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What an Ivy League Education Really Gets You

Economists have a new theory of why graduates of top colleges have so much career success.

By Rose Horowitch

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The graduates of America's most elite universities dominate our economy and culture so disproportionately that the statistics can seem like a mathematical glitch. Students at Ivy League schools and the similarly selective University of Chicago, Duke, Stanford, and MIT together comprise less than half a percent of America's undergraduate population. Yet their alumni represent more than 12 percent of all *Fortune* 500 CEOs, 32 percent of all *New York Times* journalists, and 13 percent of the wealthiest 0.1 percent of the population.

So the people who go to the fanciest colleges tend to have the most successful careers—this is not exactly news. The question of why this is the case, however, is surprisingly tricky to answer. Perhaps the super-achieving and super-privileged teens who get into Princeton would have thrived after college no matter where they went. Maybe (hear me out) they owe their success to the academic lessons imparted by world-class faculty. Or the answer could just be that employers are dazzled by the name of the school on the diploma.

The Brown University economist John Friedman has studied this question as much as anyone, and he thinks all those theories are missing the point. Friedman, best known for his work on economic mobility with the Harvard economist Raj Chetty, has become convinced that the most important thing a student gets from an Ivy Plus education isn't instruction or prestige or even connections. It's the opportunity to learn how to succeed in an environment filled with the world's most talented and ambitious people. "Being in the classroom with all these folks, doing homework assignments, having to cooperate with them in your club, sitting around the dining table with them, figuring out who's going to live with whom—all that stuff comes together to make these schools really unparalleled training grounds to be in these upper-echelon professional jobs," Friedman told me. In other words, what an academically gifted 18-year-old gets from paying Ivy League tuition is exposure to more people like themselves. And it's worth every penny.

In a paper first published in 2023 and updated last summer, Friedman, along with Chetty and the Harvard economist David Deming, quantified the advantage that students gain from attending an elite university. They found that students who attend an Ivy Plus university are 50 percent more likely to be in the top 1 percent of earnings by age 33, twice as likely to go to an elite graduate school, and three times as likely to work at a set of prestigious firms than if they attend a flagship public university. On average, their income is $101,000 higher a decade after graduation.

These numbers do not, on their own, say anything about the benefit that an elite degree imparts. The whole thing could be one big selection effect: Start with the most accomplished college freshmen, and you're likely to produce the most successful professionals. To account for this

possibility, the economists used a clever study design. They looked only at applicants who were wait-listed. The ones who ultimately were admitted were virtually indistinguishable from the ones who weren't, meaning that the first group's superior career performance was almost certainly *caused* by attending the more selective school. "Sending someone to an Ivy Plus school instead of to one of these top flagship schools is per se a transformational opportunity," Friedman said. "It's not that they were always on that path to begin with."

This still leaves open the question of what causes the transformation. Could it be the superior academic instruction? The Ivy League spends more than three times as much as state flagships do on educating their students, Zachary Bleemer, a Princeton economist, told me. This allows them to attract the biggest-deal professors, keep class size small, and offer tutoring and administrative help at a student's first sign of struggle. Although some research suggests that the more money a school spends on teaching, the better its students tend to do in the workforce, there's reason to doubt that having the most expensive faculty translates so directly into the most career-ready student body. Bruce Sacerdote, an economics professor at Dartmouth, told me that he doesn't think there's a big difference between Ivy Plus professors and professors at other universities. They move between schools on the route to tenure, he pointed out, and teach from the same textbooks. Other experts have noted that faculty at top-tier universities tend to let TAs handle most of the instruction while the professors focus on their own research. Students might get better academic instruction at liberal-arts colleges where the professors are actually expected to teach.

Another possibility, a very obvious one, is that Ivy grads do better in the workplace because the workplace thinks Ivy grads are

better. *Someone* who works at McKinsey or Goldman Sachs will end up getting promoted to senior leadership. And, whether because of alumni networks or simply the signal from the diploma, elite-university graduates are wildly overrepresented in entry-level roles at top employers. One recent Yale graduate I know got his first job after beating a financial-services-firm CEO at beer pong when the executive returned for a campus visit. Russell Weinstein, an economist at the University of Illinois at Urbana-Champaign, told me that top investment banks and consulting firms largely stopped doing on-campus recruiting during the 2008 recession—except at the most selective schools.

But if the foot-in-the-door theory explained everything, then Ivy Plus graduates could expect to see the biggest advantages in the years right after college. After all, as a career goes along, your actual output starts to matter much more than the school you went to. A Duke grad might have better odds of getting hired at Google, but if they don't produce good work, their progress will eventually stall out. Friedman's research, however, shows that the salary difference between graduates of more- and less-selective universities grows over time. "Having a network and knowing alumni, maybe that's helpful in getting that first job at an investment bank, but you're still going to have to perform well at the investment bank in order to continue moving forward in a really positive way in that career," Friedman said. "It's more about who they've become, rather than who they know."

This is why Friedman and other academics who study higher education are converging on a different idea: that the most important thing about top colleges is the people who attend them—and the transformation that occurs when a critical mass of such high-achieving people are put together in one place. That young people's peers affect their life

trajectories is well established. Chetty's research has found that "economic connectedness"—people forming friendships across class lines—is one of the strongest predictors of upward mobility. A separate study of Harvard in the 1920s and '30s found that students randomly assigned to live with wealthier roommates were more likely to end up in the upper class themselves. Sacerdote's research even finds that freshman-year dorm assignments influence which career students pursue.

Friedman isn't suggesting that the point of going to Harvard is to learn which fork to use or how to make small talk with the ultrawealthy on the Riviera. Attending an Ivy Plus university offers advantages to the rich kids, too. Instead, he thinks that what's going on is more complex and harder to define: an implicit education in how to succeed in an environment full of some of the world's most gifted, determined people. There's no class that can really teach someone how to collaborate in a highly competitive environment or emerge as a leader among their peers. "It's very difficult to develop this leadership skill without the opportunity to be in a community with lots of other ambitious and talented individuals, which is exactly what the Ivy Plus schools are providing," Friedman said. Steel sharpens steel.

Such students can be found at all sorts of schools, Friedman added. The difference is the concentration. Even at a flagship public university, the true type-A brainiacs might have to work harder to find one another. At the most selective universities, by contrast, hyper-ambitious people are impossible to avoid. That creates a different environment, one that pushes students and equips them to be more successful in life after college. "The hypothesis is that exposure, not just to so many great students, but in such a compact space—that's really what makes these Ivy

Plus and other highly selective schools stand out in ways that are even different from those top flagship schools," Friedman said.

Taken together, the research and reasoning suggest that the clichéd graduation speeches might have had it right all along: College really is about the people you meet along the way.