

*The Young Person's Guide
to Wisdom, Power,
and Life Success:
Making Smart Choices*

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San Diego, California

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Making Smart Choices**

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Chapter 13

Level of Education

In a global economy where the most valuable skill you can sell is your knowledge, a good education is no longer just a pathway to opportunity—it is the prerequisite.

~ President Barack Obama

The Gist

The Good:

- On average, college grads will earn up to \$1 million more than high school grads
- CTE (VocEd) offers rewarding careers, good-paying jobs, and college opportunities
- Blue collar workers also benefit from a year of college

The Bad:

- If you want a good job, you must continue beyond high school
- Getting an informal education is as important as getting your degree
- Paying tuition does not guarantee you a job
- The world of education is not the real world

The Reality:

- Only one-quarter of young persons between 25 and 34 have a bachelor's degree
- Many young persons are not academically prepared for college
- More women are earning undergraduate degrees than men
- Colleges have boosted fees, raised class sizes, and furloughed faculty
- 75 percent say college is too expensive for most Americans to afford

Introduction

Education is the best provision for old age.

~ Aristotle

If there existed a “Renaissance Man” before the advent of the Renaissance, it was Greece’s Aristotle (384–322 B.C.E.). Twenty years a student of Plato (who in turn had studied under Socrates), Aristotle remains one of the most universal thinkers and influential philosophers of all time. He was a prolific writer and polymath, and made contributions in natural science to mathematics, logic, physics, astronomy, anatomy, physiology, biology, zoology, botany, agriculture, and medicine.¹⁹¹ In philosophy, Aristotle wrote extensively on ethics, metaphysics, psychology, theology, politics, history, economics, rhetoric, aesthetics, sports, dance, and theater. According to contemporary philosopher Bryan Magee, “It is doubtful whether any human being has ever known as much as he did.”

Aristotle was summoned by King Phillip of Macedonia to tutor his thirteen-year-old son, later known as Alexander the Great.¹⁹² When Phillip was bumped off, which happened a lot in those days, Alexander ascended to the throne. At the ripe age of 22, he set off to conquer most of the known world. Preferring the staid life of an educator, Aristotle demurred and moved to Athens where he founded his own gymnasium-school called the *Lyceum*. There, Aristotle challenged his students to think great thoughts rather than, as was fashionable at the time, simply kill each other off.¹⁹³ A respectful Alexander supported the Lyceum for the next dozen years, sending back booty and bug specimens from lands afar. The school remained in operation until Athens was sacked by the Romans in 86 B.C.E. (sans Aristotle and Alexander, of course).

While lasting almost two millennia, Aristotelian theories came under criticism during the Middle Ages with the creation of a new think tank, the “university.” The word university is derived from the Latin *universitas magistrorum et scholarium*, a mega-mouthful that roughly means “community of teachers and scholars.” In practice, the term refers to an institution of higher learning that awards degrees. Universities evolved from much older Christian schools since religious men were,

191 Aristotle’s work became the basis of classical deductive logic. He perfected the *syllogism*, an argument pattern consisting of two premises, or statements of fact, followed by a conclusion. One classic syllogism is “All men are mortal; Socrates is a man; therefore Socrates is mortal.”

192 The Macedonians were a tribe in the northeastern part of the Greek peninsula.

193 Aristotle was referred to as a “peripatetic” lecturer because he reputedly walked about as he taught (from the Greek word *peripatetikos*, which refers to the act of walking). The actual location of the Lyceum complex, lost for centuries, was rediscovered in 1996 under a parking lot during excavations for the new Museum of Modern Art in Athens.

by and large, the only ones who could read and write. The oldest continually operating university is the University of Bologna, founded in Italy in 1088.

Today, there are more than 4,300 institutions of higher learning in the United States, including two-year colleges, four-year colleges, and universities. Admission is normally competitive, based on a number of factors such as high school courses taken, grade point average (GPA), class ranking, and standardized test scores such as the Scholastic Aptitude Test (SAT) or the American College Test (ACT). Subjective factors such as extracurricular activities, a personal essay, and an interview may also be required. A taste for Greek olives is not a requirement.

The modern business of higher learning is abstruse and byzantine. Two-year colleges (often, but not always community colleges) offer associate degrees and four-year colleges and universities offer bachelor's degrees.¹⁹⁴ Enrollment agreements often allow for seamless transition of academic credits earned at another learning institution so many students earn an associate's degree at a two-year institution before transferring to a four-year college or university to complete their bachelor's degree. Broadly, schools are either public or private. Public schools may be state-sponsored, such as University of Hawaii, or federally-sponsored, as with the military service academies. Private schools receive no public funding and may be not-for-profit, such as Harvard and Stanford, or for-profit, such as University of Phoenix. To further fog the issue, private schools may be secular (i.e., offers religious education) or non-secular.¹⁹⁵

Once admitted, students engage in undergraduate study to satisfy their bachelor's degree requirements in a particular field (called a "major"). Some students choose to continue on to graduate school to earn a master's, doctoral, or professional degree. Earning a master's degree requires an additional two years of specialized study. Earning a doctorate can take considerably longer, depending upon your area of research and how finicky your dissertation chairperson is. Professional degrees are primarily for those who plan to be practitioners instead of academics and also require a serious commitment beyond the bachelor's degree. For example, law school is a three-year program and graduates must take the bar exam to legally practice law in nearly all states. Medical, dental, psychology, pharmacy, and veterinary schools are four-year programs, with formal residencies and internships following graduation before one is considered fully trained. Aristotle would be proud.



Real-tude:

Education is your passport to opportunity.

¹⁹⁴ While not universal, *college* typically refers to an institution that offers a collection of degrees in one specific area, such as the College of Engineering or Liberal Arts. A *university* is a research-oriented collection of colleges that provides both undergraduate and graduate education.

¹⁹⁵ A college with a church-related word in its name (such as Wesleyan, Baptist, Christian, or Lutheran) does not necessarily mean that it is a Christian institution. Conversely, the names of many Christian colleges and universities give no obvious indication of their faith orientation.

The Good

The uneducated man is always placed at a great disadvantage. No matter how much natural ability one may have, if he is ignorant, he is discounted. It is not enough to possess ability; it must be made available by mental discipline.

~ Orison Swett Marden, founder of *Success* magazine

For most young persons, your level of education is the largest single influence on the positive side of the personal economics ledger and the scope of this chapter is commensurate with the importance of higher education to your future success. As Ben Franklin advised, “If a man empties his purse into his head, no one can take it from him. An investment in knowledge always pays the highest return.” Pay attention class.

Learn and earn

Dig this Dorene: higher education pays off. “A bachelor’s degree, whether from a public, a not-for-profit, or a for-profit institution, pays a handsome net financial reward in comparison to a high school diploma,” say Jorge Klor de Alva and Mark Schneider, who study the value of a degree at the Nexus Research and Policy Center. Called the “college wage premium,” this is the amount by which the average earnings of a person with a bachelor’s degree exceed those of a person with only a high school diploma.

Research shows workers’ earnings improved by 7 to 10 percent per year of community college and 5 to 10 percent per year across four-year colleges. A study by Georgetown University’s Center on Education and the Workforce (CEWF) finds that people with a bachelor’s degree make 84 percent more money over a lifetime than high school graduates. According to the study, on average a college graduate will earn \$2.3 million over a lifetime compared to \$1.3 million for those with a high school diploma. That’s a big chunk of change Charlie—what could you do with a cool million more? For those who continue their higher education, a doctorate degree-holder can rake in \$3.3 million and physicians nearly \$6 million over a lifetime.¹⁹⁶ Cha-ching!

Majors matter. Some undergraduate majors pay a lot more than others, and the difference in earnings potential between one major and another can be more than 300 percent. “It’s not so much the degree anymore, it’s what you take,” says Anthony Carnevale, CEWF’s Director. For example, the last several decades have been a real-life version of *Revenge of the Nerds* as the supply of skilled technical workers failed to keep pace with demand. For tech-types, the income improvement was 14 percent per year of education for men and 29 percent for women, a huge

¹⁹⁶ Estimates of the college wage premium vary. The Nexus Research and Policy Center estimates career-long salaries for bachelor’s degree recipients range from \$230,000 to \$552,000 more than without the degree. The Organization for Economic Co-operation and Development (OECD) estimates that, on average, male graduates will earn nearly \$370,000 more than non-graduates, and females an extra \$229,000. Critics point out that gap estimates do not take into account deductions from income taxes, breaks in employment, student debt loads, or declining wages for high school graduates. Regardless of quibbling, all estimates comfortably repay the pricey investment in a university education.

monetary advantage. “With college growing ever more expensive,” cautions educator Glenn Reynolds, “a degree that won’t add to your earnings potential isn’t an investment, but an expensive consumer item. The difference is nobody’s encouraging 18-year-olds to take on six-figure debt to buy a Ferrari,” he says.

While this is great news for nerds, what if you are not cut out to be a rocket scientist? In considering your career track, it is natural to wonder what various degrees are worth. One measure of the value of a degree is the average salary offered new graduates (another is the risk of unemployment). In its annual *Salary Survey*, the National Association of Colleges and Employers (NACE) tracks starting salaries of new graduates. Below are average starting salaries for the Class of 2013 for selected majors.¹⁹⁷

2013 Starting Offers (Bachelor’s Degree):

Petroleum Engineering	\$93,500
Computer Science	\$64,800
Business Administration	\$54,234
History	\$41,200
English	\$39,800
Psychology	\$39,300

Another way to compare the value of a degree is the payback time for college loans. *Bankrate.com* studied 2013 median pay for some fields and calculated how long it would take to pay off a typical student loan at 6 percent interest, assuming 10 percent of wages go toward repayment. The best fields: advertising, with a median salary of \$107,950, takes about 6 years; an economist (\$91,860) about 7 years; and a civil engineer (\$79,340) about 8.5 years. Professionals take considerably longer: a physician (\$179,020) about 11 years and a lawyer (\$113,530) about 13 years. And for some majors, the day they repay their education expenses may not arrive until they’re about to become grandparents: a teacher (\$43,400) about 22 years; a veterinarian (\$84,460) about 28 years; and a journalist (\$37,090) about 32 years.

Conclusion? Degrees matter, across the board. Hiring managers say they’re hiring more employees with college degrees for positions traditionally held by high-school graduates. When college grads lose jobs, they tend to find work more quickly than others and since their wages are higher, they typically have enough savings to survive between jobs. For example, the 2010 unemployment rate for high school graduates was 10.8 percent; the rate for college graduates was less than half that at 4.9 percent. College graduates “have a privileged position in the labor market,” notes Lawrence Mishel, president of the Economic Policy Institute. Finally, an educated workforce benefits society. Students from low-income families who earn college degrees will pay far more in taxes over their lifetimes (to the tune

197 *Salary Survey* is a quarterly report of starting salary offers to new college graduates in 70 disciplines at the bachelor’s degree level. NACE compiles this data from college and university career services offices nationwide. Find it at: <http://www.naceweb.org/home.aspx>.

of more than \$50,000 per graduate) than they would have without the college degree, even after subtracting the public funds that helped to pay for their studies.

