

# THE PRICE YOU PAY FOR COLLEGE

An Entirely New Road Map  
for the Biggest Financial Decision  
Your Family Will Ever Make



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## INTRODUCTION

Not long ago, just a handful of years before a frightening virus caused nearly everyone to question almost everything, we reached a startling threshold in the financial life of American families that went mostly unnoticed: All of a sudden, sending an eighteen-year-old away to a state university for four years cost over \$100,000 in many parts of the country. Many families of first-year students who head off to any of several dozen of the most selective private colleges these days will spend over \$300,000 before they graduate. So not only is the price of college often a six-figure expense per child, the *difference* in price between public and private colleges is itself a six-figure number.

Multiply these figures by two or three kids, all of whom may be a decade or more away from matriculating, and an overall picture comes into focus: For many families, the total bill for college could well add up to more than what they paid for their homes. Add in the potential impact of those four years on the trajectory of any adolescent's life—and the fact that so many of our own hopes and dreams for our children are mixed up in the college choice—and the magnitude of the decision looms even larger. This is the most complex and emotionally fraught financial decision that many families will ever make.

The numbers are staggering, and they have reached these heights at the same time that other fast-growing personal finance line items have come into sharper focus. Retirement is now mostly the responsibility of workers, not employers. The out-of-pocket costs of health insurance continue to rise for families who earn more than average. Housing prices in many urban and suburban markets, especially the ones with good public schools, are near all-time highs. And in places where the cost of living is more reasonable, salaries tend to be lower, which makes saving for higher education that much harder.

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Perhaps you set a goal on the day of the positive pregnancy test or adoption notice to pay that \$300,000 private college bill in full. Saving that much from the day that child was born would have meant putting away \$1,000 per month. For those of us with two or more kids (mine are now fifteen and five), saving at that level is akin to making another mortgage payment. The large number of people who have saved something—but could not save the full \$300,000 over twenty years or so—might turn to loans with up to a thirty-year repayment period to help pay the resulting tuition bills. They could end up spending a combined fifty years paying for college. That's longer than most people spend in the workforce and twenty years longer than most people spend paying off a mortgage.

The prospect of a half century of saving and paying is troubling enough, but the most daunting part of the process is this: There is often no way to know what you'll actually pay until the very end of a tumultuous application process. Only after acceptances are out do the schools offer unpublished discounts and negotiate with families who file appeals, one by one, over the final bill. It all happens in secret. And if you've qualified for need-based financial aid, the aid application process generally begins anew each year of college for every student who has already matriculated.

Getting to the final, cumulative price tag requires a long journey, and the maps available to guide families are pretty crude. To even try to navigate it all requires an understanding of the way in which the definition of "financial aid" has become warped beyond all measure in less than a generation. The primary definition is the one that most of us know from when we were in college: You apply for aid, and if the federal government and your college determine that your family doesn't earn or have enough to pay full freight, you might get some scholarships and grants. Loans and perhaps a work-study job fill out the rest of that financial aid package.

But in the last two decades or so, another form of assistance has grown

so quickly as to confuse things entirely. It is called merit aid, although using “aid” in this context is misleading. Merit scholarships are actually, more often than not, a discounting system whereby colleges below the overall top thirty to forty or so in the *U.S. News & World Report* rankings slash prices in individually targeted offer letters in the hope of persuading students to enroll. This has nothing to do with financial need, just to be crystal clear. But the private colleges—and many of the public universities charging inflated prices to out-of-state students—know all too well that a \$40,000 or \$50,000 price gap per year between the cost to attend their institutions and the flagship state universities (in the applicants’ home states) that they compete with will be too much for many families to bear. So at the end of the process, they cut the price for many students, especially good ones. Some of them come from the 1 percent.

This raises some obvious questions about equity, for what merit aid really does is “aid” the family that may be *able* to afford the sticker price but isn’t sure that it’s *willing* to pay \$200,000 more for Oberlin or Connecticut College over the in-state rates at the University of Virginia or Michigan or Washington. Whereas the old-fashioned system of need-based aid exists to help families who have less, merit aid is as much about psychographics as it is about demographics. Flattery is part of the goal: A child has been judged “meritorious” enough to get the award! Wouldn’t it be foolish to turn it down?

This should not, in fact, be a rhetorical question, and some parents do spend many months during their child’s junior and senior years of high school wrestling with possible answers. Perhaps that’s you, and you’ve already started ingesting anecdotal information in frantic late-night gulps through ad hoc online grapevines as anonymous commenters on College Confidential and its ilk toss around out-of-context numbers. Locally, fellow parents who went through the process last year will pontificate with Great Authority (but much less accuracy) about how or why this or that family could have gotten a “scholarship,” given its supposedly flush financial situation.

