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College or Career?

Donna Freedman

Laura Davis
Linfield College


THE GAME of
LIFE
COLLEGE GRADS
EARN
$1 MILLION MORE
THROUGHOUT
THEIR CAREERS
START COLLEGE
START CAREER
Scholarship!
Collect $20,000

College or career?

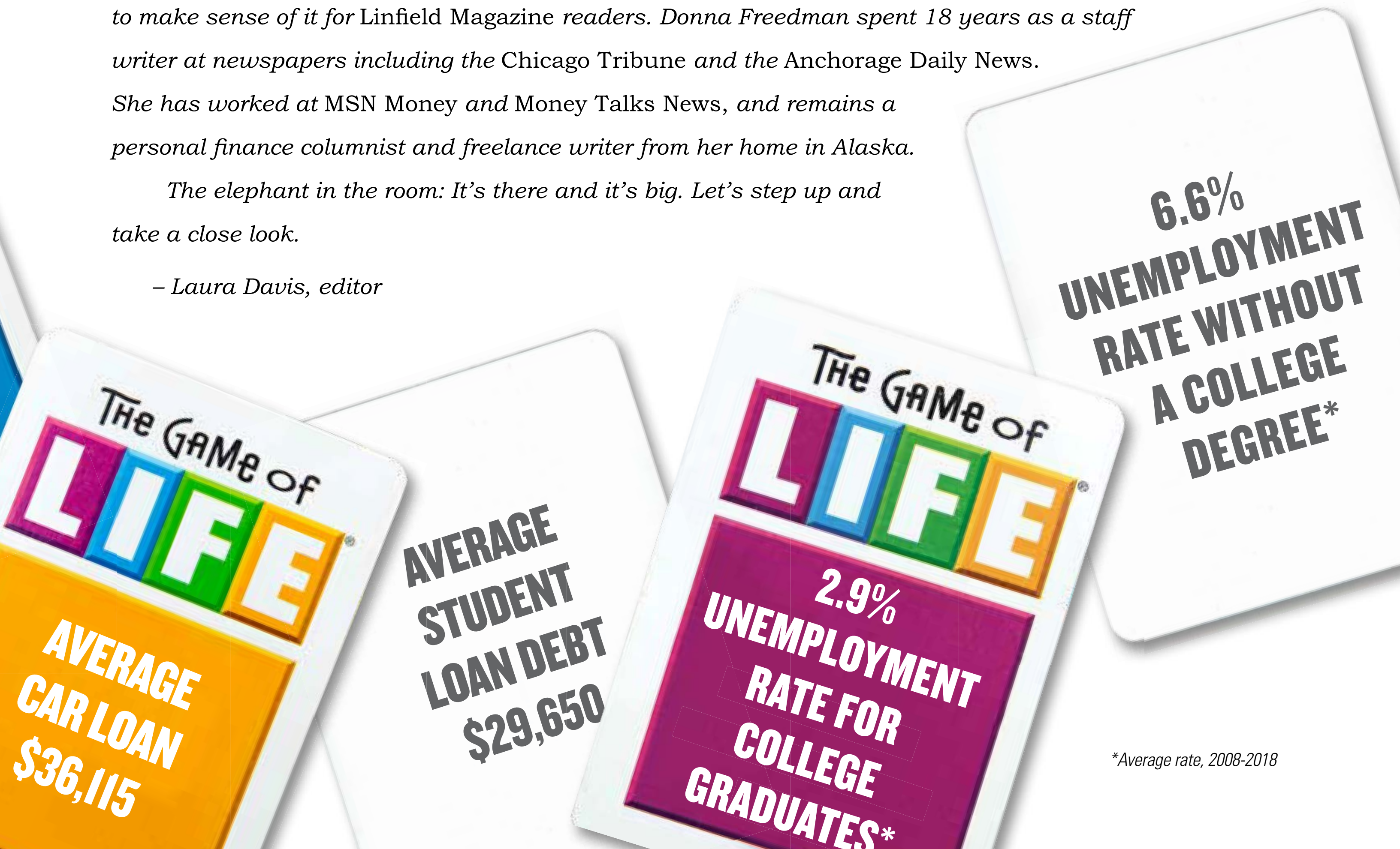
As would-be students weigh one of the most important decisions of their lives, society in general and higher education in particular are sending mixed messages about affordability.

