

Finding out if you chose the right school

# Universities and their Return on Investment

# Treasure trove of data

- US Dept of Education has locations of all universities, ranking of research institution, median income and debt of student body, and much more
  - 7,000 universities/colleges with 1,700 variables
- Treasury has earnings data 6-10 years from matriculation, by percentile
- Census has metropolitan/micropolitan shapefiles, high school economic data
- Looked at the 2014-15 academic year

How was return on investment calculated?

- a) Multiplied median university earnings by 20
- b) Multiplied in-state, out-of-state, public, and private tuition by 4
- c) Multiplied US average high school earnings by 24
- d) Then subtracted (a - b - c) to get four indicators of ROI

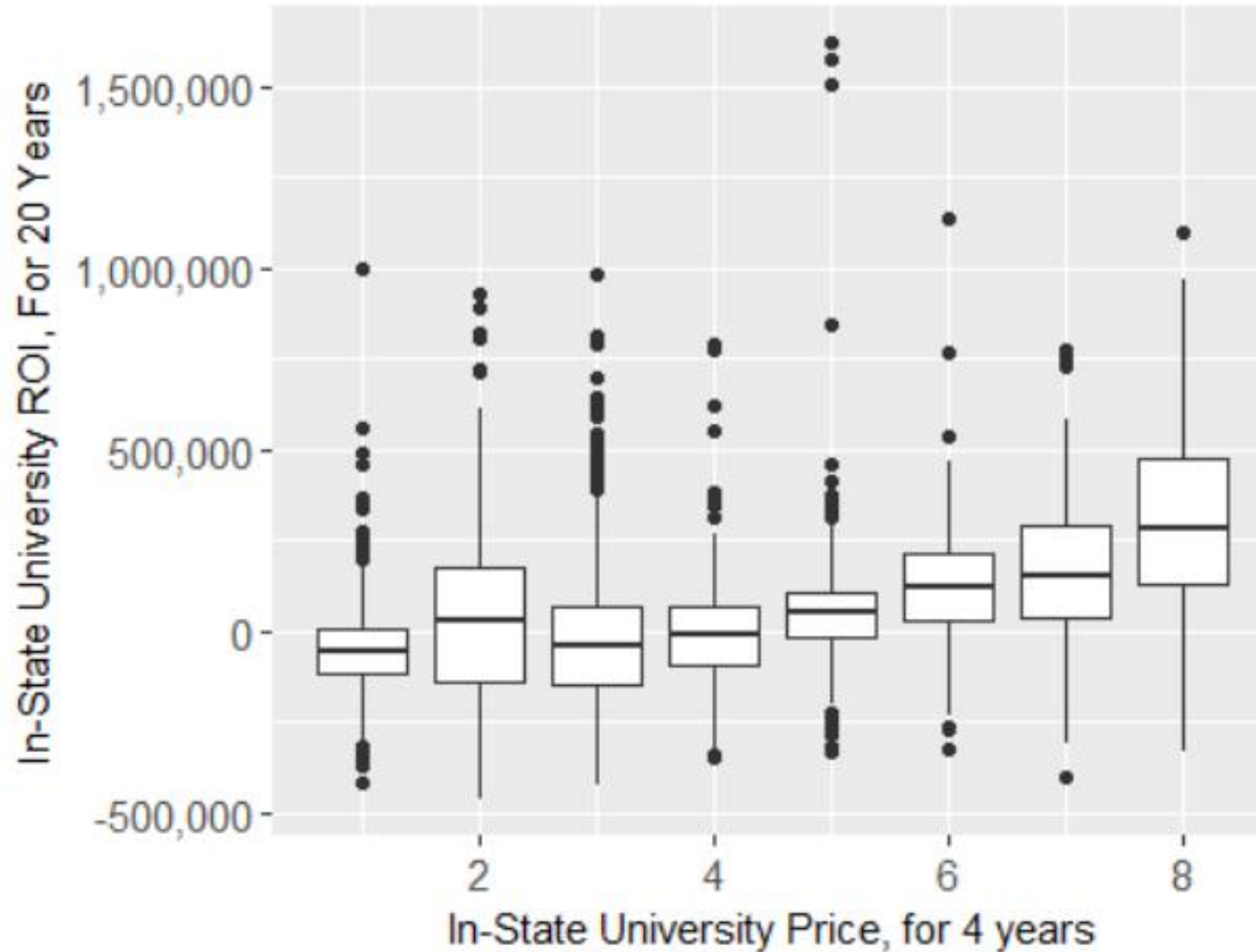
# Do you get what you pay for?