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Most college counselors and outside consultants, stretched just to define the right academic fit for each student and work over the ever-worsening admissions odds at many schools, can't possibly keep up with all of the various schools' financial machinations. Yet they're who anxious parents turn to (or turn on) when, come April, supposedly underserving seniors get huge merit aid awards that other students never even knew about. The parents of the students who receive no merit aid—and there are many—wonder if they're suckers for signing up anywhere at full price. Meanwhile, befuddled families that include younger high school students hear vague rumors about this process and look to colleges' own websites for information about merit aid. When they do, they often find little or nothing that provides much clarity.

Now imagine you're a parent who does not speak English. Or you didn't go to college yourself. Or you're seventeen years old and, for one reason or another, you're navigating the system all by yourself in a high school that has one guidance counselor for every 430 students. (That's the average ratio in public schools nationwide, by the way.) Good luck sorting it all out in time to pick the schools where you have the best chance of getting the most financial help.

But this is only the half of it. Once you do figure out what you might have to pay, you have to make a decision about value. Economists are fond of declaring "Game over" on this front, given what we know about how much more college graduates earn on average than people who never attend college or drop out. So many families have already decided that college is mission critical, and once you confront the price you might have to pay, you then have to try to assign a value to each school. What is the degree from any particular college worth? When is the extra \$50,000 or \$100,000 or \$150,000 or \$200,000 for one school versus another worth it? What is the return on investment going to be? And how on earth is anyone supposed to figure it all out?

Answering these questions is too large a task for any one family, and data about any of this are scant. Experts feel for you, even as they call

out your struggle. In a classic paper, “Subsidies, Hierarchy and Peers: The Awkward Economics of Higher Education,” a Williams College professor described the “massive ignorance about what is being bought and sold.” In this absence of knowledge or data, there is only the crossing of fingers. And with the crossing of fingers comes wishful thinking and a great deal of confused decision-making, which has only been compounded by the global pandemic and the resulting chaos in higher education.

To make sense of it all, you have to start with the elemental question that I’ve learned to ask about nearly every complicated area of personal decision-making that I’ve encountered as a journalist and a human being: What is the definition of success? Or, to put it another way, what is college—the residential undergraduate experience that so many traditional-aged students seek that is the primary focus of this book—for?

As of early 2020, after a few years of reporting, I had boiled the answer down to a small handful of elements that covered most of the families I had interviewed. Consider the goals for your own teenager as a pie chart with as many as three pieces. Perhaps you’re old school about this, and to you the highest and best reason for people to go to college is to have their mind blown and their mind grown. In other words, it’s all about the learning. Or maybe you believe that college is about a search for kinship—a group of people, both peers and older grown-ups, you meet along the way who will stand up for you at your wedding and carry your casket and be by your side for every other good or bad thing along the way. Finally, you may be the practical type, for whom college is a means to an end, and that end is a credential and a job, maybe one that will enable your child to move a rung higher on the socioeconomic ladder than where you are. Perhaps there is some additional, incremental gain in personal branding via the credential too, if the degree is from a school that doesn’t let very many people past the admissions committee.

But then the coronavirus hit. Within a period of days, many college

students went home and classes moved online. And within weeks, these three definitions of success got a real-world test that I could never have anticipated. Students and parents very quickly experienced something more like failure on at least two of the three counts. Before long, they sued for tuition refunds, and hundreds of thousands of students made a deliberate choice to sit out the fall of 2020 until things got better.

First came the learning, or lack thereof. College pivoted fast and moved courses to Zoom and other online platforms, but many of the professors had never taught this way or used these tools. Anything hands-on—lab science, the arts—became incredibly challenging. The rest of it was merely suboptimal. “Most online instruction isn’t as effective as the traditional kind,” wrote Jonathan Zimmerman, a University of Pennsylvania professor and the author of a book on the history of college teaching, in a *Philadelphia Inquirer* op-ed. “Which is why elite schools have consistently resisted it.” In May 2020, about 60 percent of professors and administrators surveyed by the *Chronicle of Higher Education* said that their online courses were worse than their in-person offerings had been. Many colleges devoted more energy in the summer of 2020 to securing tents and plexiglass (in what often proved to be fruitless attempts to restore in-person learning) than to training professors to use digital tools for remote learning.

The second element of success—the seeking and finding of like-minded individuals—wasn’t conducive to Zoom room conversations either. Even at Spelman College in Atlanta, where undergraduates already have a fair bit in common, so much was lost so fast. “Overnight, our small liberal arts college, designed exclusively for the success of black women, which cherishes close relationships among its Spelman Sisters and between students and faculty, had become a bastion of distance and separation,” wrote Mary Schmidt Campbell, its president, in a searing *New York Times* essay that April. The transition to online learning was “barely” bridgeable, the undergraduates told her. “Our students’ grief and exasperation with those barriers soon turned to anger.” And who

can blame them, really? Think about the most indelible memories of your time as an undergraduate. Are any of them set in your childhood bedroom? Were you alone when even one of the events surrounding these recollections implanted themselves permanently in your brain?