You MUST HAVE a high school diploma these days to get any job. I own a convenience store and won't even hire a flunky to work there if they don't finish high school. Dropping out just shows you're not responsible!

~ chefjames, Internet blogger

“The evidence for the individual economic benefits of college is overwhelming,” says economist Sandy Baum. And despite complaints about the price tag, the public gets it. In a recent Pew Research survey, an overwhelming majority of college graduates—86 percent—say that college has been a good investment for them personally. Nearly everyone surveyed said they expected their child to get a college education.

Other bennies of college

These days, blue-collar workers benefit nearly as much as white-collar workers from a year of post-secondary education (i.e., beyond high school). The high levels of reading, math, and science literacy needed to graduate from college are also needed for high-paying blue-collar jobs. Welders, for example, need strong trigonometry skills, and machine tool and die makers are often the same kind of top math students that go into the tech sector. Going to college can make you a better plumber than you would have been otherwise. Why? You will often need to interact with customers and clients who are themselves college-educated. And, surprising to many, the most important aspects of a college degree may be non-monetary. Consider some of the spin-off benefits of going to college:

- Helps you discover yourself, a key to making better decisions about your future.
- Widens your base of knowledge and prepares you to cope with life's complexities.
- Broadens your horizons by introducing you to people of different cultures and new ways of thinking.
- Additionally, graduates tend to:
 - § Be more tolerant and understanding of others and more satisfied with their jobs.
 - § Create more exciting life styles and make better spouses and parents.
 - § Enjoy better mental and physical health, have lower blood pressure, and live longer.¹⁹⁸
 - § Do more volunteer work, vote more often, and participate in political and civic organizations.¹⁹⁹

¹⁹⁸ The life expectancy of the college educated is seven years more than non-college educated (82 versus 75 years).

¹⁹⁹ Of Americans who join large public-interest advocacy groups such as the Sierra Club, at least three-quarters are college graduates.

I have gained non-financial benefits such as confidence, analytical skills, access to interesting social circles, a lifelong addiction to reading and exploring ideas. Friends who have avoided going to college—amongst them several who are more highly remunerated for their work than me—carry a lifelong chip on their shoulders. If I were to put a monetary value on my “smugness,” I’d say it would be an above average IRR with duration of at least 50 years.

~ Balanced Eduardo, Internet blogger

“A college education produces trained minds who know when somebody is speaking rot,” advises humanitarian Sanford Pinsker. And recognizing a Rottweiler when he speaks is a very useful life-skill!



Real-tude:

Yes, it still pays to get a college degree.

The bottom line:

- Higher education is a wise investment for most young persons.
- Yesterday’s high school diploma is today’s bachelor’s degree.
- College can help you find yourself, earn more, and live better.
- Having a degree can lower your car insurance premiums.

The Bad

Mr. Braddock: Ben, what are you doing?

Benjamin: Well, I would say that I’m just drifting. Here in the pool.

Mr. Braddock: Would you mind telling me then what those four years of college were for? What was the point of all that hard work?”

Benjamin: You got me.

~ from the film, *The Graduate* (1968)

How much you receive for your labor depends on how valuable it is. If you have no skills, you’ll be paid minimum wage or a little better if you’re lucky. So, getting a formal education in a field where you can think critically and help solve real world problems is very important. When it comes to education, questionable beliefs can trap your thinking and jeopardize your long-term well-being. Learn about some of the lifebombs and you’ll stand a better chance of making a smart choice.

Cognitive Flaw: Ignorance

There’s never a day goes by that I don’t miss having graduated and gone to college.

~ B. B. King, musician

Clueless about the implications of higher education? Perhaps the single most influential factor in determining your lifetime earnings potential is matching your

level of education to your capabilities. Yet many young persons simply float through school on the promise that there will be a good job and a sweet life for them at the other end. Look at it this way: they will be buying the used car that you trade in. Let's look at how failing to be objectively informed when making this important life-choice can put your future happiness at risk.

☞ *Lifebomb #1: "Un-college is un-cool."*

It is clear that in most areas of human endeavor, ability is not uniformly distributed. Some people can run faster, shoot hoops better, or quaff more beer 'n oysters than others. Same with academic ability. Not every student has the intellectual capacity or the desire to cope with the rigors of a four-year college program. "A bachelor's degree is not a smart investment for every student in every circumstance," caution Isabel V. Sawhill and Stephanie Owen, researchers at the Brookings Institution. It doesn't mean they're stupid. It's just who they are. What it does mean is college, like the military, is not for everybody.

Unfortunately, many who hit the college trail should not. "Of freshmen at four-year colleges who graduated in the bottom 40 percent of their high-school class, two-thirds won't graduate even if given eight and a half years," says career counselor Marty Nemko. "Even if such students defy the odds, they will likely graduate with a low GPA and a major in low demand by employers." For these students and others, career and technical education (CTE) is often a good option. Labor economist Stephen J. Rose predicts that in 2018, more than six-in-ten of all jobs will require some form of postsecondary education, and CTE fits the bill. *Young person's alert:* you can be successful in life without a college education but you WILL need to go beyond high school in order to achieve it.

"... not everyone needs to go to college. But everyone needs a postsecondary education. Indeed, we have seen ample evidence that some form of postsecondary instruction is increasingly vital to an individual's economic security. Yet too many Americans just aren't getting the education that they need and that they deserve."

~ U.S. Department of Education, from "A Test of Leadership, Charting the Future of U.S. Higher Education"



Reali-tude:

Some form of postsecondary education is a must.

CTE is a great alternative

Career and technical education (also called *vocational-technical education*, or VTE) is postsecondary education at the community college level that focuses on practical career preparation rather than academics.²⁰⁰ It provides students with knowledge

²⁰⁰ VTE began with *The Vocational Education Act of 1917*, also known as the Smith-Hughes Act. The act provided federal assistance to states to promote vocational education in the areas of agriculture,

and skills that are relevant for the job market and offers the possibility of rewarding careers, good-paying jobs, and college opportunities. CTE professors don't do research—they are there to teach—and they provide training in many challenging fields such as agriculture, trade and industrial, business and marketing, family and consumer sciences, health occupations, public safety and security, and technology.

Employment prospects after graduation are excellent for CTE graduates! The Council of Economic Advisers projects “faster-growing demand for those with a two-year technical-college degree, or specific training, than for those with a full university degree.” By 2018, projects the Center on Education and the Workforce, the U.S. will need 22 million new postsecondary degrees and will fall short by about 3 million. We will also need nearly 5 million workers with postsecondary certificates, which require fewer courses than a degree and can be obtained through vocational schools. Are we loving it yet?

Myths and mistakes about CTE

People sometimes dismiss CTE programs as poor substitutes for a “real” four-year college education. This line of thinking is bunk and is perpetuated by several misconceptions:

- *College for all?* “College is what every parent wants for their child,” says Martin Scaglione, president of ACT.²⁰¹ Kids are told there's one path to success—go to college to earn a bachelor's degree (*framing-2 trap*). Eighty-five (85) percent of parents see college as an investment in the future. Yet, while 70 percent of high-school graduates will follow that path (up from 40 percent in 1970), only about 30 percent will earn a degree ten years later.²⁰² Parents, pay attention: college is not for all.
- *You lack the smarts to get into college.* Many students don't do well in a typical college environment because they don't see the relevance of what they're being taught to the real world. Everything a student learns in CTE is relevant to applying for and getting a job, and being successful in a career that interests them. They just forgo the fluff.
- *Poised for success.* Young persons often believe that if they get grades of B or C in the college-prep track, they are well prepared for college. Such confidence is often exaggerated (*superiority-1 trap*). An estimated 43 percent of community college students require remediation, as do 29 percent of students at public four-year universities. “These students come out of high school really misled” says former Colorado governor Roy Romer, chair of a group that issued the report, *Diploma to Nowhere*. “They think they're prepared. They got a 3.0 and got through the curriculum they needed to get admitted, but they find what they learned wasn't adequate.”

trades and industry, and home economics.

201 ACT is the not-for-profit organization best known for its national college admission and placement (SAT) exam.

202 The enrollment rate for female high school completers enrolling in college in the fall of 2010 (74 percent) was higher than the rate for males (66 percent).

- *You can't get a degree from vocational schools.* Many CTE programs offer two-year associates degrees, with courses that can be credited toward four-year college degrees. Students can earn their associates degree, enter the work force, and complete a four-year degree in the future if they wish.
- *You need a college degree to get a well-paying job.* Wrong again Waldo. Only two out of three college graduates find employment in their field of study. Many technical training programs have better placement outcomes than college degrees and the pay for skilled technical workers can be very competitive.

Regrettably, CTE seems to uniquely draw disdain. Many perceive it only for low functioning students and not leading to a desirable career. Parents do not want their kids setting out on “blue collar” career paths they think will quash opportunity. Academically successful students may consider peers who do not go to college as “less” of a person, and what kid would dare say she wants to be a cabinetmaker or a farmer? (*inertia-2 trap*). Corporate America doesn't help either. With many graduates to choose from, employers increasing turn their noses up at anyone who does not sport a degree, no matter what the job's requirements. The real tragedy is that many graduates of four-year colleges come to community colleges after graduation for training in an actual field.

One of the largest groups of incoming students at the technical college where I taught consisted of disgruntled academic college graduates who couldn't find a job in a field related to their degree, or just didn't like it. I had numerous students from health care backgrounds (nurses, radiology techs, etc.), engineers (up to and including nuclear engineers), liberal arts, mathematics, English and computer science majors, etc. All had spent huge chunks of their lives and lots of financial aid obtaining the documentation required for their degree and they were begging for a change.

~ old hvac teacher

One of my best high school friends is making \$70,000, and has his own truck and health benefits. The honest truth is, I feel weird being a college student and having no money.

~ Mr. Daniels, student

Andrew Grove, the former CEO of Intel, conducted an informal survey of philanthropic higher education initiatives in the San Francisco Bay area. Grove's withering conclusion: “Every single program . . . emphasizes a four-year college degree. We have, collectively, a well-intentioned push toward a one-size-fits-all program of education. Students . . . are pushed, kicked, enticed, encouraged, and shamed into going on to a four-year college education (*framing-1 trap*). The consequence of that is a failure to increase the effectiveness of our workforce; that determines the effectiveness of our economy, and most importantly, what it does is destroy the ladder to the middle class,” he adds.

**Real-tude:**

A four-year college degree is not for everyone.

☞ *Lifebomb #2: “Gimme a break.”*

There is no such thing as a typical college student these days. Gone are the days of the “traditional” college student who is 18 to 24 and attends one institution full-time for four years. Nearly a third of undergraduate college students now are 25 or older and almost as many have dependent children. Most that enroll say they plan to get a four-year degree eventually . . . but few actually do (*self-control-2 trap*).

“Looking back, I wish I had gotten that degree. Four years seemed like a thousand years then. But I wish I would have just put in my four years.”

