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College: At What Cost?

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Back in 2013, before my wife and I had a second child and long before my first child's private school tuition had topped the \$50,000 mark, I set to work on a book about kids, parents and money. How, I wanted to know, could we anchor the conversations about what we spend, save and give in bigger discussions about the values we hold dear?

I knew that I had to limit the scope of the book somehow, even if learning about money is indeed a lifelong pursuit. Pretty quickly, the answer became clear: I would stop at 16 years of age.

Why 16? Well, that's when the college conversation begins in earnest. And as I gathered string for what became *The Opposite of Spoiled*, it became clear that rather suddenly, without anyone really marking the occasion or raising a flag, choosing an undergraduate institution had become the biggest financial decision that many families will ever make.

Our Most Complex Financial Decision

Sure, homes in places like New York City can easily cost well into the seven figures. But you usually get all the money back that you paid—and often much more—once you're done living in the place. Plus, those purchase decisions are reversible; if you get it wrong, you sell and move.

But college is something different. First of all, it's a much more emotional decision. A teenager is helping to make it, with all of the accompanying adolescent drama.

Any grownups involved, meanwhile, are experiencing a wide range of judgment-clouding emotions of their own. These are our kids, after all; we shouldn't expect anything this momentous to be entirely rational.

In the decades since our own adolescence, the retail price at United States colleges has at least tripled. Now, it can easily cost

\$300,000 to send one child away for four years, and even flagship state universities are often \$100,000 or more. That's per child, after you pay a pile of federal and state taxes on your income.

The enormity of the choice intimidated me, frankly. So *The Opposite of Spoiled* had no advice for parents of children much beyond age 16, and all of the adjacent articles I kept seeing about college costs went into a very long Google doc. The size of the file should have been a clue, but it wasn't just yet.

Where's the Data?

Instead, readers like you began to open my eyes. As we aged into the cohort where the early breeders and adopters of children among us started sending kids to college, those people woke up to the fact that it would take a six-figure amount of money just to send a kid to Binghamton or Rutgers and six figures more for a private college.

And so, the phone began to ring and the email began to arrive. "Ron, we've seen everything you've written for *The New York Times* about how to save for college and how to pay for it," the conversations went. "And I know we live in the era of big data right now, since your newspaper keeps saying so."

"So," the line of inquiry continued, "could you please point me to the data set that proves that Hamilton is \$200,000 better than Binghamton or Lehigh is \$200,000 better than Rutgers?"

There aren't many new questions in the world of personal finance, but this plea for proof about what to pay for college felt like one of them. And it was my favorite kind: one that involves large amounts of money, powerful emotions and complex evidence.

I was pretty sure that asking the question this squarely would make colleges and universities squirm. And sure enough, as I've lapped America repeatedly over the last several years trying to get higher education administrators to answer, I've rarely encountered anyone with anything resembling a mathematical proof or formula.

Perhaps that is too much to ask. But we have to start somewhere, by asking something. So, what?

Framing the Question

When in the course of human events it becomes necessary to address the big, cosmic issues that we face at all of life's turning points, I often ask friends, family and readers the same two questions. Turns out, they are helpful here too.

First, what is the definition of success? And then, how much is enough?

What does success look like when a young adult graduates from college? How does it feel? This we can answer, though not every family will answer it the same way. And the answer starts with another question, for in order to figure out what a successful undergraduate experience looks like, you have to have a brutally honest conversation with yourself about why you're going in the first place. What is the actual point of the exercise?

In my years of asking this question, I've come to believe that there are only three main categories of answers. All of them may be relevant for your family in equal or unequal parts, or maybe two or just one of them are. You may not always know which ones are most important beforehand, alas. But every high school family I've shared them with has found the framing exercise helpful.

Why We Go to College

So first, you go to college to buy the education. You want your mind grown and your mind blown—to have the best teachers you can find strip your brain bare and then help you along as you rebuild it from its component parts.