All that was left after the forced eviction from campus and the two months of online instruction that followed was the credential. It eventually arrived at the homes of graduating seniors in the mail, if it came at all. And even that degree didn't seem as though it was worth what recent graduates had thought it would be six months before. During the weeks when commencement ceremonies were supposed to take place, the headlines told the story of a U.S. economy that had shed millions of jobs in a near instant.

By the fall of 2020, families knew as never before what they were paying for when they decided what to pay for college. In many cases, in-person classes either weren't happening at all or were happening only for some courses, often for a fraction of the semester's sessions. Many campuses welcomed some or even all students back, but with warnings that parties were forbidden and many extracurricular activities would be impossible. Robert Kelchen, an associate professor of higher education at Seton Hall University, likened it to some strange combination of a monastery and a medium-security prison. With few exceptions, colleges didn't cut the price. Instead, they kept tuition flat or even raised it by the normal handful of percentage points. And in higher numbers than ever before, students said to hell with it and decided to take at least one semester off or head someplace cheaper, rather than pay for an experience that had little resemblance to any other undergraduate term in the history of higher education.

I have no idea whether they did the right thing. Nor do I wish to judge people who come to college for the kinship and the credential alone—and then coast their way through large lecture classes for four years without making any effort to grow and blow their own minds with the learning that is available. This is not a book about the values that



lead you to choose one or two of the definitions of undergraduate success over others, but it *is* a book about value. And if we learned anything from the first couple of semesters of college life in the age of corona, it's that all those people paying five figures of money each year ought to have a clear idea of what it is they think they are buying.

*The Price You Pay for College* will help you figure this out for yourself. It's the culmination of nearly two decades of full-time work on the money beat—and fifteen years of my wife and me wrestling with our own feelings about what we owe our daughters and where and whether parental financial obligation ought to end. I have never come across a consumer decision that inspires more confusion and emotion than this one.

But after years of reporting, I am also full of wonder—and jealousy, frankly, that my daughters will get to do this neat thing in some fantastic place. In the time I spent figuring out what this book was supposed to be and then reporting it, I visited dozens of colleges and universities and spoke to hundreds of faculty members, experts on higher education, and parents—and not a few faculty member experts on higher education who are also parents. There are so many schools that can do great things for the right student—scores of them—and lots of them cost nothing close to \$300,000. When I visited their campuses before they all shut down for a time, it was hard not to feel optimism. I still feel it.

That said, I understand why the most selective and expensive schools are enticing, and I'm not here to tell you that they are never worth the price. I went to one—Amherst—albeit on a need-based financial aid package decades ago that paid half of the bill. It changed my life profoundly. One of my professors encouraged me to send an op-ed to the *New York Times*, which published it when I was a junior. And although my friends from my hometown of Chicago will always be my second family, the people I met in college have enriched my life beyond all measure. There is no algorithm that could have predicted or accounted for what I've gained by knowing them.

Amherst was incredible, but it was not easy. My parents struggled and sacrificed; to this day, I get emotional when I think about graduation day on the quad in 1993. I burst into tears when I saw my family after I got my diploma and hugged the financial aid director (that would be Joe Paul Case, or “Saint Joe,” as he’s known in our family) and the custodian from my freshman dorm. (Hi, George!) It was gratitude, yes. But there was also just sheer, utter relief that we had somehow pulled it off. I want, more than anything else, to make sure my daughters don’t have to think quite so hard about money during their undergraduate years. You may feel the same way.

This book is for them—and for you. We lack the clarity we deserve and a sense of control over the college process, especially now that nearly every higher education institution is reeling. Moreover, I want us all to feel much more competent about this decision, given that it sure seems as though someone designed this entire multiyear gauntlet that we run to sow maximum confusion. I don’t doubt the sincerity or the good intentions of the thoughtful people I’ve met who are the gatekeepers and overseers at these schools. But something isn’t quite right in all of this, and with this book I hope to help us all begin to make it right.

A couple of things to that end: I do not have a formula that spits out the true value of any given undergraduate experience. As the financial planner Tim Maurer says—and it can’t be said enough—personal finance is more personal than it is finance. Your family is different from mine, your child is different from you, your first child (if you have more than one) is different from your second, and so on. And, to quote another great money sage, Carl Richards, the author of the essential money guide *The Behavior Gap: Simple Ways to Stop Doing Dumb Things with Money*: money = feelings. If nothing else, I hope this book helps you be much more emotionally honest with yourself. How might your feelings about this powerful—and powerfully expensive—transition point in the life of your family affect your decision-making in all sorts of ways?