~ Andy B., college dropout

Forty-three. That’s the percentage of college freshmen who will drop out of school before getting a bachelor’s degree. Community colleges? Even worse. About seven-in-ten community college students will drop out before receiving a credential. That means only 57 percent of college freshmen—and a mere 31 percent of first-year students in community college—will earn the degree they sought.²⁰³ And even these figures may be too rosy. Averages can be misleading, warns editor Evan Sparks of The Philanthropy Roundtable. “Elite universities such as Harvard and Yale have near-perfect graduation rates. Much lower rates persist among the campuses frequented by the students most at risk of dropping out: low-income young people, ethnic minorities, and first-generation college students.”²⁰⁴ Sadly, more than 70 institutions routinely graduate fewer than 20 percent of their freshman within six years.

BRAIN SNACK: *A 2010 study by the University of Central Florida’s Institute for Diversity and Ethics in Sport ranked University of California, Berkeley (UCB) Men’s Basketball 64th out of the 65 teams when it came to graduating its players. The overall men’s basketball graduation rate at UCB was just 20 percent, eclipsed only by the University of Maryland’s eight percent. UCB graduated zero out of seven African-American players and zero of two white basketball players. Two of UCB’s three international basketball players managed to graduate, which raised the overall team’s graduation rate to 20 percent. “If you can’t graduate two out of five of your student-athletes,” commented U.S. Secretary of Education Arne Duncan, “how serious are you about the academic part of your mission?” Ouch.*

²⁰³ The official graduation rate, reported to the government as a condition for receiving federal student aid, is calculated as the percentage of first-year, full-time students who graduate within 150 percent of the time normally required. The U.S. Department of Education is looking to broaden how student success is measured in higher education, taking into account students who transfer, part-time students, and students who are not attending college for the first time. Community colleges have complained for years that the federal data reporting system doesn’t accurately reflect the reality on their campuses.

²⁰⁴ As of 2010, 49 percent of Hispanic students, 60 percent of African Americans, and 60 percent of Native American first-time, full-time students failed to complete a bachelor’s degree within six years.

Research conducted by Clifford Adelman at the U.S. Department of Education confirms that the best odds for degree attainment are when four years in high school are followed immediately by four years of full-time attendance in a four-year college. “When you look at who succeeds in college,” says Kati Haycock, president of The Education Trust, “you realize that any departure from the traditional path . . . has huge consequences to the likelihood of students succeeding.” Once students take a break—a euphemism for drop out—family and work can make a return to school seem even harder than finishing it in the first place. Like Amelia Earhart and cheap gas, they never come back.²⁰⁵

This has a huge cost. First, there are the financial and emotional consequences for the individual. The institution also suffers since the resources required to accommodate these “Klingons” might be better spent elsewhere. It also takes an expensive toll on the public purse. In 2010, more than \$13 billion in taxpayer grant money (e.g., Pell Grants) was given toward degrees that will never be awarded. By any measure, everybody loses.

So, what is wrong? “We’ve been so focused on access, people don’t really understand that we have a problem with completion” says Hilary Pennington, director of postsecondary success at the Bill & Melinda Gates Foundation. With underwriting from the foundation, researchers at Public Agenda surveyed more than 600 young Americans, ages 22 to 30, who dropped out of college. They examined why young people are motivated enough to start college, somehow find sufficient resources to enroll, but do not complete their degree. Their report, titled *With Their Whole Lives Ahead of Them*, reveals that for many students the decision was dictated by four realities (*optimism-2 trap*):

- *Work/school balance.* Balancing work and school was by far the hardest challenge, said respondents. Full-time jobs, commutes and children, or parents who need care often get in the way. Seventy-four percent work part-time during the academic year. Among adults ages 18 to 34 who are not in school and do not have a bachelor’s degree, two-thirds said a major reason for not continuing their education is the need to support a family.
- *Financial problems.* Some dropped out because their family’s income had cratered owing to layoffs or they were unable to borrow the money needed to cover college costs. Some were frozen out by tuition and fee increases. Other students who depended on part-time jobs to make ends meet saw those opportunities disappear. About seven-in-ten dropouts said they had no scholarship or loan aid.
- *Poor preparation.* Finishing high school without being ready for college was another major reason why students drop out. Researchers at the Bridgespan Group have concluded that “Academic preparation is the most effective means of increasing the odds that students will graduate from high school ready for college, matriculate, and eventually receive their degrees.”

²⁰⁵ Research by educator George D. Kuh finds that students with two or more of the following characteristics are more likely to drop out of college: being academically underprepared for college, not entering directly after high school, attending part time, being a single parent, being financially independent, caring for children at home, working more than 30 hours per week, or being a first generation college student.

- *Not getting it.* Students may not fully recognize the impact that dropping out without a diploma will have on their future personal economic success (*projection-1 trap*). If this describes you, re-read this chapter.

The study revealed that the vast majority of young people who made the decision to drop out support two proposals that they believe would make college graduation feasible. First, make it possible for part-time students to be eligible for more financial aid and second, offer more courses in the evening and on weekends so that they could continue working while taking classes. Eight-in-ten said these changes would help “a lot.”



Real-tude:

Don't let college be where your dreams are put on hold!

☞ *Lifebomb #3: “The school of hard knocks.”*

Most people confuse intelligence with having a formal education. This is not true. The world is awash with educated derelicts and they have their “badges” (diplomas) to prove it!²⁰⁶ Highly educated and supremely cocksure, they proceed to screw up their lives—and those of others around them—by exercising immature judgment and making lousy life-choices.

Getting an informal education

Don't let your schooling interfere with your education.

~ Mark Twain, humorist, author

Defined broadly, an informal education is what we learn outside of the classroom. It is the daily storing of valuable information for use later in life and the constant effort to improve our self that is of inestimable value. We acquire it by reading books and publications, talking to successful people in the field we are interested in, paying attention to what is happening in the world, and asking more experienced people like parents, mentors, and other tribal elders for advice. In short, it is learning what works and what doesn't.

One of the best ways to self-learn is to read lots of books, particularly ones that teach you practical skills about career and life. “Why read books when I can just teach myself from the Web,” you ask? Sure, nearly everything is available on-line, but there is a lacuna in relying on the Internet. First, it is a tool that is used with impatience—it is too easy to interrupt to check out Facebook or that new music site. Second, we tend to concentrate on things that we like and skip over the parts that we don't. This introduces bias and skews judgment. Finally, it is difficult to

²⁰⁶ In the classic western *Treasure of the Sierra Madre* (1948), Gold Hat, the Mexican bandit leader, tries to convince gold prospector Fred C. Dobbs that he and his company are the *federales*, or Federal Police. “If you're the police where are your badges?” Dobbs queries. Indignant, Gold Hat sneers, “Badges! We ain't got no badges. We don't need no badges! I don't have to show you any stinkin' badges!”

assess the larger framework of a topic from the Web in a way that a book can provide. Of course, you must be motivated to actually read the books and not just the dust jackets (*self-control-2 trap*).

We also learn from our own experiences. The “school of hard knocks” is an idiomatic phrase²⁰⁷ that means “the education one gets from life’s (usually negative) experiences.” Hard knocks also describes the wisdom you acquire by working from the bottom up. Mohamed, for example, started out 20 years ago washing dishes and hauling trash in a restaurant. Without a formal education, he worked hard, accepted more responsibility, and ultimately bought the business. Would having a degree have helped him become as successful a restaurateur?

How about you? Will a degree get your foot in the door or is work experience a better bet? Thinking like an economist, it all depends. No single recipe can cover all the potential situations of job seekers, potential employers, and career success. The case for experience seems straightforward. An employer wants someone who has done the job, or one like it, before. This gives them more assurance that you will be successful than simply hearing the right answers to interview questions. “Experience absolutely matters,” says human resources consultant John Farnier. “There’s just no way around it.” Some arguments in favor of experience include:

- Time in the trenches provides understanding and skills you cannot get in the classroom.
- Lack of a degree does not necessarily indicate lack of ability.
- Many jobs that ask for a degree do not require one to be adequately performed.
- College does not train you to do a job. Employers do (*superiority-2 trap*).
- Getting a degree does not mean you will get a great paying job, or any job for that matter.

There again, merely holding a job for four years does not guarantee that you have the basic level of knowledge, intelligence, and literacy they need. The bachelor’s degree is what economist Bryan Caplan calls a “signaling game.” “Courses teach students few useful job skills,” says Caplan. “Their main function is to signal to employers that students are smart, hard-working, and conformist. Advanced degrees are what demonstrate that you know something.” Some reasons to get your degree include:

- A degree has become a discriminating factor for many jobs.²⁰⁸
- In the trenches you learn the “what” and the “how.” In college, you learn the “why.”
- Freshly-minted graduates come without “bad habits” that the company has to undo.

²⁰⁷ An idiom is an expression, word, or phrase with a figurative meaning that is separate from the literal meaning or definition of the words of which it is made. For example, in the expression “to kick the bucket,” a listener knowing only the meanings of “kick” and “bucket” would be unable to deduce the expression’s true meaning (that is, to die). Idioms sometimes leave foreign students “in the dark.” Nyuk, nyuk.

²⁰⁸ Fail to enter the right “badge” in the education block of a job application and your resume is often electronically deleted before anyone sees it.

- Employers associate a degree with being motivated, disciplined, and accepting of responsibility.
- The higher you go on the organization chart, the more you will need a degree.

In the end, the relative value of experience versus a degree depends on the skill sets in question. Investopedia contributor Claire Bradley notes some careers where experience trumps education, and vice versa. In a field like sales, results are what matter most, regardless of the fancy piece of paper on the wall behind your desk. Many construction careers also value experience over education. And do you really think a degree in Asian women's studies will make you a better C++ programmer? In the real world, your chosen career field will dictate how education and experience stack up against each other.



Real-tude:

Intelligence is not determined by level of education.

The bottom line:

- Four years in high school, followed by four-years full-time in college is your best bet.
- “Do you have a degree or not?” does not measure if you have the skills required.
- CTE offers rewarding careers, good-paying jobs, and college opportunities.
- Only one-quarter of young persons between 25 and 34 have a bachelor's degree.

Cognitive Flaw: Ineptitude

WARNING: Study in this university is known to cause thinking, occasionally deep thinking. Typical side effects include mild temporary anxiety followed by profound long-term satisfaction.

~ Cover of the student prospectus for University of Chicago

Careless about the implications of higher education? Many young persons are not sure what job they want when it comes time to go to college. College is a great place to discover yourself but failing to objectively identify a viable career path by graduation time can be costly. Let's look at how failing to think seriously when making this important life-choice can put your future happiness at risk.

☞ *Lifebomb #4: “I paid my tuition—where's my job?”*

The ancient Greeks did not design their lyceums for the masses. Rather, they were made for the elite, that is, the well-endowed, prosperous citizen. Higher education continued to be exclusionary until WWII, after which the G.I. Bill funded millions of “non-elite” veterans to attend college before returning to the workforce. One effect of opening higher education to the masses was a change in focus from “discovering truth” to the acquisition of marketable skills for industry jobs.

A college should not aim to teach its students vocations, because an educational institution cannot do a good job of vocational training. In general the way to learn how to do anything is to do it; and industry is the place in which the young should learn how to work in industry. If we allow them to believe that education will get them better jobs and encourage them to get educated with this end in view, they are entitled to a sense of frustration if, when they have got the education, they do not get the jobs.