Is ROI linked to a university's tuition?

Does graduating from a top school lead to a top wage?

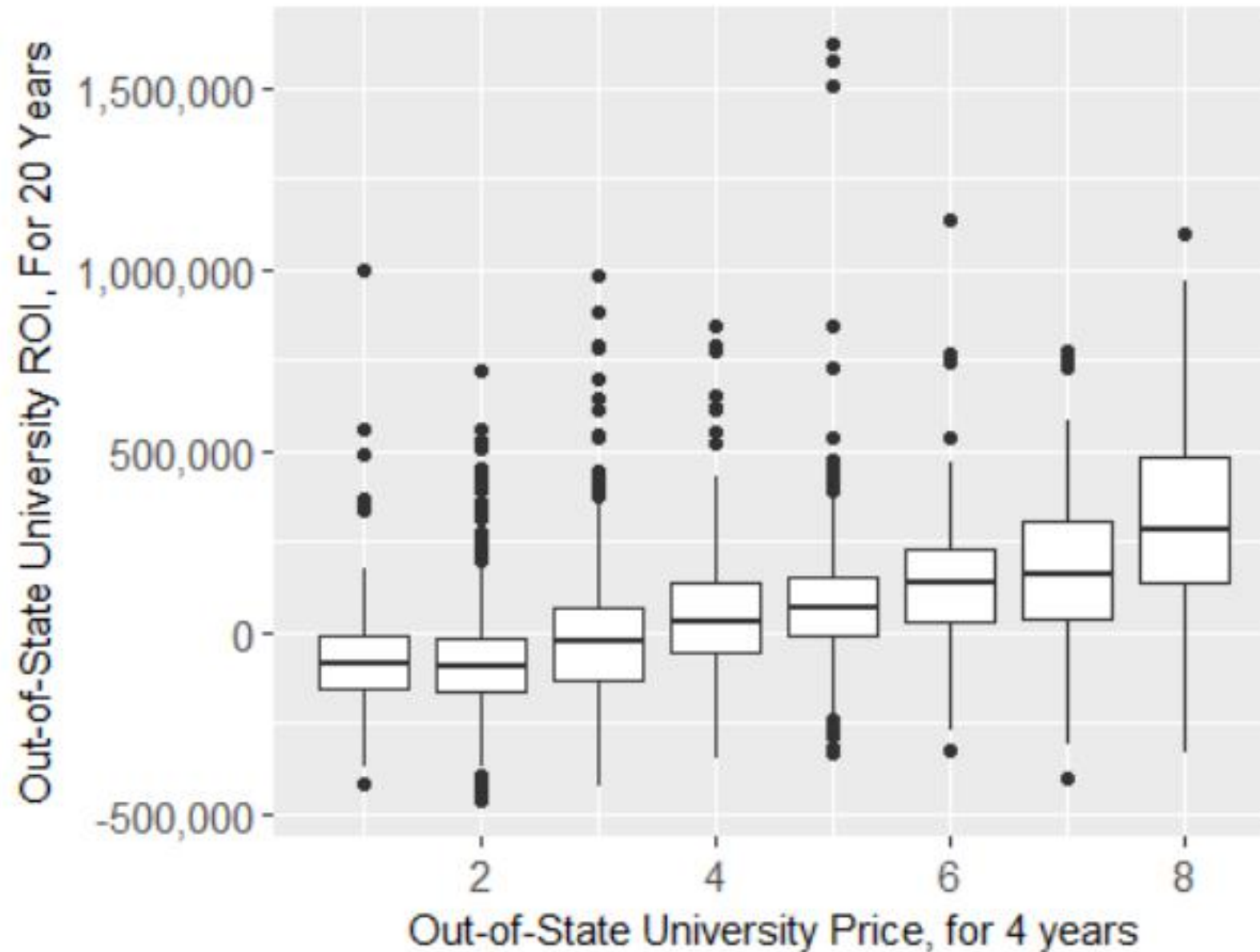
What's the best school near me?