Editor's note: *Affordability. It's the elephant in the room during every conversation about higher education these days. Ideas from free public universities (New York) to free community college (Oregon and Tennessee) are being debated widely. Politicians regularly question the value of degrees in the liberal arts, and media coverage about rising student debt is commonplace.*

So we decided to talk about it. Not only that, but to hire a veteran business and finance reporter to make sense of it for Linfield Magazine *readers. Donna Freedman spent 18 years as a staff writer at newspapers including the* Chicago Tribune *and the* Anchorage Daily News. *She has worked at* MSN Money *and* Money Talks News, *and remains a personal finance columnist and freelance writer from her home in Alaska.*

The elephant in the room: It's there and it's big. Let's step up and take a close look.

– Laura Davis, editor



*Average rate, 2008-2018

As a high-school senior, Brian Gerritz ’98 had two acceptable schools and one “long shot” college in mind. The middle of three sons being raised by a single mom, he figured the dream school was unachievable – until the Linfield College financial aid package arrived.

Suddenly the long shot was “within reach,” recalls Gerritz, a math major. A mix of work-study, Pell grants and hustling hard every summer let him finish with $27,000 worth of loans – about a year’s starting salary back then.

When it comes to paying for higher education, sticker shock is real. Universities and colleges work with families to bring down the net cost of a degree, but the average student in this country still graduates with a loan balance of about $30,000. (Average student debt for Linfield students is $34,244.)

In terms of lifetime income, college debt is good debt. According to the U.S. Bureau of Labor Statistics, the median weekly salary for bachelor’s degree holders is $1,173; for those with high school diplomas, it’s $712. However, phrases like “Student Loan Crisis” or “Useless Degrees” make irresistible headlines. We hear about new grads who can’t find jobs and are saddled with impossible-to-pay loans.

The numbers don’t bear this out. College grads in the 25-to-34 age bracket have an unemployment rate of 2.9 percent (about four percentage points below those with only a high school diploma). As noted above, college graduates earn better salaries – to the tune of $1 million more throughout their careers.

That’s the long view, though. In the short term, it’s easy to buy into the media hype and apply only to the least expensive schools. However, private institutions may be more affordable than you think.

Nine out of 10 freshmen at private colleges receive some kind of institutional grant, according to a 2017 study

College costs: the sticker price

The College Board’s “Trends in College Pricing, 2017” reveals average published charges (tuition, fees, and room and board) to be:

- $20,770 for public institutions
- $36,420 for out-of-state students at public institutions
- $46,950 at private, nonprofit institutions

Why sticker price doesn’t tell us the whole story

- *97% of Linfield students receive financial aid*
- *$30,200 – average financial aid package at Linfield*
- *90% of Linfield graduates finish in eight semesters or fewer*
- *26% of Linfield students are Pell grant eligible (low income)*

from the National Association of College and University Business Officers (NACUBO). Those grants covered more than half (56.7 percent) of tuition and fees.

Almost every Linfield freshman received some institutional aid in 2016-17.

"It can actually be cheaper to go to a high-cost school because of all the financial aid. The big-name schools are the ones most likely to give you more help," says Sandy Baum, a senior fellow in the Education Policy program at the Urban Institute and professor emerita of economics at Skidmore College in Saratoga Springs, N.Y.

In fact, the average net tuition and fee price at private colleges has gone down slightly in the past decade. That's because average grant aid and tax benefits have been larger than the increase in schools' published prices.

Why is financial aid so complicated?

Most aid is based on income, rather than academics or athletics. But it plays out differently for every student because each situation is unique.

