

Ten Minute Professor

A Private College May Cost Less Than You Think

You are 72.9% more likely to graduate in 4 years at a private college.

By SAGE Scholars

Don't let the list price of tuition scare you away from considering a private college education—it may actually end up costing less than a state school. 64% of students at a private college graduate in 4 years vs. 37% at public universities, saving a lot of time and money.

You wouldn't buy a house or car based solely on list price. You'd look at quality and the fit, right? Likewise, smart families aren't intimidated by list price. When you determine what represents quality in a college education, there are numerous factors vital to consider beside cost. And, when you do look at cost, be aware that the list price numbers don't always paint a realistic picture. Two reasons:

1. Tuition discounts: according to a National Association of Independent Colleges and Universities (NAICU) survey, 89.2% of first-time, full-time private college freshmen are receiving some reduction from the listed price of tuition. Total scholarship aid is equivalent to 49% of all

tuition and fee revenue. For 2018-19, the list price of tuition at NAICU member schools was \$34,740; but the average out-of-pocket net cost was about \$17,000. Grant aid is rising as private colleges seek to remain affordable and attract the best possible student body.

2. Graduation rates: consider the potential financial impact of a 5th or 6th year of college. In Year 5, will your child be working?

6 years of college?

The 6-year graduation rate for public institutions is comparable to the 4-year graduation rate at private institutions. That's right—private colleges and universities are graduating the same percentage of students in 4 years that state schools do in 6. A 2017 study by the Independent Colleges of Indiana (ICI) showed that the state's 31 private colleges were enrolling 15% of the state's incoming freshmen—but issuing 29% of all bachelor's degrees.

4-Year Graduation Rates of Several Tuition Rewards Member Colleges

Saint Michael College (VT)	73.5
Union College (NY)	80.2
Worcester Polytechnic Institute(MA)	79.8
Saint Mary's College (IN)	71.2
Moravian College (PA)	66.5
Washington and Jefferson (PA)	70.1
Allegheny College (PA)	69.9
Creighton University (OH)	72.5
Salve Regina University	64.2
St. Lawrence University (NY)	82.2
Clark University (MA)	72.1
Austin College (TX)	63.5
Messiah College (PA)	71.6
Susquehanna University (PA)	70.3
The College of Wooster (OH)	70.7
Taylor University (IN)	66.0
Beloit College (WI)	66.7
Robert Morris University(IL)	63.2

private institutions? Certainly, financial support from state legislatures is the largest factor. But also, the economies of scale tend to be very different for public and private institutions. Families need to consider how these might affect the educational and social experience of college:

- Enrollment size: In 2016, 4-year public colleges enrolled an average of 12,200 students—more than 4 times the 2,548 student average at 4-year private institutions.
- Average class size: Small classes tend to be more engaging and motivating. Colleges often teach undergraduates in large lecture classes and/or with teaching assistants instead of full professors. The faculty-to-student ratio may not be an accurate indicator of undergraduate class sizes if professors spend most of their time doing research or working with graduate students.

More crowded public colleges?

Dr. James Johnston, founder of SAGE Scholars and former Director of Admissions and Financial Aid at The Wharton School of the University of Pennsylvania, believes that one effect of continued low wage growth is a negative impact on graduation rates at public colleges. State schools become more crowded, making it even more difficult to graduate in 4 years.

Self-disciplined, self-motivated?

Public colleges can be wonderful for certain undergraduate students—self-disciplined, self-motivated self-starters able to handle peer pressure and thrive in large lecture-hall environments. Why are there significant cost differences between public and

The right questions to ask

Investigate these factors:

- What is the average class size? What's the percentage of classes offered with less than 20 students? With more than 50 students?
- What's the percentage of classes not taught by full professors?
- How do the school's full professors spend their time: Teaching undergraduates, teaching graduate students, or doing research?



Graduation rates can also be affected by:

- Availability of classes necessary to meet graduation requirements in your major. A major criticism of public institutions is that some courses required to complete a major tend to be offered infrequently, making 4-year graduation difficult.
- A party-school environment. Getting caught up in the social whirl at college can reduce the likelihood of graduating in 4 years.

Internships and career guidance

Because of their smaller size and greater resources, private colleges tend to provide the following advantages:

- Greater opportunities for close faculty

relationships and mentoring

- More study-abroad opportunities
- More community-service opportunities
- More leadership opportunities in clubs and organizations
- More internship and work study opportunities
- Better career guidance

Families need to consider life after graduation. Do the college's graduates gain well-paying jobs directly after graduation, or admission to graduate schools? Nationally, 33% of the alumni of private colleges go on to earn graduate degrees vs. 28% of state university alumni.

4-Year Graduation Rates of Several Public Universities

The University of Michigan—Ann Arbor	76.4
Pennsylvania State Univ—University Park	67.5
Rutgers University—New Brunswick	59.2
The State University of New York at Buffalo	58.1
The University of Wisconsin—Madison	57.2
Texas A&M University	52.0
Arizona State University	49.5
Purdue University	49.2
Kent State University	46.5
The University of Tennessee	42.8
The University of Oklahoma	39.6
West Virginia University	33.3
Northern Illinois University	23.5
Eastern Michigan University	13.0
The University of Nevada, Las Vegas	11.7
Youngstown State University	10.7

The impact of a college mentor

Families often wonder how your choice of college affects your life. Hardwick Day, a higher-education consulting firm, surveyed more than 10,000 alumni from 800 different colleges to examine the relationship between college experiences and career and life outcomes. Among many findings:

- College graduates who had a mentor or role model during their college years were much more likely to report that their college experience helped them develop two of the most highly-prized traits in today's workplace—leadership skills and the ability to work as part of a team.



- Graduates who had mentors in college are more likely to have earned a graduate degree.
- Graduates who had mentors in college are more likely to report their college experiences helped them form moral principles that guide their actions.

Staff mentors are more likely to be found at private colleges

While the benefits of having a mentor hold true across all sectors of higher education, Hardwick Day found that private college graduates nearly always recalled one or more mentors from their undergraduate years—most often a professor but sometimes others in the campus community.

Public university graduates were less likely to experience mentoring. Even among the graduates of the nation’s 50 top-ranked public universities, more than half of the alumni reported they had no mentor or role model during their college years. Focusing on perceptions of differences in career preparation, skill development, personal values, and community involvement by these 10,000+ alumni, Hardwick Day concluded, “The undergraduate experience that students encounter at small, residential liberal arts colleges is more effective in producing meaningful and lasting benefits than the education experienced at large, public universities.”

Cost Comparison Example: Public vs. Private College

(2017 Figures)

	Public	Private
List-price tuition*	\$9,970	\$34,740
Room and board	\$10,800	\$12,210
Books and miscellany	\$1,250	\$1,220
Personal expenses	<u>\$3,270</u>	<u>\$2,730</u>
Annual cost	\$25,290	\$50,900

*Before scholarships or discounts

Times 5 years	\$126,450	
Times 4 years		\$203,600
Plus ‘Opportunity cost’	<u>\$50,000*</u>	<u>\$0</u>
Total cost	\$176,450	\$203,600

*Opportunity cost: Not in job market because they are still in school. Loss of salary. According to a 2018 National Association of Colleges and Employers survey, new graduates are projected to earn an average salary over \$50,000. (2018)

Tuition Rewards

Example Scholarship	<u>\$0</u>	<u>-\$30,000</u>
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Total Cost After Tuition Rewards	\$176,450	\$173,600
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