# In-State Tuition by In-State ROI



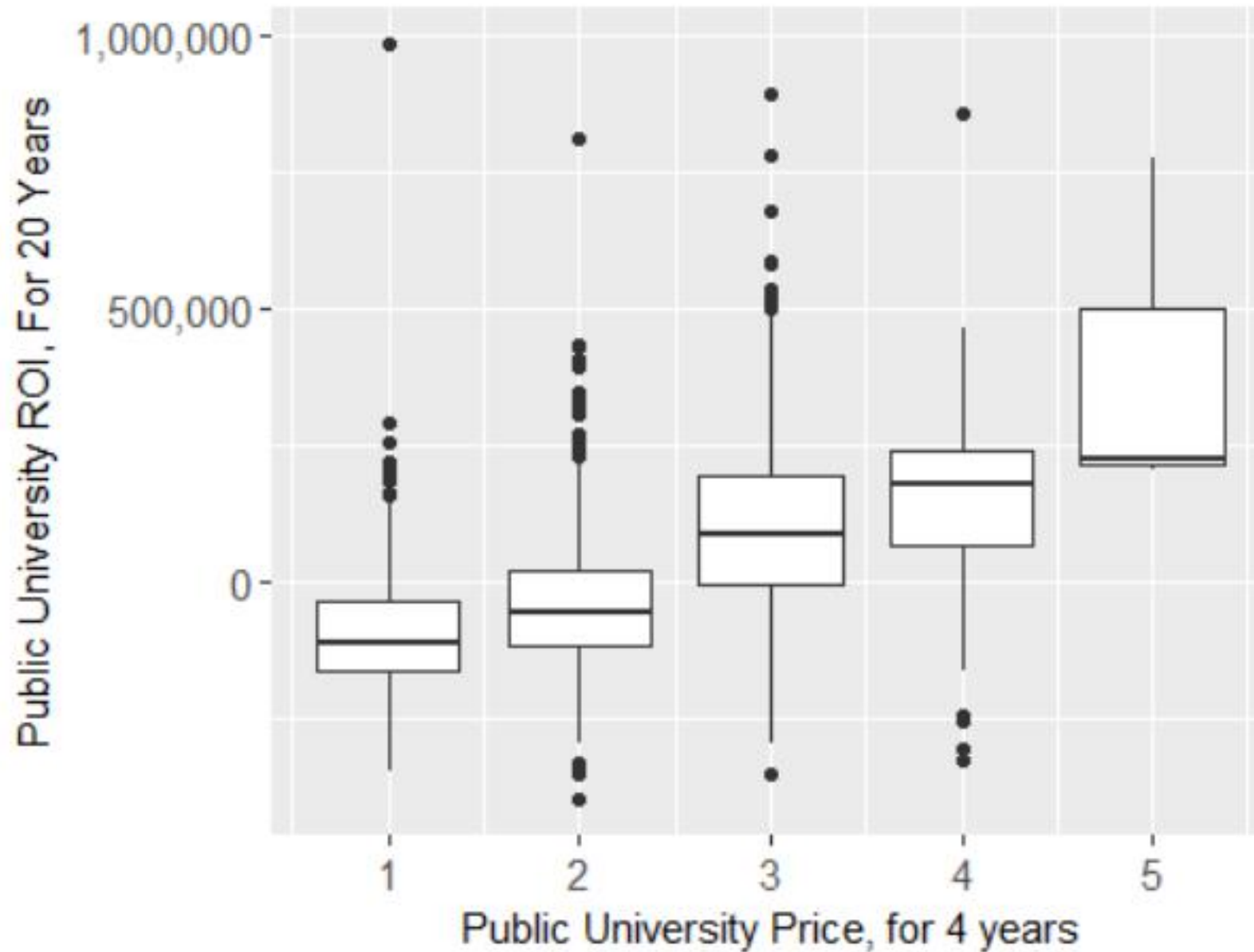
Split by \$25,000 intervals

# Out-of-State Tuition by Out-of-State ROI



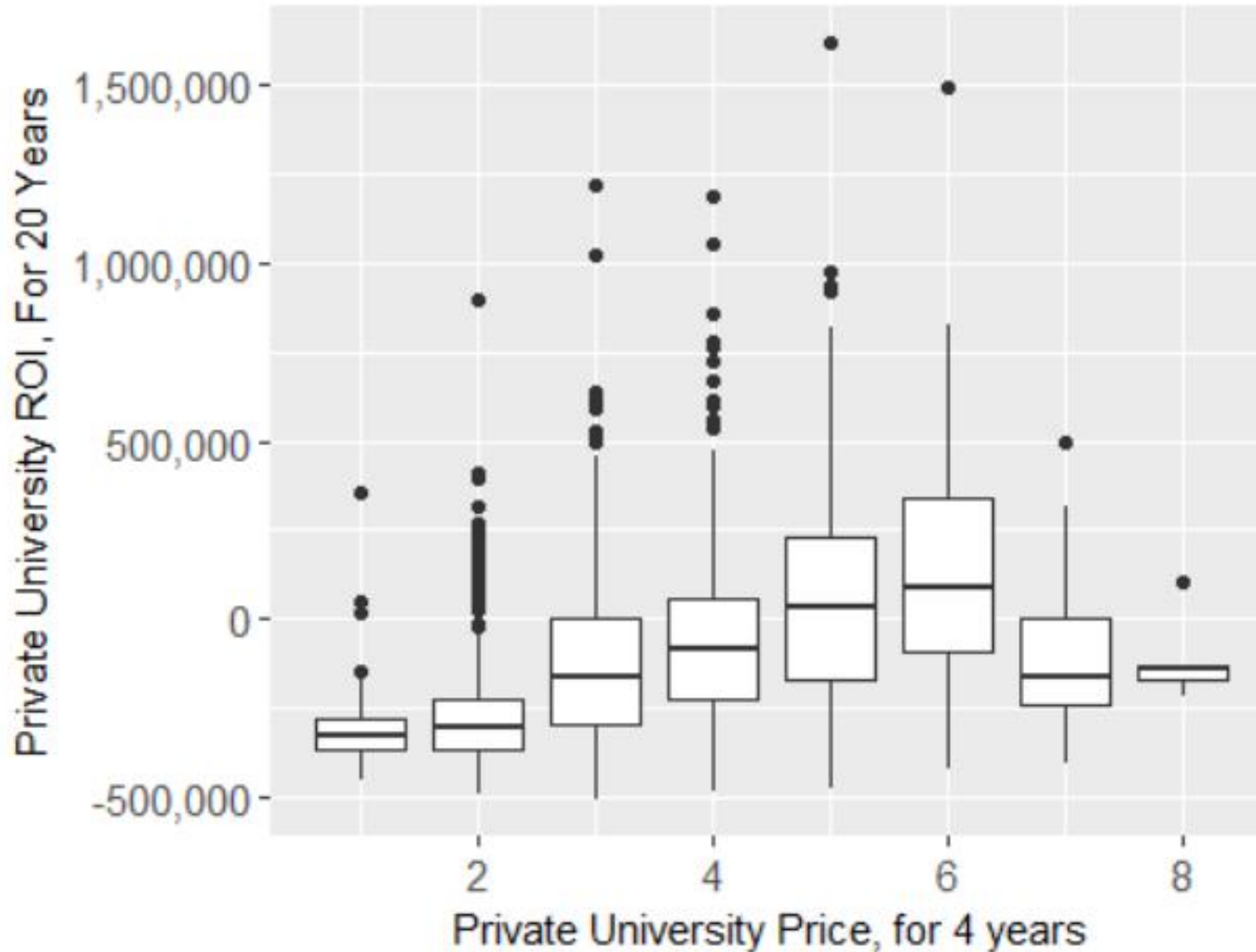
Split by \$25,000 intervals

# Public University Tuition by Public ROI



Split by \$25,000 intervals

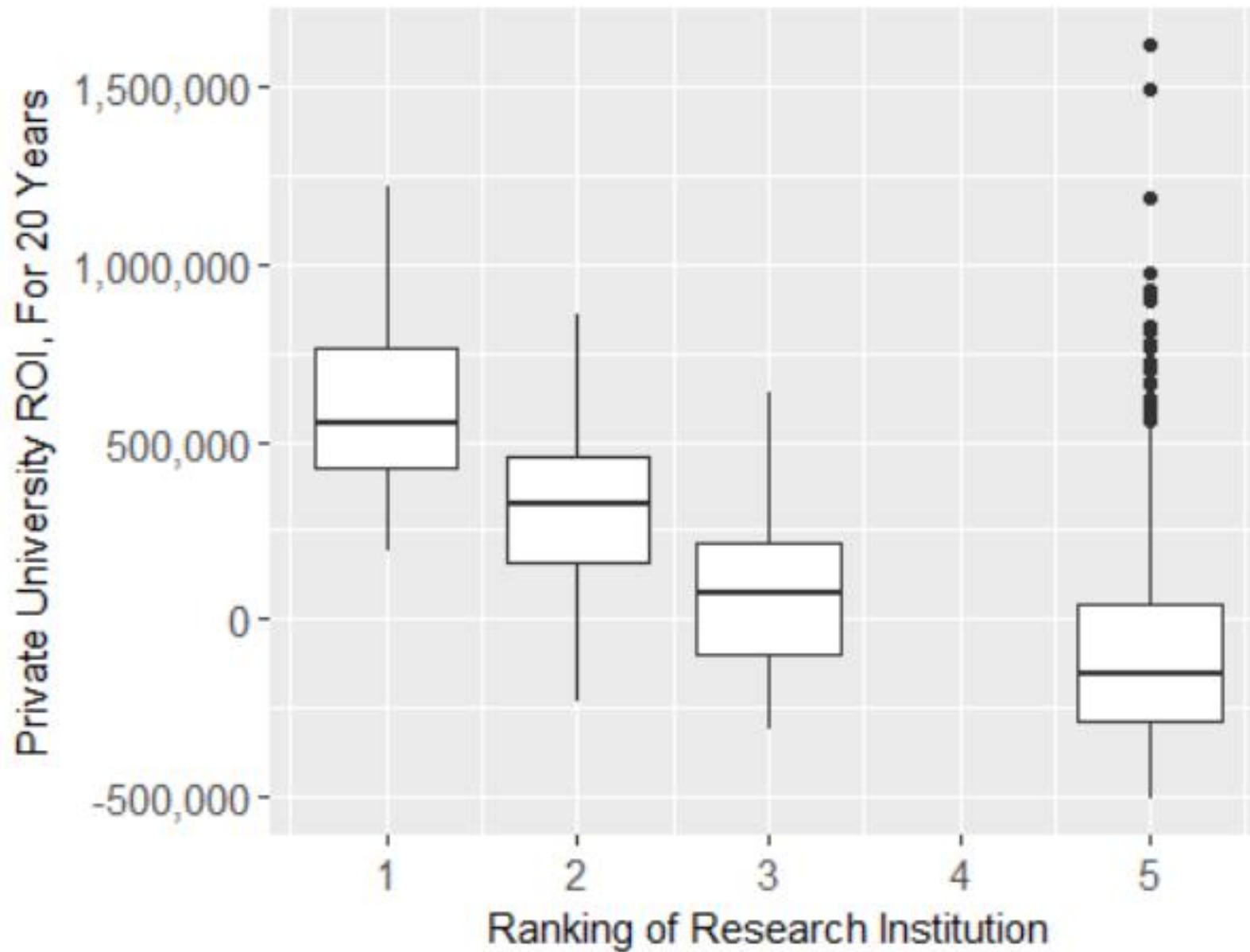
# Private University Tuition by Private ROI



Split by \$25,000 intervals



# Ranking of Research Institution by Private ROI



- 1- Highest Rank
- 2 - Second Highest
- 3 - Third Highest
- 5 - Everything else

## Limitations / Further studies

- Benefits outside of starting salary not evaluated
  - Name recognition of top college, networking with some of the top minds
- How do salaries, unemployment rates vary by major? What are the unemployment rates by university?
- How does cost of living affect one's ROI?
- How does enrollment affect ROI?
- Why are most colleges/universities selected (proximity, cost, rigor, prestige, other)?
- If students were informed a more expensive university would net a better ROI, would they go to the more expensive university? (assuming all other things are equal)