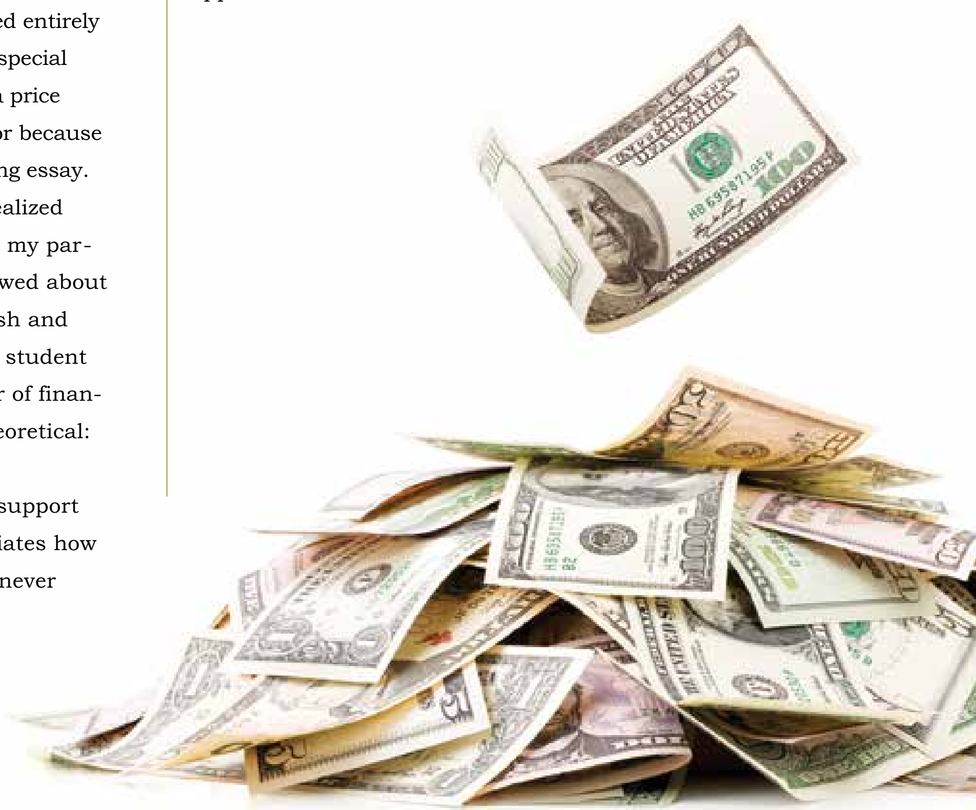
Think of the college as an airline: It's likely no two people pay the same price to get on the plane. Two students with similar economic backgrounds might be offered entirely different aid packages depending on variables like special abilities or test scores. Another student might get a price break because a sibling attends the same college, or because of first-generation status or a particularly compelling essay.