~ Robert M. Hutchins, former Chancellor, the University of Chicago

What is the purpose of a college education today? The debate continues. College administrators admit that the focus is on jobs. Jim Clifton, CEO of Gallup, states in *The Coming Jobs War* that having a good job is the No. 1 social value for everyone. It outranks having a family, peace, freedom, religion and democracy and numerous other societal goods, he says. In a 2012 cover story, "Is College a Lousy Investment?," Megan McArdle of *Newsweek* criticizes higher education. "Promotional literature for colleges and student loans often speaks of debt as an 'investment in yourself,'" she writes. "But an investment is supposed to generate income to pay off the loans." Marketing consultant Benjamin Edwards points to lifelong learning, mentorship, and the ability to think in multiple ways as the outcomes that students and parents are looking for. And young persons—what do you think? In a nationwide survey conducted by the University of California, Los Angeles (UCLA), 88 percent of more than 122,000 students said that getting a job was a "very important" reason to attend college. It was the highest percentage in the history of the survey and was the first time that students placed career prospects ahead of gaining a general education and appreciation for ideas. Look in the glass. Then decide for yourself.

Here is fee. Get me degree. And job too.

Securing a good job is a powerful motivator to get a formal education and a 2011 poll found nine-in-ten students expect to find a job in their field. Their ultimate goal is not being a "learned" person but merely acquiring a piece of paper to get a job. And they are often quite confident on this point, believing that with a four-year degree they will have a nice, professional job by the time they are 30 years old (*optimism-1 trap*). Many students suffer from the delusion that they are entitled to a job because they paid their tuition year after year. They expect to leave school, be immediately recognized as a person of genius, and by their sixth month on the job start to climb the corporate ladder (*superiority-1 trap*).

Unfortunately their expected leap from the classroom to the executive suite was interrupted by the economy, which hit young persons especially hard. In 2010, 32 percent of college- and university-educated young persons were working in low-skill jobs. By 2012, a weak labor market left half of all young college grads either jobless or underemployed in positions that don't fully utilize their skills and knowledge. Labor economist Andrew Sum describes the lack of job growth in professional fields as creating a vicious cycle for young adults. "Every job they take, they take away from the group beneath them," he says. "It's a depression for young people; it's the only way to describe it." Many students decide to attend graduate or professional

school after college because an undergraduate degree might not be enough to get them a job. Staying in school buys time for the economy to improve and defers repayment of student loans, but adds living costs and debt.

And I'd like to believe what a professor recently told me, as I sat in his office appealing for more financial aid: My master's degree will ensure that I'll get a well-paying job and my loans will pay for themselves. But that's not looking likely, especially in my chosen field. There's no certainty that I or my classmates will get jobs, especially well-paying ones.

~ Emily Hutchins, journalist

Why now that I've my degree where is my most excellent paying job and cushy lifestyle? The utopia your school promised you is a lie. Work and life are hard.

~ SnottyNoseBratt, Internet blogger

In the end, your degree will give you a better probability of getting a higher paying job if your field of study is in demand. But do not expect that it entitles you to a job—the purpose of college is not to raise mean salaries among its graduates. It is to teach you how to learn, think critically, and make good decisions. This is the difference between becoming educated and simply getting a degree. To paraphrase Albert Jay Nock,²⁰⁹ a person trained in a job can only do the job for which they are trained; but an educated person can train themselves to do any job. That is the real return on investment (ROI) of any university degree.

How smart do you want 'em? just barely smart enough . . . not smart enough to see, for example, that, just as an education is not a job, educational institutions are not employment agencies . . . not smart enough to see that jobs are the problem, not the solution.

~ dubet, Internet blogger

Dang! Who ate my job?

Many graduates have difficulty entering the workforce because of a disconnect between the skills they need to be successful at work and what they think they need to be successful. Adecco, a global human resources consulting company, found that 66 percent of hiring managers say they don't think college graduates of the class of 2013 are prepared for the workplace. If you want a job, you need to ascertain the personal attributes, skills, and abilities that employers and customers value and want. With ever fewer entry-level jobs in many industries, internships have become a critical first step into employment.²¹⁰ Internships force you to apply relevant knowledge to “real world” situations, understand the pressure of aggressive deadlines, and fail

209 Albert J. Nock (1870–1945) was an influential United States libertarian author and social critic.

210 A Monster survey of 3,400 persons revealed that 87 percent of students expect to fulfill at least one internship during college.

under controlled conditions. They provide opportunities to interact at a professional level, where reality is often different from the promise and mystique in the classroom. Companies often use internships to test potential recruits.

BRAIN SNACK: *Organizations in the U.S. save \$2 billion a year by not paying interns a minimum wage, writes Ross Perlin in Intern Nation: How to Earn Nothing and Learn Little in the Brave New Economy. Perlin, an intern activist, views internships among college kids, jobless grads, and high schoolers as not only absurd but legally questionable. Interns often fill roles once held by full-time employees and Perlin estimates that one-third to one-half of all internships at for-profit companies are unpaid. Worse yet, some employers require not only that their charges work for free, but that they also obtain academic credit. This usually means paying tuition fees to work. "Young people and their parents are subsidizing labor for Fortune 500 companies in their highly competitive race to the bottom of the corporate ladder and nobody's paying attention," he says.²¹¹*

Schools also tout job placement rates as a selling point to attract new students. But learning institutions are unique and information is not always comparable. Placement rates vary because of differences in location and local economic conditions, student characteristics, abilities and preparation, variety and quality of academic programs, and missions of the institutions and their career services offices. Some schools, particularly for-profit career-colleges (if you watch late night TV, you've seen their ads), were found to have systematically overstated job placement rates, in some cases claiming as high as 97 percent. Does a paralegal job count for a law school graduate? Does working as a Starbucks barista count for a culinary institute Chef? Some former students are successfully suing for-profit schools to get their money back, saying they were misled about their job prospects after graduation. New regulations issued by the U.S. Department of Education aim to fix abuses and address whether students actually improve their earning potential upon graduation.



Reali-tude:

Payment of tuition does not guarantee you a job.

 *Lifebomb #5: "Daddy wants me to be a lawyer (doctor)."*

Harvard's 2011 *Pathways to Prosperity* project found that nearly every parent surveyed (94 percent) expects their child to attend college. According to economist Alison Wolf, young persons are optimistic about their abilities and they, and their parents, want to keep the option of high future salaries open as long as possible.

²¹¹ This trend has not gone unnoticed by regulators. In 2010, the Labor Department notified employers that internships in the for-profit private sector will most often be viewed as "employment" unless they meet a six-factor test. In 2013, the U.S. District Court for the Southern District of New York found some internships to be illegal, raising the possibility that unpaid internships may become a high-liability for employers.

The problem is parents don't know a Ph.D. from an STD, but want nothing but the best for their child. Students get pumped with aspirations of high pay; they do not see a doctor or lawyer as a means to help others or improve the world. Instead, they see big \$\$\$ associated with the title, and this can set off intense fulminations. "The parents are hideous" say former admissions counselors Dick Teresi and Janet Macfadyen. "They're worse. They're hysterical." Complains frustrated dad Howard Smiley, "The pressure, it comes from parents, it comes from peers, where the kids almost have to say, 'I'm applying to Harvard.' A lot of kids, I think they'd be happy in another environment (*framing-1 trap*)."

First, kill all the lawyers

Young lawyers in their third to fifth year in the business are walking away from their \$200,000-a-year positions in record numbers—at times without another job in view—says attorney Anna Ivey, author of *The Ivey Guide to Law School Admissions*. The reason? They are unhappy with their Blackberry lifestyle, being tethered to the job 24/7, and having to rush back to the office at a moment's notice when e-mail orders pop up on the ubiquitous PDA. According to a survey by the National Association of Law Placement (NALP), over a third of associates leave large firms within the first three years. And close to four-fifths bail before they come up for partner and get the big bucks.

Ivey relates that the worst partners view the dramatic drop-off as part of the "testing" of associates. "By their logic, if you can survive the years of misery when 8 out of 10 of your friends are fleeing like the building is on fire, then you are the sort of person fit for partnership at the firm," she opines. The overworked newbie lawyer mutters, "I will never treat people this way when I'm in charge." Later, when that person controls the work assignments, he has already suffered through a divorce, a receding hairline, and an ulcer. So what does he do? He screws them, just like he got screwed (*self-control-2 trap*).

"Many applicants have no idea what law school is like, what legal practice is like, whether it's something they'll enjoy, whether Big Law is a good move for them, or what they want to do after their time 'inside'" relates Ivey. "Yet thousands and thousands of young persons go jumping on that very expensive, very time-consuming bandwagon year after year, usually because they lack the courage, are too lazy to think hard about other options, or are being pushed into it by their parents," she says.

Attorney Susan Estrich counsels, "If the primary reason you're applying to law school is because you want one of those big bucks jobs, forget it. A few years ago, law used to be a sure shot to making a very, very good income. Not anymore." The national median starting salary for the Class of 2011 was \$63,000, which means half accepted jobs paying less. Barely half of those who graduated from law school that year found full-time jobs as lawyers within nine months of graduation. And they are doing so with a huge debt—an average of \$125,000 for graduates of private schools.

Nowadays, students are doing the math. As of January, 2013, applications for law school dropped by more than 20 percent from the same time the previous year, and 38 percent from the year before. Students are realizing that it makes no sense to pile up hundreds of thousands of dollars in debt in order to join the legion of unemployed lawyers.²¹² “But hustlers can still hit pay dirt,” says law firm hiring partner Mark Greiner. For top graduates, the profession is still “an embarrassment of riches,” but he adds that just a notch below them, “even good students are having a tough time.”²¹³

Is there a doctor in the house?

If not the law, howza ‘bout medicine? They make big bucks and few professions can match the satisfaction that comes from a career spent saving and improving lives. Fortuitously, opportunity knocks! A 2012 study published in *The Annals of Family Medicine* pegs today’s deficit at 52,000 primary care doctors. Within the next 15 years, the United States will experience a shortage of between 90,000 to 200,000 physicians, predicts Phillip Miller, an author of *Will the Last Physician in America Please Turn off the Lights*.

Why is this? One reason is doctors are overloaded. Currently the average physician is responsible for 2,300 patients, more than twice the recommended number. Another reason is the impending doctor shortage due to growth in the aging population. Hear that rumble in the distance? That is the Baby Boomers—your dads and moms—who are now retiring at the rate of 10,000 *per day*. The avalanche was triggered on January 1st, 2011 when the first Baby Boomers turned 65. And millions upon millions of ‘em have been promised that the rest of you will take care of their medical needs. Treating these aging gods/goddesses will take an army of new doctors. But wait—doctors are growing old too, with about a third of them set to reach retirement age in the next 10 years. Holy scalpel Batman!

Pardon the pun future podiatrists, but something smelly is afoot. For many sawbones, the real rewards of medicine are harder and harder to come by. They are eaten away by resentful nurses, suspicious and hostile patients, administrators pushing 10 minute office visits, insurance company drones second-guessing their medical judgment and paying 20 percent of billed fees at 180 days, the increasing cost of medical malpractice coverage, and mountains of CYA paperwork. As one exasperated doctor sighed, “We are no longer treated like a profession; we are a public utility to be regulated.”

