The Colleges Where You're Most Likely to Have a Positive Return on Your Investment

Hitting a certain income threshold after graduation makes in-state tuition worth it, even when students take on loans

By Alyssa Lukpat
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University of Texas students celebrate during commencement in Austin in May . Photo: Brandon Bell/Getty Images

Young professionals graduating from public universities charging in-state tuition often receive a degree that is worth the money—with one caveat.

New graduates need to earn at least $50,000 a year, on average, in their first decade off campus for the degree to pay off, according to new research from Strada Education Foundation, a nonprofit that analyzed federal education and earnings data. If they can land that salary, or make $500,000 before taxes over 10 years, state school graduates across sectors will find the investment worth it and should be able to pay off their loans, Strada says.

At a time when many Americans are questioning the value of a college degree—and some teens and 20-somethings are forgoing higher education for trade work like plumbing, welding and construction—four-year state universities are a bargain compared with their private counterparts and still often provide a path to financial security.

James Maiden dropped out of college but went back after having trouble advancing in his career. Photo: University of Missouri-Kansas City

"As long as you're above that $50,000, even in the most expensive states, you'll still have that positive return on investment," said Nichole Torpey-Saboe, Strada's vice president of research.

James Maiden, 32 years old, dropped out of the University of Missouri-Kansas City about a decade ago because he needed to make money. He held various jobs, including at a shoe store, before landing one as a marketing manager for a nonprofit theater in Kansas City, Mo., where he earned less than $50,000. It was tough to envision a career path.

"I was working in circles without a degree," he said. "I needed to go back."

After earning his bachelor's in liberal arts in 2019, Maiden got a job as a communication specialist for a construction company. He now makes almost double what he earned at the theater.

Dwindling value?

Public university alumni are more likely to secure good-paying jobs if they had access to college internship opportunities, career coaching and strong job markets, Torpey-Saboe said.

Median in-state public college tuition and fees in the U.S. are $8,000 a year, with room and board running another $11,000, according to Strada. At private nonprofit universities, where costs have soared, Strada found the median tuition and fees are about 58% more at $30,000.

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Community college costs less than four-year degree programs, but Strada research found the cost of an associate degree doesn't pay off as frequently. A decade after graduating, community college grads earn more than high-school grads, but the earnings premium often isn't enough to justify the cost. Some associate degrees in technical fields, however, can lead to solid earnings.

Half of more than 5,200 people polled by Pew Research Center said it was less important to have a four-year degree today than it was 20 years ago. About a third of four-year college graduates think going to university is worth the cost, Pew said. The median salary last year for bachelor's degree holders between the ages of 22 and 27 was $60,000, compared with $36,000 for people in that age range with just a high-school diploma, according to the Federal Reserve Bank of New York.

Indian River State College held commencement in Fort Pierce, Fla., in May. Photo: Aaron Davidson/Getty Images/Indian River State College

Debt-free and happy

Andrew Ost, a 23-year-old from Olathe, Kan., makes more than $50,000 a year as an associate analyst with United Airlines in Chicago. He graduated with no debt and is now glad he went to a local public university instead of his top choice school in Colorado.

“The University of Kansas was more cost-effective,” he said.

Graduates in some states are faring better than others, in part, because they have access to better job markets. Around 80% of young professionals in states including Arizona, California and New York have a positive return on their investment in a public four-year degree, Strada found. Despite higher costs of living, the salaries that new graduates in those states earned typically made their investment pay off.

Just over half of graduates in Idaho earned enough to make their educational investments worth it, and that figure was around 60% in West Virginia.

Disproving the doubters

David Medrano, a 32-year-old police-officer recruiter, makes a base salary of $75,000 in Tulsa, Okla., which he said has a low cost of living compared with some parts of the country.

David Medrano said he can stretch his dollar far in Tulsa, Okla., which has a relatively low cost of living. Photo: Tulsa Police Academy

Tulsa’s police department is one of a handful in the U.S. that require members to have at least a bachelor’s degree. Medrano said he was attracted to the job, in part, because the education requirement meant the department would have a more modern view on police issues.

A first-generation college student, Medrano was motivated to get a degree after a middle-school counselor told him he wasn’t meant to go to college. He studied criminal justice at New Mexico State University on a full scholarship and graduated in 2017 with about $5,000 in debt after taking out a loan to buy a car.

“If I had jumped from high school straight into a job, I would not have gotten the same level of development,” he said.

Business majors in big cities

Business majors at big state schools often land jobs with big salaries.

Yoel Gebremariam, who graduated from the University of Michigan this month with a degree in business administration, is set to make a base salary of $110,000 in his first consulting job out of college. Gebremariam, 21, interned for two summers at a consulting firm and then was offered a full-time job in its Chicago office upon graduation.

Yoel Gebremariam got a job offer from a consulting firm after interning there for two summers. Photo: Yohanna Gebremariam

Cedric Bandoh, a University of Houston grad, went to work at HP, the computer and printer maker, when he graduated with a supply chain and operations management bachelor's degree. Now 31 and a director, Bandoh makes six figures.

Annet Unda said state school students often have a 'hustle mindset.' Photo: Lindsey Baatz Photography

He said he likes to hire other UH alumni because they are a diverse lot with great skills. Almost half of the students at the University of Houston last year were first-generation college students, according to the university, and many came from working-class families.

Annet Unda, 29, majored in finance and landed a spot in Microsoft's finance rotation program right after graduating from the University of Utah. The pay: $78,000. The program puts grads through several six-month stints in different departments with a goal of hiring them as finance managers. Today she works for Stripe, a fintech company in Seattle, and makes close to $200,000.

Several of the 40 people selected for her Microsoft program also went to the University of Utah: “Most of us did have that kind of hustle mindset.”

Lindsay Ellis contributed to this article.

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