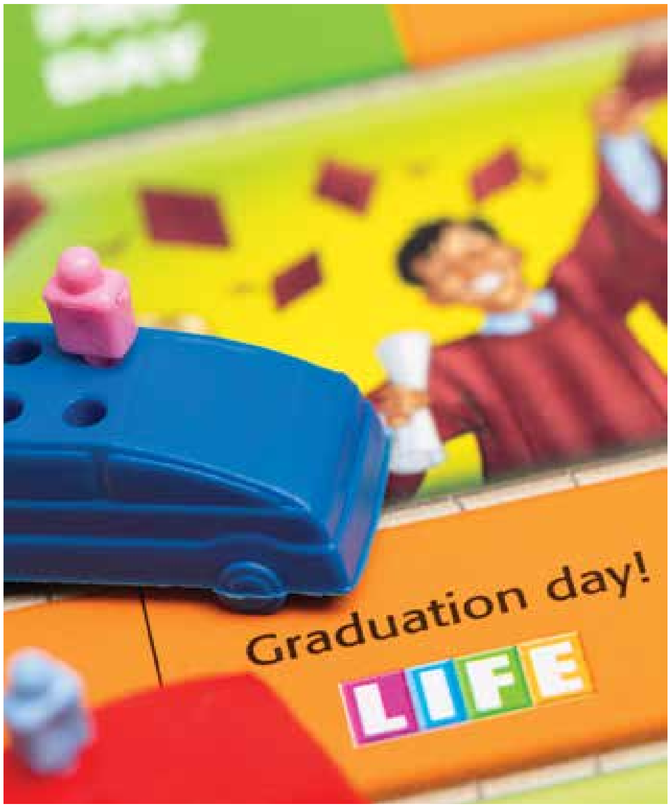
As a high-school senior, Araceli Cruz '09 realized that she might wind up owing "more money than my parents made in that year." And she did: Cruz borrowed about $65,000 for a Linfield bachelor's degree in Spanish and sociology and a Lewis & Clark master's degree in student affairs administration. Now the associate director of financial aid at Linfield, her expertise is more than theoretical: She's still paying off the loans.

Yet as a first-gen student who had to help support her family while still in high school, Cruz appreciates how far she's come: "I've done things in my life that I never imagined I could do."

At age 32, she out-earns her immigrant parents – but her professional job means more than just a good salary. When she's sick, she has health insurance and paid time off to go to the doctor. Cruz contributes to a retirement plan to build security and wealth. All this is possible despite the fact that she's still paying off student loans.

"A college degree is a piece of paper that will open doors to so many opportunities," she says, "and the college experience teaches us how to thrive and grow in those opportunities."





Ask questions, and keep looking

Some super-motivated students earn enough scholarships and grants to pay for all four years. With luck, that will be your student – but it won't be every student.

High school seniors should apply to schools with the best fit, regardless of price, because financial aid might make it possible. (A simple way to do that is to use the Common Application website, commonapp.org, which has more than 750 member colleges.) As acceptance letters arrive, compare financial aid packages. Remember that the initial offer is just that: an offer. If you feel it has too many loans, ask about options like institutional grants and scholarships.

"Negotiation happens all the time. It's pretty common," says Ken Redd, NACUBO's senior director for research and policy analysis. Admissions personnel do have some wiggle room, he says, and might adjust an offer. Schools also have limits. So if the answer is "sorry, no," then ask for help finding non-loan-based aid sources: private scholarships, grants from community groups and the like.

Gabrielle Zeman '17 applied to two private colleges and one public university (which offered less aid than the colleges). A first-gen student whose father emigrated from the Czech Republic, she decided on Linfield even though it cost more: "I wanted a school that saw value in social sciences as well as hard sciences," she says.

She paid a few thousand dollars per year over and above financial aid, which included a work-study job and $70,000 worth of loans. Finding the right fit at Linfield made it worth the out-of-pocket cost and the debt.

"I figured I would have to borrow no matter what," says Zeman, who graduated with a dual major of anthropology and psychology and will apply to medical school next year.

The truth about loans

The reluctance to borrow money is understandable. Yet if it's possible to get an excellent education by taking on a reasonable amount of debt, the higher earnings later on will more than make up for the initial investment. Borrowing in and of itself isn't a bad thing, Baum notes. It's common to finance an automobile, which now costs an average of $36,115 and begins to depreciate the instant you drive away from the dealership.

It takes the average borrower about a dozen years to reach the break-even point on higher-ed loans, according to The College Board. That is, the borrower will have earned enough to pay for the education and make up for being out of the workforce during college. This study is based on students who graduate in four years and pay 4.3 percent interest for a decade. Ninety percent of Linfield graduates finish in eight semesters or less.

Do majors matter?

A popular online meme features two pictures: One is a stereotypical slacker dude lamenting that he "spent $60,000 on a worthless degree and no one will hire me," and the other is a clean-cut young man smilingly announcing that "I spent $6,000 at a trade school and make $85,000 a year."