As if a decade of long, arduous training wasn’t enough, you still have to pay for it. These days the average medical school debt, according to the Association of

212 Although many Americans feel they are “over-lawyered,” economist Clifford Winston says the number of lawyers has been kept artificially low for decades. The shortage is due to most states requiring that you graduate from law school and pass the bar exam to practice law. Also, only lawyers are allowed to manage or invest in law firms. These constraints are reckoned to have boosted the total amount spent on lawyers by more than a third.

213 From 1978 to 2003 the legal business grew four times faster than the economy. Then, in 2009 and 2010, the 250 biggest firms shed more than 9,500 lawyers, nearly 8 percent of the total. Why the spasm? Clients are more cost-conscious, work is being outsourced overseas, and software performs the search and discovery tasks electronically. Ultimately, lawyering is becoming more of a business than a profession.

American Medical Colleges, is \$156,456. At 2.8 percent interest, this saddles you with an estimated monthly payment of about \$1,800 at the end of residency. No wonder a survey found 57 percent of 1,175 doctors questioned would not recommend the field to their children.

Like Mary Poppins, the weather vane is shifting. Unlike their dollar-dazed parents, many of today's students aren't blindly pursuing the highest paying careers. "I think students today gravitate toward majors they think will be personally satisfying," relates undergraduate programs director Tom Dalton. Katharine Brooks, author of *You Majored in What? Mapping your Path from Chaos to Career*, agrees. "You have to evaluate your strengths and where you excel," she advises. "It is most important to study what you are interested in, because then you will perform better and be more engaged."



Real-tude:

Follow your heart, not the money.

☞ *Lifebomb #6: "Tell me I'm wonderful and give me an 'A'."*

Sixty-six percent of students agreed with this statement: "If I have explained to my professor that I am trying hard I think he/she should give me some consideration with respect to my course grade." Earth to student! If hard work alone is what gets rewarded, sharecroppers would all be rich.

Concern about getting an "A" and graduating with their degree on time have made students less concerned about the value of the education they are receiving and more worried if their transcript will look good. According to educator Mark Shapiro, almost 70 percent of freshmen at private universities received "A" averages in high school, as did more than half of the freshmen at public universities. Students believe they are entitled to all those A's despite substandard work (*superiority-1 trap*), he says, and this has led to an erosion of the value of grades and degrees for the brightest. "Tell me what I need to know to get an A in this class' has become a familiar refrain," Shapiro laments.

BRAIN SNACK: *Judging by their SAT scores, the kids are smarter than ever. Not. Actually, they are dumber say college admissions counselors Dick Teresi and Janet Macfadyen.²¹⁴ In 1995, as scores were dropping, the College Board "re-centered" the scoring. This is a euphemism for giving every kid who takes the test an extra 100 points, spread out over the two segments, verbal (add 75 points) and math (add 25 points). Boomers, to see how you would fare in today's market, add 100 points to your SAT totals. The problem with this Lake Wobegon*

214 Enhancing SAT scores is now a \$100 million business, dominated by two competing companies, Princeton Review and Kaplan. These test-prep services are not cheap. For example, the Princeton Review's "Ultimate Classroom" course costs \$1,199 in New York City. A 2009 report by the National Association for College Admission Counseling concludes that these courses have minimal impact in improving SAT scores, about 10–20 points on average in mathematics and 5–10 points in critical reading.

scheme, where the bar is lowered until “average” matches the population in the schools, is it devalues the exceptionally smart kids.

Nowadays, pressure for grade inflation is overwhelming. Professors are faced with teaching 200+ students per class—most of whom are apathetic—that arise from the dead at semester end to “grade-grub” (i.e., whine for a better grade). And if that special snowflake did not receive his or her “A,” they throw a hissy-fit in the professor’s office. This has generated a fear of negative evaluations in some faculty. Acknowledged one adjunct, “To keep this job, I live and die by student evaluations. I’ve become an ‘edu-tainer.’”

Limbo lower now . . .

“The reason so many students are falling short of their intellectual potential,” say psychologists Angela Duckworth and Martin Seligman, “is not inadequate teachers, boring textbooks and large class sizes but their failure to exercise self-discipline.” Sociologists Richard Arum and Josipa Roksa concur. In their book, *Academically Adrift: Limited Learning on College Campuses*, they write “It requires academic rigor . . . you can’t just get it through osmosis at these institutions.” Sadly, hard work on the part of students is no longer seen as a key factor in academic success, what software architect Mike Arguello labels the “American Idol” problem. “If you’ve ever seen the reaction of contestants when Simon Cowell tells them they have no talent, they look at him in disbelief,” he says.

Too many kids are at college wasting their time. With no passion for their subjects, they waltz into class with glazed eyes and dance out with a degree. Most never check out a book from the library. Spark-notes are their best friend. Some of them can not even write at a middle school level, much less a college level. They are not happy with their studies, not happy with the debt they are piling on their heads, but they are happy with the football team and their plans for the weekend.

~ daronmsavor, Internet blogger

“Gen NeXt may be the most academically disengaged college students with all-time low measures for time spent studying and all-time high measures for boredom and tardiness,” writes educational consultant Mark L. Taylor. In survey after survey since 2000, college students are alarmingly candid that they are simply not studying very much at all. Labor economists Philip Babcock and Mindy Marks find that “the average student at a four-year college in 1961 studied about 24 hours a week. Today’s average student hits the books for just 14 hours.” These denizens of AnyU approach college life like a 9 to 5 job. Really darling, why study if you can still get that 4.0 anyway?

And it is not just the students. Educational institutions are doing their part in the race to the bottom. In 2010, Loyola Law School Los Angeles retroactively inflated its grades one step for every letter-based grade recorded since 2004. That brought an A- to an A, and an A to an A+, for example. In recent years at least 10

law schools, including New York University, Georgetown, and Tulane University have deliberately changed their grading systems to make them more lenient. Retired professor Stuart Rojstaczer, who has written extensively about grade inflation being a real problem, says these changes can open more job opportunities for students. “There are employers that have GPA cutoffs, and by inflating grades, you increase the number of students who meet those GPA cutoffs,” he laments.²¹⁵ Of course, it also boosts a school’s placement ratings in *U.S. News and World Report*.

Girls rule, boys drool

In a survey of 90,000 students at 530 institutions, male and female students alike agreed that the slackers in their midst were mostly male and that the go-getters were mostly female. “The men don’t seem to hustle as much,” says one female respondent. “I think it’s a male entitlement thing. They think they can sit back and relax and when they graduate, they’ll still get a good job (*optimism-1 trap*).” The survey, titled the *National Survey of Student Engagement*, shows that men were significantly more likely than women to say they spent at least 11 hours a week relaxing or socializing, while women were more likely to say they spent at least that much time preparing for class. More men also said they frequently came to class unprepared.²¹⁶

Education professor Linda Sax found similar gender differences in her study of 17,000 men and women at 204 co-ed colleges and universities. She found that men were more likely than women to skip classes, not complete their homework, or turn it in on time (*self-control-1 trap*). “Women do spend more time studying and their grades are better,” says Sax, “but their grades are better even more than the extra studying time would account for.” Guys, next time you are in the cafeteria do a 360. Look at the gender mix. You are in the minority.

The big thing, for guys, is to give the appearance of not doing much work, trying to excel at sports and shine socially. It’s like some cultural A.D.D. for boys, I think—like Bart Simpson. For men, it’s just not cool to study. Women see the long-term benefits, they take their classes seriously, and they’re actively learning. Guys don’t have their life planned for the next 10 minutes. They study enough for a C.

~ student comment on the gender divide

Of course, not all students are slack-butts. As more and more non-traditional students fill course rosters, many attend despite extreme hardship—working, often full-time, young children at home, various partial disabilities, lack of sleep, financial difficulties, and OBTW, the usual panoply of personal problems such as a

²¹⁵ According to a study published in *Educational Researcher* by Evangeleen Pattison et al., the relationship between earning high grades and doing better after college (landing prestigious jobs and higher salaries) has remained unchanged. Thus, they say that the “value” of grades can be presumed to have held its ground, not eroded by inflation.

²¹⁶ Today’s 25- to 34-year-olds are part of the first generation where women are measurably better educated than men, and this trend is predicted to continue. In 2016–2017, the National Center for Education Statistics projects that women will earn 64 percent of Associate’s degrees, 60 percent of Bachelor’s degrees, 63 percent of Master’s degrees, and 56 percent of Doctorates.

sibling in Afghanistan, a sick parent, or an unplanned pregnancy. These students are professional jugglers who make a Cirque du Soleil show look like a barn dance. You are to be respected and admired—keep it up.

Also, an increasing number of military veterans are showing up in the classroom. With enactment of the *Post-9/11 Veteran Educational Act of 2008* (also known as the Post-9/11 G.I. Bill), many veterans are taking advantage of their education benefits once they complete their service commitment. The American Council on Education predicts that college campuses are on the cusp of having to serve over 2 million contemporary student veterans. Professors regard veterans as model students since they tend to be more pragmatic, mature, and responsible. *TIME Magazine* calls them the “New Greatest Generation.”



Real-tude:

If we are all Super Heroes then no one is super.

The bottom line:

- A college education is what you make of it.
- In the school of hard knocks they give the test first, then the lesson.
- Overall, the bar has been lowered regarding academic rigor.
- Women and veterans are changing the college landscape.

The Reality

Higher education is a uniquely hidebound industry whose economics largely defy rational explanation.

~ Robert Reich, former U.S. Secretary of Labor

Sure, all of us can put a finger on an individual who never went to college but earned more than some of those who did. But like white crocodiles, these are rare exceptions. Although college is not a guaranteed investment, statistically it is the best indicator of your likely level of success. In *Does Education Matter?*, economist Alison Wolf notes that beyond concrete skills, employers use higher education as a proxy, or indicator, of abilities like intelligence, motivation, or the mastery of a particular body of knowledge. Students who are under-skilled and under-educated will have a hard time finding life-sustaining wages and satisfying employment.

Many NeXters not ready for prime time

Send us better prepared students and we'll give you more and better graduates.

~ College admissions director

If you didn't think these students could succeed, why the heck did you admit them?

~ High school principal

“Is our students learning?” George W. Bush once asked, and for millions of freshman students the answer is no. Even if you have a high school diploma, you may not be ready for college.²¹⁷ Although not as well known as the SAT, the ACT exams are taken by more than a million high school seniors each year. This exam tests English, math, reading, and science, with an optional writing test. According to ACT’s 2008 *College Readiness Report*, almost eight-in-ten U.S. high school graduates that year did not meet readiness benchmark levels for one or more entry-level college courses in mathematics, science, reading, and English.

The reality is worse than you think. A 2013 study by the National Center on Education and the Economy found “disturbingly low standards among community college instructors.” The study concludes that these schools likely are reacting to the inadequate academic preparation of incoming students, and the stats are shocking. Four-in-five Oklahoma community college students needed remedial coursework because they were illiterate, innumerate, or both. At Long Beach City College (LBCC), a whopping 95 percent of students needed remedial English and math coursework in 2008, reports *USA TODAY*. Says LBCC President Eloy Oakley, “It’s the number one issue to the entire California community college system, easily. I don’t believe that the public in general really understands the magnitude of the problem,” he warns. “To cope with this reality,” says long-time teacher Mark Shapiro, “the textbook writers have been ‘dumbing down’ their offerings for a number of years.” This cheats students.