There is no way to answer such cosmic questions about success and

ambition and the emotions behind them without a lot more information. In these pages I'm going to provide a fair bit of it and then help you learn to gather everything else you need for yourself. In Part One, I'll explain how we got here; how the pricing, financial aid, and discounting systems work today; and why. I'll also walk you through whether the coronavirus and its aftermath will fundamentally alter the residential undergraduate experience, one that has changed little for many decades aside from its price and the debt that often comes with it.

Part Two will address those feelings—and there are three big ones—that mark the college picking and paying process and can easily lead to bad decision-making. First, fear—fear of children tumbling down the social class ladder if the family makes the wrong college choice. Second, guilt—that parents haven't saved enough or don't earn enough and thus must go six figures into hock for a first-choice college. And finally, snobbery and elitism: Private is better than public, a name brand is better than a school 1,500 miles away that few people have heard of. I want you to be aware and be wary—and, most of all, be intensely honest with yourself. This isn't easy, but reckoning with the feelings that arise around the college process is a matter of absolute urgency.

Part Three will name a variety of aspects of the college experience that are worth a whole lot of money under the very best circumstances. For instance, real professors who stand a chance of becoming mentors are worth paying extra for, and your odds of finding them are higher at colleges with smaller classes. Mental health care—or the lack thereof—is perhaps the greatest underreported challenge on campuses nationwide. So how do you know whether any given school is above average at providing it? I've read the studies and done the homework in each of these areas and many others. Through interviews with dozens of presidents at large universities and small colleges and with scores of families who have already navigated the process and come out the other end, I've developed a list of questions that most families will want to ask to help them clarify what is important to them.

Part Four covers the potentially money-saving hacks that tempt families: community college, honors colleges at public universities, gap years, attending college outside the United States, skipping college altogether, enlisting in the military, getting an athletic scholarship. What works, and what should people watch out for?

Finally, Part Five will condense fifteen years of reporting and dozens of columns worth of my own writing and learning into my very best personal financial advice on saving, planning, researching (by finding the schools that are the most generous and the most transparent), touring, applying, negotiating, and borrowing for college.

I wrote this book with parents in mind. I'm one too, so you'll see the word "we" in these pages. When you see the word "you," I'm talking about you parents, who are footing much of the bill. But grandparents, welcome! Please help pay for all of this. You too will find lots to chew on in these pages if you're inclined to assist. And if you're in high school yourself, by all means keep reading. None of this stuff is meant to fall into the category of proprietary parental secrets, because that would be blatant institutional adultism. I hope your mother or father or mothers or fathers or mother and father or stepparents (that gets complicated with financial aid, alas) will be completely transparent with you throughout this process as tricky questions about money arise. I think they owe it to you, in fact. And if you're a teenager navigating this process by yourself for whatever reason, I believe in you. You are not, in fact, alone; many people have walked this same path, and there are counselors at your school or elsewhere who can help.

I do not have all the answers. I'm not even sure that I have all the best questions. But reading this book will help you develop your own lines of inquiry and more. The system of educating undergraduates is under strain. At some schools, things just may crack wide open. So it is precisely the right moment to poke and prod and ask the most fundamental of questions about exactly what it is that we want to extract from an undergraduate education.

I hope that whatever you do end up asking of the schools on your list yields satisfactory answers. You shouldn't pay full price—or any price, really—for any school that is unresponsive, and you deserve more data. In fact, you should demand it, especially after you have an offer of admission but before you say yes. And if there are no good answers to your questions, a school should say why and explain how it's going to try to generate the data to better answer any given question for future applicants. “The public has the right to ask these questions and demand more information and data,” said Vince Cuseo, who was once a philosophy graduate student and is now the vice president of enrollment at Occidental College.

Does he resent when people do make those demands? “No, I do not. Colleges and universities have gotten away with ‘We are who we are, we do a good job, and you should know that and believe that it is the case.’ It's ludicrous. Maybe it's my philosophy background, but you should have evidence. I'm not in any way opposed to that.”

My wish for you is what Cuseo seems to welcome: that you will gain a much healthier sense of entitlement—and not the kind of expectation of special or singular treatment that you may criticize your teenagers for from time to time. I'm talking about a basic kind of entitlement to more information that ought to be standard in any six-figure transaction that involves something so important. Parents have been paying so much for so long without knowing nearly enough about value, and too many people have been afraid to ask about it lest it affect their child's admission or financial aid odds. That ends here, with my questions and yours, starting today.

Here we go.

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