Obviously, every person who goes to trade school won't automatically pull in the big bucks. And contrary to the meme, earning a non-occupation-specific degree – literature or philosophy vs. engineering or teaching – doesn't mean you'll struggle financially for the rest of your life. Leaders of companies like American Express, General Dynamics, Frontier Communications and Priceline have degrees in subjects like history, liberal arts and government, yet still become CEOs.

In an interview on the "Power of Liberal Arts" YouTube channel, Jeffery Boyd of Priceline says his liberal arts background was a big part of his success: "(You) have a broad understanding not just of how businesses work but how people work."

In addition, as technology changes the face of work, training for a clearly defined occupation isn't always a sure thing. According to the U.S. Bureau of Labor Statistics, the average worker will hold at least 11 jobs during their career.

"If you get very specific education for a job, what are you going to do if that job doesn't exist anymore?" says Baum. "Having an education that allows you to learn successfully and independently over your lifetime, and that allows you to be flexible, to solve problems – that's going to allow you to get good jobs along the way, as opposed to having very narrow training for one occupation."

Gerritz co-founded a construction company nine years after graduating; today it's a multi-million-dollar business. A big part of his success was Linfield's emphasis on critical thinking and community participation.

"You (felt) like you had a living impact on the community," says Gerritz. In his case that meant Greek life, the college baseball team and student government (he was student body president).

That's why he counsels young people about the value of a wide-ranging education: "It is the most important investment you're ever going to make."

Maximizing non-loan options

College can be expensive, but schools are ready to work with families. Students who are motivated to look for additional non-loan aid sources before and during school may further reduce the amount paid out of pocket. Some reputable options:

- **Sallie Mae** *salliemae.com/college-planning/tools/scholarship-search/*
- **BigFuture** *bigfuture.collegeboard.org/scholarship-search*
- **Peterson's** *petersons.com/college-search/scholarship-search*
- **FinAid** *finaid.org/scholarships/*

Not all aid is federally funded. According to the National Association of Student Financial Aid Administrators, nearly every state education department has at least one grant or scholarship as well as student aid programs. The NASFAA maintains an interactive map at **nasfaa.org/State_Financial_Aid_Programs**.

Some potential funding sources are local – and not all are immediately apparent. Does your teen volunteer for an organization? Perhaps that group offers scholarships or grants. Maybe a parent belongs to a service club or works at a company that gives out college money. (Fun fact: Tupperware scholarships are available.)

According to Ken Redd of NACUBO, roughly $150 billion in financial aid – much of it in grant form – is available. "It pays to ask," he says, "and it pays to be persistent."

More than a vocation

Not that it's only about money. Gerritz suggests that high school seniors ask themselves, "Where am I going to have the very best opportunities to apply myself, explore the world and have that love of learning?"

Personal growth and community involvement are a big part of liberal arts programs. An ongoing project from NACUBO called "The Value of Higher Education" shows that people with degrees are healthier overall and have longer lifespans. They're more likely to vote, to volunteer and to donate to charity.

"There are lots of these other public benefits to college, beyond just people getting higher degrees," says Redd.

Before college, Cruz had never seen a Latina in a professional occupation. Throughout high school she worked retail and fast food jobs, helping support the family when one parent was laid off. Now she realizes how easy it would have been to remain in that situation. Although her parents encouraged her to get an education, the notion was hazy at best.

"You don't know what that looks like," Cruz says. "You've never been around people who have gone to college. You're limited (as) to the type of dreams you're allowed to have."

Education gave her a new understanding of the world. In graduate school, her focus was removing barriers for marginalized students; now she volunteers for efforts such as college readiness programs and scholarship selection committees.

"Linfield changed my life. It really lit that fire in me, advocating for social justice," Cruz says. "What I learned here gave me the foundation for what I do now."

– Donna Freedman

Donna Freedman is a personal finance columnist and writer in Anchorage, Alaska.