Second, college is for seeking kinship. Who are the friends who are going to stand up for you at your wedding and still be around to show up at your funeral? And just as important, where will you find the people who are not like you—who will challenge your worldview inside and outside the classroom in the spirit of open and deliberate inquiry and fellowship? A related question: How do these people look out for one another professionally? Do they stay in touch on LinkedIn? Invest in one another's startups?

The kin you collect as an undergraduate aren't just peers. Gallup has done some of the most compelling research on what makes

for a satisfying undergraduate experience, and one big finding was the importance of mentorship. A mentor is often a faculty member, but it doesn't have to be. It can be an administrator, a graduate student at schools that have them, a clergy member or someone else in a position to be influential.

But one clarifying question does govern here: What sort of place will give you the best odds of finding and bonding with such a person? Does a school encourage it? Does it even understand its importance?

Finally, there is the credential. You go to college to qualify for something, to prove to strangers that you are ready for what comes next. And perhaps you aim to fashion a trampoline out of a diploma, one that will launch you a few rungs farther up the social class ladder than your family had managed to climb in previous generations.

A New Demand for Customer Satisfaction

Again, there is no shame in only wanting one of these things to the exclusion of others. If you want them all, fantastic; milk everything out of your undergraduate experience that you possibly can. The more you seek to gain, however, the more work you'll have to do ahead of time to assess various schools and their odds of delivering on the goals you've set.

It isn't so much that colleges dislike this way of people framing the college selection process; it's just that they aren't used to consumers demanding any data around it. They take little measurement of how much undergraduates learn and don't share what they do collect. They don't keep much relevant data to speak of on how strong alumni ties are to one another, and they often don't give that out either. And most of their measures on outcomes have to do with incomes. Making money is great, and it may be enough for some alumni. But being happy is even better.

Some basic data on customer satisfaction exists, like the now years-old book that a small company called Alumni Factor wrote. If you've spent time in the corporate world, perhaps you're familiar with the Net Promoter Score, a simple measure

of whether someone would recommend a product or service to someone else. Alumni Factor is a bit like that, except for colleges. Some Ivy League colleges are in the top 20, while others are far below 100. Notable high performers also include schools you might not reflexively expect, like little-known Christian colleges and the military academies, which don't cost a dime. Alumni Factor plans to refresh their data by early 2021, but it's well worth seeking out the older numbers in their book, too.

How Do You Define Value?

So now you know how to define success. As for the question of how much is enough, so much will depend on how much money you're starting with; what if any plans your child has for a career; and how much you ultimately care about value. You may view college as a luxury service akin to products with wildly varying price points like handbags or watches. If you maintain steadfast belief that Bucknell or Hamilton or George Washington at full price is an experience worth paying for at three or more times what Binghamton or Rutgers costs, I'm not here to talk you out of it.

Even if money is no object, you have some thinking to do. What would it mean to seek out an undergraduate honors college at a state university, shoot the lights out there as a student and put the other \$200,000 aside for graduate school or a down payment fund? That extra money could also be a great running start for an aspiring teacher or artist or physical therapist, who may not be able to save a lot for retirement.

And then there's merit aid, which you should start asking about if you haven't already heard of it. Swap Lehigh or Bucknell for a slightly less selective school like Muhlenberg, and the latter might discount the list price by \$100,000 over four years for an above-average student or someone with a particular extracurricular talent.

No Easy Answers, Just Better Questions

So there are no easy or immediate answers here. But there are better questions. Many schools can't answer all of them—because they don't have the data to back up their assertions or are afraid

of what they'd find if they actually tried to gather it or because of some or another insistence that some things simply are not measurable. That is not, however, a reason not to inquire. If we form a small army of consumers seeking better information, the schools will eventually gather what they can and hand it over.

For far too long, we've all been a bit cowed by the admissions industrial complex. But the truth is, demographic trends may not be kind to the higher education industry in the next decade as the number of traditional college-aged people slowly shrinks. The number of families who have the ability to pay the rack rate or close to it doesn't seem poised to grow much at these prices either.

So is college worth \$300,000? Sure. Maybe. Sometimes. But right now, it's just too hard to tell. And we shouldn't be willing to pay that much without better information. Please, go forth, unafraid and unashamed, and ask for it.

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