We’re moving into a more demanding cognitive age. In order to thrive, people are compelled to become better at absorbing, processing, and combining information. Information can now travel 15,000 miles in an instant. But the most important part of information’s journey is the last few inches—the space between a person’s eyes or ears and the various regions of the brain. Does the individual have the capacity to understand the information? Does he or she have the training to exploit it?

~ David Brooks, from *The Social Animal*

Nor are math and English the only areas of weakness. Political scientist Jon Miller found that only 20 to 25 percent of Americans are “scientifically savvy and alert,” reports science writer Cornelia Dean. Most of the rest “don’t have a clue.” At a time when science permeates debates on everything from global warming to stem cell research, people’s inability to understand basic scientific concepts undermines their ability to make sense of issues like acid rain, nuclear power,

²¹⁷ Public education K-12 students are “ill prepared to compete with their global peers” concludes the Independent Task Force on U.S. Education Reform and National Security (2012), chaired by Joel Klein, former head of New York City public schools and Condoleezza Rice, former U.S. Secretary of State. As of 2010, U.S. students rank 14th in reading, 25th in math, and 17th in science compared to students in other industrialized countries, putting the country’s “future economic prosperity, global position, and physical safety at risk.” Warns Microsoft Chairman Bill Gates: “When I compare our high schools to what I see when I’m traveling abroad, I’m terrified for our workforce of tomorrow. Our high schools, even when they’re working exactly as designed, cannot teach our kids what they need to know today.”

infectious diseases, and the like. "If you don't know a little science it is hard to follow these debates," says Miller."

The squeeze is on

Without a job, it makes good sense to go back to school and learn some new skills for when the economy picks up. As a result, in recent years college enrollment rates have been at an all-time high. According to a Pew Research Center analysis, 40 percent of all young adults ages 18 to 24 were enrolled in either a two- or four-year college in 2008, with the biggest surge taking place at the community colleges.²¹⁸ The downside is the number of new jobs requiring a college degree is now less than the number of young adults graduating from universities, so more and more graduates are filling jobs for which they are academically overqualified. Just as too many people stand up at concerts, too many students are going to college. "Employers seeing a surplus of college graduates and looking to fill jobs are just tacking on that requirement" says economist Richard Vedder who heads the Center for College Affordability and Productivity. "De facto, a college degree becomes a job requirement for becoming a bartender."

More applicants means revved up competition. In 2010, college applicants faced one of the toughest years ever to gain admission to the nation's public colleges and universities. Why has the race to get in become so competitive? Here are some reasons:

- *Schools have become picky.* In 2007, UCLA turned down 38,000 applicants. Ohio State rejected 44 percent of its applicants. At top schools, a perfect 4.0 GPA or even a perfect SAT score no longer guarantees admission. Princeton turned down more than 4,200 kids with 4.0's.
- *Tight money.* With deep budget cuts and endowment losses, some schools are shunning students like they had the plague. For example, California State University, a public university system with 23 campuses, reduced enrollment by 20,000 students in 2011. Why? Because it lost \$564 million, about 20 percent of its state funding.
- *Blame the Boomers.* Their kids number 800,000 more high school graduates than a decade ago, and the applicants are more talented. Students now apply to as many as 15 colleges, adding to the competition for a limited number of slots.
- *Fewer dropouts.* The share of young adults who are high school dropouts is at a record low—9 percent in 2008, less than half the 20 percent in 1967. More students finishing high school means more are eligible to go to college.
- *Invasive species.* Some cash-strapped schools are admitting more out-of-state students since they pay higher fees. They crowd out seats for in-state students.²¹⁹

218 Community colleges are home to about 40 percent of college students.

219 Some schools are bucking the trend. In North Dakota, colleges hope to draw in young adults by charging low tuition and fees. It's part of a broader trend in which many slow-growing rural states are extending tuition breaks to out-of-state residents who typically are charged more.

In their book *The Shape of the River*, William G. Bowen and Derek Bok, former presidents of Princeton and Harvard respectively, argue that this may be a perceptual problem. “College per se is not all that hard to get into,” they write. “Many people are unaware of how few colleges and universities have enough applicants to be able to pick and choose among them. Only 20 to 30 percent of all four-year colleges and universities attract enough applicants to be able to discriminate.” And demographics appear to be accelerating this trend. The annual number of high school graduates in the U.S. peaked at 3.4 million in 2010–2011, after a 15-year climb. As this number declines, most universities expect this to translate into fewer applications and less selectivity for acceptance. “For the high school graduate, this becomes a buyers’ market,” says Daniel M. Fogel, president of the University of Vermont. Nevertheless, the struggle to win entry to the most prestigious universities is likely to continue. “The ones that have the strongest brand identification are still going to be awash in applications, but 99 percent of us are going to see declines,” predicts Robert J. Massa, vice president for enrollment at Dickinson College. At private schools, the squeeze has already begun.

Cost of college: To infinity . . . and beyond!

Universities share one characteristic with compulsive gamblers and exiled royalty: there is never enough money to satisfy their desires.

~ Derek Bok, former president, Harvard University

This is a bit hard on compulsive gamblers and exiled royals.

~ The Economist

For decades, college fees have risen faster than middle class families’ ability to pay them.²²⁰ Tuition increases have exceeded the inflation rate for over 20 consecutive years, including years of large increases in state and federal funding. “There is no law of gravity in higher education pricing,” points out Kevin Carey of Education Sector, a think-tank. “What goes up never comes down.” Since 1985, college and university tuition and fees have been rising some three times faster than median family income (adjusted for inflation). Costs are up a whopping 538 percent, concludes a 2013 Bloomberg Report. Medical inflation (286 percent) and consumer price index (121 percent) look modest by comparison.

Attention school shoppers! At in-state four-year public institutions, the average tuition for 2010-2011 rose 7.9 percent to \$7,605 according to the 2010 College Board’s annual *Trends in College Pricing* report. At private colleges a year of coursework rose an average of 4.5 percent to \$27,293.²²¹ How about 2011–2012?

²²⁰ According to *Forbes*, a decade ago a year of college cost 18 percent of a typical family’s annual income. It has now hit 25 percent and rising.

²²¹ Keep in mind that “average” figures hide wide variations. Public college students in California, Florida, New York, and Washington have seen double-digit percentage increases, while in 2009 the University of Maryland used federal stimulus funds to freeze tuition. At UCLA, a public school, out-of-state students now fork over \$50,000/year. That’s a whole lotta cheddah, Chestah.

Tuition rose an additional 8.3 percent and 4.5 percent respectively. In comparison, the overall inflation rate was a mere 1.6 percent in 2010 and 3.2 percent in 2011. In addition to spiraling tuition costs and fees, don't forget to throw in as much as \$8,000 on housing, \$1,100 smackers for books and supplies, and an additional \$3,000 on transportation and other living costs per year. This is horrible news for middle class students who pay full price.

"Romeo, Romeo. Wherefore hath my hard earned dough gone, Romeo?" Um, to most everything but teaching. Economists Ronald G. Ehrenberg (*Tuition Rising: Why College Costs So Much*) and Richard Vedder (*Going Broke by Degree: Why college costs too much respectively*) examined the factors influencing the spiraling costs of college. Root causes they point out include increased compensation for faculty, vastly expanded non-instructional staff, and building luxurious country club-like facilities and research labs in order to attract the best and brightest students. "None of these factors contributes to a higher quality education" says educator L. Troy Niskey, author of *The Critical State of College Access and Affordability in the United States*. Here is some of what your hard earned dough is paying for:

- *Lecturing on the cheap.* The average pay for full professors rose to \$108,749 in 2008—09 but since they are rewarded almost entirely for research, little of that money goes toward teaching. Sociologist Andrew Hacker and journalist Claudia Dreifus found that "the bulk of the undergraduate teaching at our nation's colleges and universities is performed by part-timers." Gen NeXt observer Anya Kamenetz adds, "Over half of the classroom time at major universities is now logged by... graduate teaching assistants—known as TAs—and adjuncts. At community colleges, part-timers make up 60 percent of the faculties." Why? These teachers cost about 25 percent of a tenured professor.
- *Administrative bloat.* Staffed by casts of thousands, universities have vastly expanded the resources devoted to administration. Social critic Michael Barone notes that from 1975 to 2008, the number of faculty in the California State University system rose by 3 percent, to 12,019 positions. In that time the number of administrators rose 221 percent, to 12,183. "That's right folks; there are more administrators than teachers at Cal State now," laments Barone.
- *Academic excess.* At the top, 36 college presidents received more than \$1 million in pay and benefits in 2010, reports a Chronicle of Higher Education survey. But that's not all. A 2011 report titled *Academic Excess* points out that Harvard University alone had 11 employees in excess of \$1 million in pay and benefits. In 2010–2011, Shirley Ann Jackson of Rensselaer Polytechnic Institute took top honors at \$2.3 million in total compensation. Graham Spanier, the former head of Pennsylvania State University who lost his job amid a sex abuse scandal, cashed out with \$2.9 million for 2011–2012.
- *Facilities.* Trade publication *College Planning & Management* shows many campuses are investing in an "arms race" of student amenities to attract students and their parents. Author Greg Beato takes them to task: "Cornell brags about its remarkable 4,800-square-foot climbing wall as the largest indoor natural rock climbing wall in North America. Rutgers, Carnegie Mellon, and many other

universities have all invested in eSuds, an innovative on-line laundry system that allows students to see if their socks are dry without leaving their dorm room. And a legendary Jacuzzi at Washington State University reportedly has room for 53 students.” Schools are also investing heavily in new lab space to draw star scientists and research-grant money, but these are mostly for the benefit of faculty members and their graduate students, not for undergraduates.

- *Books (how quaint)*. Book editions often come bundled with workbooks, study guides, and CD-ROMs, which sometimes are of questionable value to the student. These “special” editions and supplements often prevent students from buying used textbooks, and force them to pay double or even triple the price of the used book. Since the publisher and authors do not earn any money from the sale of used books, firms raise book prices and produce new editions of standard texts at a rapid rate to compensate.

The effect of rising costs is forcing students to shift to second and third choices. “There are more students who will end up at two-year institutions, not because it’s the best fit for them, but because it’s all they can afford,” says Faith Sandler, executive director of the Scholarship Foundation of St. Louis. “Some may end up skipping college altogether.” For those who stay the course, it’s creating a mass of young persons sagging under monstrous debt burdens. “They are unable to buy a house, much less start a business. If failure to pay back student loans ruins their credit rating, they can’t borrow anything,” warns journalist Froma Harrop.



Real-tude:

If you think education is expensive, try ignorance.

The bottom line:

- Many young persons are not academically prepared for college.
- Since 1982, the cost of attending college has risen 3X faster than average family income.
- More than half of all students don’t end up in a career directly related to their major.
- Employers are looking for experience as well as education.

