Public Universities for Returns on Investment

For all majors, based on projected earnings over 20 years. Four-year cost is based on 2013 out-of-state tuition, room and board on campus, with no financial aid.

School	Cost	Annual ROI	20-Year Net ROI
South Dakota School of Mines & Technology	\$98,700	10.9%	\$656,000
New Mexico Institute of Mining & Technology	\$122,600	9.0%	\$542,300
Massachusetts Maritime Academy	\$156,900	8.7%	\$641,800
Colorado School of Mines	\$178,500	8.6%	\$719,000
Louisiana Tech University	\$105,100	8.6%	\$422,200
Missouri University of Science & Technology	\$155,800	8.4%	\$603,300
SUNY - Binghamton University	\$119,600	8.4%	\$458,800
Georgia Institute of Technology	\$178,500	8.3%	\$669,300
Montana Tech of University of Montana	\$134,500	8.3%	\$506,800
California Polytechnic - San Luis Obispo	\$156,000	8.1%	\$559,300

### Best Returns on Investment, Liberal Arts Majors

For liberal arts graduates of private and public universities, based on projected earnings over 20 years. Four-year cost is based on 2013 tuition, room and board on campus, with no financial aid.

School	Cost	Annual ROI	20-Year Net ROI
Harvey Mudd College	\$229,500	8.8%	\$980,900
Princeton University	\$217,300	7.6%	\$690,800
Harvard University	\$225,700	7.2%	\$650,100
Dartmouth College	\$233,600	7.1%	\$666,000
University of Pennsylvania	\$230,800	7.0%	\$641,100
Williams College	\$226,500	7.0%	\$623,500
Brown University	\$228,100	7.0%	\$633,000
Lafayette College	\$220,600	7.0%	\$605,500
Columbia University	\$236,500	6.8%	\$614,300
Washington & Lee University	\$216,800	6.8%	\$558,900