Paying the piper

Trends in College Pricing, published annually since 1998 by the College Board, describes the increases in published college prices and how much students actually pay after considering increases in available grant aid. Their survey of about 3,500 postsecondary institutions across the country determines two prices:

1. *Published price*. About one-third of full-time students pay the full published tuition price with no grant assistance, although some may receive federal tax credits and deductions. In thinking about what is required to pay for college, it is critical to consider the total price for all years of study. Many students require

more than two years of study to earn an associate degree or more than four years of study to earn a bachelor's degree. The largest component of the cost may be the loss of income from not working in their field while they go to school.

2. *Net price.* Although it is generally the published prices that make headlines, it is the net prices paid by individual students that matter most for college access and affordability. Net price is the average price paid by all full-time students, including those who do and do not receive student aid, after subtracting grant aid from all sources in addition to federal tax credits and deductions. And some of the most elite institutions often have the most generous financial aid programs. Think of it as the “sticker price” versus the “sales price” on a new car.

Watch out Wanda—even the “average” net price can be misleading. Different students pay different prices within the same institution. For each student who pays \$1,000 less due to grant aid, athletic scholarship, etc., another (on average) pays \$1,000 more. One of the problems many students face is how to make sense of all the options and complex pricing structures. Thanks to a 2011 federal mandate, colleges are obliged to feature a new tool to help students and families pin down an answer to “How much is a college actually going to cost?” Each school in the U.S. now offers an on-line calculator on their website so you can estimate what you can expect to pay to attend. Enrollment consultant Kathy Kurz cautions that the calculator may not be accurate since it is based on historical rather than current data and because it is driven by averages. An effort by the Education Department to create a standardized “shopping sheet” has had only modest success at clarifying costs.

If you thought your search for a college or university was challenging, sorting through the maze of how you will pay for it can be daunting. The school you select determines how much moolah you will need to go there. This is your *Cost of Attendance* or COA for that school. COA is the sum total of what it costs to attend for one year: tuition and fees, room and board (living expenses), books and supplies, transportation, personal expenses, and possibly some other expenses such as studying abroad.

Now things start to get murky. In an attempt to make college affordable for everyone, financial aid exists to subsidize some or all of a student's out-of-pocket expense. Nearly every student is eligible for some form of financial aid—the question is how much and in what form. All students interested in financial aid for college start by completing the *Free Application for Federal Student Aid* (FAFSA) on-line. Despite the federal pedigree, the FAFSA application is the gateway to be considered for most all student financial aid programs.²²² The form consists of a set of questions regarding a student's (and their family's) assets, income, expenses, their dependency status, and any special circumstances.

These inputs go into a magic formula that produces a number: the *Expected Family Contribution* (EFC). EFC represents the amount that your family can be

²²² The federal government is the biggest player in student financial assistance, accounting for some 70 percent of all expenditures on student aid.

reasonably expected, based on its current financial situation, to contribute toward your college costs. If you are low income, the amount your family would be asked to pay may be as little as a few hundred dollars per year. If your family is higher income, or has considerable assets such as a second home or a large investment portfolio, your part of the tab could be upwards of \$50,000 per year. Typically, the lower the EFC, the more financial aid you will receive. Subtracting the EFC (what your family will pay) from the COA (the total cost for attending that school) yields your “Need”—the additional amount that you must cough up to go there. For example, if your EFC calculates out at \$2,500 and your COA is, say \$23,517, your Need (what you owe the school) is \$21,017.

Not wanting to pay full boat, we next look for sources of financial aid to fill the Need. First are the goodies, including federal, state, and private scholarships and grants. These are free money and so research them carefully and apply for as many as you can. Many scholarships and grants have qualifications (such as a minimum GPA level or ethnicity) and are generally based on need. Historically, the federal government’s principle vehicle for providing college access to low-income students has been the Pell Grant (in 2012, \$5,550 per year for 12 semesters max). The new Post-9/11 GI Bill provides education benefits for servicemembers who have served on active duty for 90 or more days since Sept. 10, 2001, including current and previously activated National Guard and Reserve members. The program covers the full cost of in-state tuition and fees at a state school for up to 36 months, a stipend for housing and books, and is transferrable to your spouse and children. If you can handle military service (for full benefits, at least three years), this is a fabulous deal.

BRAIN SNACK: *Expectations can differ sharply from the realities of college athletics. Excluding glamour sports of football and basketball, the average N.C.A.A. athletic scholarship amounts to \$8,707; in sports like baseball or track and field, the number is routinely as low as \$2,000. And with N.C.A.A. institutions costing \$20,000 and \$50,000 a year, athletes often come up short. “You know, maybe if you’re a scholarship football player at Oklahoma, everything is taken care of for you,” says Tim Poydenis, a scholarship baseball player at Villanova. “But most of us are nonrevenue-sport athletes who have to do our own fund-raising just to pay for basics like sweat pants and batting gloves.” What families do not know, coaches say, is that there is a lot more money available outside athletics in the form of grants, loans, and other institutional aid. Study after study has shown that almost all college athletics programs lose money—almost 90 percent.*

In addition to government moolah, schools provide what they euphemistically call “institutional aid.” These are incentives offered by the school, such as a merit scholarship or transfer grant, to entice you to enroll. The strategy is to give up say \$2,500 now, and then bleed you of \$40,000 in the long haul. What they fail to mention during the enrollment management process is that a typical “financial aid” package—even for the neediest of students—includes a large loan component in addition to whatever aid the learning institution provides. “Admissions directors do not speak truth” says college counselor Helen Britt. “It is their business to lie.”

Many colleges have gone 'need blind,' to level the playing field for rich and poor. Not. It's money that matters. Do you really believe that admissions don't know the difference between Brownsville and Bronxville? That they don't know the significance of a 90210 ZIP code? That they can't tell a kid's background from his essay? They know who needs financial aid and who doesn't.

~ Dick Teresi and Janet Macfadyen, college admissions counselors

If you are really poor, you can obtain Perkins Loans, federal money that is lent directly by the school. But the lion's share of government money for student loans by far comes from two other programs, the Stafford Loan Program (for students) and the Parent Loan Program for Undergraduate Students or PLUS (for parents). Students who qualify based on need may obtain *subsidized* loans—no payment is made until six months after graduation or six months after ceasing to be at least a half-time student. In the interim, Uncle Sam pays their interest. Need-based students may also qualify for federal-funded work study, typically 15–20 hours per week. Enough for gas, chips, and beer.

The picture is very different if you are not poor. Nearly half of graduates say their parents or other family members are footing some, or all, of the bill. As costs have risen, so too has the amount of money that families with moderate incomes are expected to contribute. A family with an income of \$40,000 to \$60,000, for example, might be asked to pitch in \$6,000 a year. These students must obtain *unsubsidized* loans to fulfill their Need, which means loan payments begin immediately after graduation.

Private loans should be the last option for financing your college expenses. In his *Irreverent Commentary on the State of Education in America Today*, educator Mark Shapiro (a.k.a. "The Irascible Professor") compares the private student loan industry to an octopus. "Its tentacles were designed to squeeze every last dime out of students who have been forced to go into outrageous debt to cover their college costs. Interest rates for non-subsidized student loans were high, and any drop in a person's credit rating following graduation often leads to increases in rates. A missed payment brings late fees and penalties that give usury a bad name. And, regardless of a person's financial misfortunes, bankruptcy cannot be used to discharge these debts," Shapiro says. Surveying college students, Jen Mishory, Deputy Director of the Young Invincibles, finds that "Two-thirds of students did not know the difference between a federal loan and a private loan." Make sure you know before you sign!

Debt slave zombies

It's actually worse than a bad mortgage... you have to get rid of the future you wanted to pay off all the debt from the fancy school that was supposed to give you that future.

~ Peter Thiel, co-founder of PayPal

Attention class! Have you identified the common denominator? If your family is poor, the government will pay for your education. If you are from a wealthy family,

your parents will pay (they can afford it). If you are from a middle class family, you will go into hock up to your eyeballs. And this is where the friction occurs.

“As a group, these (middle class) students are unable to rely on family income or savings to pay for college, so they shoulder large debt loads. Policy tradeoffs pit low-income students, eligible for grants, against moderate-income students who must rely on loans, leaving both groups scrambling to try to find a way to pay for the college educations they need.”

~ Elizabeth Warren, consumer advocate, testifying before Congress

Undergraduate college student borrowing has risen dramatically in recent years, with student debt stretching to a record number of households—nearly 1-in-5. A study by the New York Federal Reserve finds that 43 percent of twenty-five-year olds are now carrying student debt, up from 25 percent in 2003. Mark Kantrowitz, publisher of *Finaid.org* and *Fastweb.com*, now estimates total student debt at about \$1.2 trillion, more than the nation’s total credit-card debt.²²³ And the trends are harrowing:

- More college students are borrowing, says the Pew Research Center. On average, about two-thirds of bachelor’s degree recipients borrow money.
- College students are borrowing more. Compared to their counterparts in 1996, 2008 graduates who received a bachelor’s degree borrowed 50 percent more (in inflation-adjusted dollars); those who earned an associate’s degree or undergraduate certificate borrowed more than twice as much.²²⁴
- According to The Project on Student Debt, 2011 graduates carried an average of \$26,600 in debt, the highest level ever.²²⁵

Of course, this is just one part of the debt story. Students are also carrying credit cards to meet other expenses. In 2008–09, 84 percent of undergraduates had at least one credit card, and half of all college students had four or more cards. The average outstanding balance on a graduate student’s credit card is sitting at about \$8,000.

Here is the bottom line: a record share of students is leaving college with a substantial debt burden and this has lasting effects. Among those, about half say that paying off that debt made it harder to pay other bills; a quarter say it has made it harder to buy a home; and about a quarter say it has had an impact

²²³ The mushrooming debt has direct implications for taxpayers, because 8 out of 10 of these loans are government issued or guaranteed. What does that mean? When students default on their loans, Uncle Sugar picks up the tab.

²²⁴ Starting with Princeton in 1998, a number of exclusive schools (Harvard, Yale, UPenn, Copper Union, etc.) no longer require undergraduates to take out loans. All you have to do is get in. Princeton received 27,189 applications and accepted only 8.4 percent (2,282) for the Class of 2015. Tuition free does not mean a free experience, however; you’ll still need to pay for room, board, and beer.

²²⁵ Student debt data are rife with possible inaccuracies and these figures may be low. Surveys are voluntary, almost half of all colleges and universities don’t participate at all, and costly for-profit institutions are under-represented. In addition, colleges may not be aware of all of their students’ private loans, loans taken out by parents on their children’s behalf, or loans from previous schools attended by transfer students. In reality, no one really knows how much, on average, students borrow at every institution to attend college.

on their career choices. In 2012, the average credit score for 30-year old non-borrowers was 24 points above that for student borrowers. Based on data from five of the nation's largest student-loan agencies, the Institute for Higher Education Policy found that only 37 percent of student borrowers who started repaying their loans in 2005 were able to fully pay them back on time. *Young person's alert*: don't default on your student loans. Harsh penalties and few options face borrowers who do.



Real-tude:

Heavy debt and no degree = disaster.

How do you spell relief? O-B-A-M-A?

Portraying it as a triumph over an “army of lobbyists,” Mr. Obama signed legislation to overhaul the federal student loan program on March 29, 2010. During his State of the Union address that year, the President called it “one of the most significant investments in higher education since the G.I. Bill” and set a goal for 60 percent of Americans between the ages of 25 and 34 to have earned college degrees by 2020. “Education is the economic issue of our time,” he added, “No one should go broke because they chose to go to college.”²²⁶

Students who qualify will be allowed to cap repayments at 10 percent of income above a basic living allowance. Plus, the plan forgives loans—no matter what the remaining balance—after 5 years for those working in government or not-for-profit jobs. Working at a public school or teaching at a public university would qualify, as would agencies that provide a public service such as libraries, public health, or safety. Those working in the private sector would have their loans forgiven after 10 years.²²⁷ Not everyone agrees, however, including Sallie Mae, one of the nation's largest providers of student loans.²²⁸ In response to the signing of legislation, the corporation laid off 2,500 employees. For students though, it was a godsend. *Young person's alert*: income-based repayment and loan forgiveness is not available for loans taken out by your parents on your behalf or for private loans.

Rise of the non-traditionals

There has been rapid growth in recent years in the for-profit sector of higher education (the industry prefers the term “career colleges” or “proprietary schools”). For-profit higher education, which ranges from beauty schools to institutions that resemble traditional universities, is one of the greatest success stories in American

²²⁶ In addition, the legislation increased the number of Pell Grant awards and boosted the amount to \$5,550, created the *American Opportunity Tax Credit* (up to \$2,500 per year for 4 years to apply against tuition, fees, and textbook expenses), and simplified the student aid application.

²²⁷ One snag: when your debt gets forgiven, the IRS will treat the forgiven principle as income and tax you on it.

²²⁸ SLM Corporation (commonly known as Sallie Mae) was originally named the Student Loan Marketing Association. The government founded Sallie Mae in 1972 to increase the supply and lower the cost of student loans. Later, Sallie Mae was completely privatized.

business. In the academic year 2008–09, U.S. for-profit colleges enrolled 3.2 million students, 23 percent more than the year before and 59 percent more than in 2004–05.

University of Phoenix is the largest with an enrollment over 450,000 nationwide. Other large for-profit institutions include DeVry and Kaplan University. All tolled, in 2008 for-profits enrolled 12 percent of undergrad students and awarded 5 percent of all bachelor's degrees and 17 percent of all associate's degrees. Tuition at for-profits, which averages around \$14,000 a year, runs about twice that of in-state tuition at public colleges and substantially more than two-year public colleges, which cost roughly \$2,700 a year.

Free-enterprise, for-profit education seems like a good idea . . . until you find out that these institutions receive up to 90 percent of their revenue not from students, but from federal financial aid in the form of loans, Pell Grants, etc. "For-profit institutions of higher learning have gotten plenty of criticism lately," writes *Forbes* leadership editor Susan Adams. Congressional hearings, lawsuits, and a 2010 critical documentary by PBS *Frontline* exposed numerous abuses. The 2011 report, *Condition of Education*, issued by the Department of Education (DOE) cited some striking statistics:

- On average, for-profit schools spent \$2,659 per student on instructional costs compared with \$9,418 per student at public universities, and \$15,289 per student at private not-for-profit colleges (2008-09).
- Graduation rates for four-year degree programs were markedly lower at for-profit colleges—22 percent compared to 65 percent at private not-for-profit colleges and 55 percent at public schools.²²⁹
- For almost every field of study at every level, students at private for-profit schools are more likely to borrow, and tend to borrow more than double the amount, than students at public and private not-for-profit schools.
- On average, just 44 percent of students at for-profit schools are able to repay their loans.

The federal government has been investigating. "The for-profit colleges are rife with misleading recruitment practices, they are expensive to attend, they have huge profits, and have atrocious withdrawal rates," railed Senator Tom Harkin, committee Chairman of a Senate inquiry. For some for-profits, the inquiry revealed as little as a third of their revenue goes into education; the rest goes to marketing, corporate compensation, and overhead. Others have extraordinarily high student withdrawal rates—in one case, over 84 percent of students who signed up for an associate's degree program and 63 percent seeking bachelor's degrees dropped out within the first year. As a result of new legislation, new-student enrollments at for-profits plunged in 2011, in some cases by more than 45 percent, writes journalist Melissa Korn of the *Wall Street Journal*.

²²⁹ In 2009 University of Phoenix reported that 23 percent of its students completed an associate's degree within three years of enrolling, and for bachelor's degree students, its six-year completion rate was 34 percent.

It's a business predicated on volume, not quality. How many students can you get to sign on the dotted line? It's a debt that takes over their financial life.

~ Vice President, higher education policy

Who referees whether a college is delivering a quality education? Institutions of higher learning have developed independent accreditation organizations to vouch for the quality of the degrees they offer. Accreditation agencies periodically visit universities and colleges and rate them on the quality of their academic programs. Think of accreditation as a sort of third-party “seal of approval” designed to protect consumers and taxpayers from diploma mills. Accreditation is important to colleges because the U.S. Department of Education relies on it to determine which schools receive federal student aid. It is important to students because it signals that the academic training has met certain standards, which helps them transfer credits from one college to another.²³⁰

University of Phoenix spokesperson Manny Rivera defends the for-profit industry as serving a key role in educating students. For-profits tend to lead in new innovations and improvements, such as flexible schedules and an on-line focus. Students, especially adult learners, can more easily find and tailor programs that fit their needs, he says. Many prefer for-profit schools because their curriculum often provides greater focus on job-specific programs. In addition, for-profit institutions have been more likely to serve lower income, minority, veteran, and first-generation college students. Deflecting criticisms, Rivera points out students participate in entrance loan counseling and “at some point . . . have got to take responsibility.”

Many for-profit schools offer Internet certificates or degrees, and a growing number of elite universities, think-tanks, governments, and international organizations are putting first-rate material online. One college student in 10 already studies exclusively online and 1-in-4 does so at least some of the time. New startups such as Udacity, Coursera, and edX offer “massive open on-line courses” or MOOCs, which are delivered at scale²³¹ (UniversityNow offers a unique “all you can take for \$199/month” approach). MOOCs are seen as real-life lectures where the student can pause, rewind (or fast-forward), and learn at her own pace.

Experts differ whether these forces will influence education, for the better or for the worse. “Students who are motivated and have self-discipline can do well in on-line learning” says journalism professor Tony Rogers. These are typically older, more mature students. “But many younger students do not yet have the time-management skills required for completing on-line courses and are not able to prioritize them as they would for regular classes,” says computer science major Tara Meikelle, 23. Those who get discouraged or who need supportive feedback may drop out. Other concerns include the ease of cheating and plagiarism,

²³⁰ Accreditation is granted for a period of time, for example, 10 years. In a development that has captured the interest of the U.S. Department of Education, a growing number of for-profits have taken a shortcut to regional accreditation by buying an already accredited not-for-profit college.

²³¹ A Udacity course on machine learning, taught by Peter Norvig, Google's Director of Research, attracted 160,000 students.

technological issues (especially important when it comes to deadlines), and the lack of course accreditation.

The stigma associated with taking classes over the Internet may also be a concern for those about to invest significant time and money to advance their careers. Many hiring managers distinguish between on-line certificates and degrees and do not take the latter seriously. Nevertheless, about half of HR professionals that responded to a Society for Human Resource Management survey said on-line degrees are just as credible as traditional degrees. “It may not be as big a concern if your on-line degree is from a traditional college,” reports journalist Candice Choi. “This is a highly subjective area and schooling is just one factor that employers look at.”

Going for broke?

When it comes to higher education, most Americans say they simply aren’t getting enough bang for their buck. In a 2011 Pew research survey of 2,142 Americans, ages 18 and older, a majority of Americans—57 percent—say the higher education system in the United States fails to provide students with good value for the money they and their families spend. An even larger majority—75 percent—says college is too expensive for most Americans to afford and they are losing trust in higher education leadership. Students agree. More first-year college students have concerns about their ability to finance college than at any time since 1971, according to the 2009 CIRP *Freshman Survey*, UCLA’s annual survey of the nation’s entering students at four-year colleges and universities.

“Even with these high prices, you’re still finding a high return for individuals who are bright and motivated. On the other hand, if you’re not college ready, then the answer is no, it’s not worth it.”

~ James Heckman, Nobel laureate (Economics, 2000)

While college presidents bleat that their institutions need more resources if they are to continue their mission, recent national opinion survey findings suggest that the majority of the public does not buy this argument. In his 2013 *State of the Union* speech, President Obama re-emphasized that colleges were “on notice” to either control rising costs or lose federal money. A substantial minority—four-in-ten—of college presidents now say the system of higher education in this country is headed in the wrong direction.²³² It looks like those at the top are finally getting the message.



Real-tude:

Make sure your degree is worth the cost.

²³² Their loyalty is not to you though. In a 2012 *Inside Higher Education* survey of over one thousand college presidents, more than 80 percent said that potential cuts to federal student aid programs topped their list of concerns.

The bottom line:

- Community colleges offer equivalent quality education at a fraction of the cost.
- Be sure to earn your degree from an established, fully accredited institution.
- Take time to research the right choice when picking a four-year college.
- Non-traditional schools offer accessibility and convenience, but are not for everyone.

Doctor's Prescription (Rx)

In America, people succeed because of the quality of their character, not the fame of their college. What you do in college is a better predictor of future success and happiness than where you go to college.

~ Tina Moncada, educator

Which college is right for me?*The big school: pros*

- Wide variety of academic programs and courses;
- Well-resourced libraries, facilities, and well-funded sports programs;
- Variety of housing and social opportunities;
- Distinguished or famous faculty.

The big school: cons

- Larger class sizes;
- Professors focus on research; many courses taught by teaching assistants;
- Students must take the initiative to cut through the “red tape”;
- Potential of getting lost in the crowd.

The small school: pros

- Smaller class sizes;
- Professors, not graduate students, teach most courses;
- Advisors know students very well;
- Strong sense of community.

The small school: cons

- Fewer majors to choose from;
- Limited housing and social opportunities;
- Smaller libraries, fewer physical resources;
- Less emphasis on sports programs.

Talking Points

If you want to have the skills to build a career, or the resources to raise a family, you need a two-year or four-year degree.

~ Bill Gates, founder of Microsoft

While knowledge and effort do not guarantee success, ignorance and indolent complacency almost always lead to failure. The demand for educated labor is being reconfigured by automation, globalization, and deregulation. Education, hard work, and responsibility are what will give you the best chance to compete.



Real-tude:

A university degree no longer confers financial security.

Chapter 17 describes some tools to help you acquire wisdom by interviewing others. To benefit from these techniques, you need only have access to a parent, educator, or other trusted adult (tribal elder) and a desire to listen and learn. Based on the ideas in this chapter, here are some starters:

1. “I am trying to improve myself. Today, having a college education is a requirement to secure a good paying job. Reflecting on your experience, or that of someone you know, do you recall a situation where not having a degree significantly hindered (or benefited) their long-term personal well-being?” If they say “Yes” then ask:
 - “Would you tell me the gist about what happened please?”
 - “How did you (they) feel about this at the time?”
 - “What two things did you learn from this that you can share with me?”

2. “I am trying to improve myself. While many young persons aspire to obtain a degree for financial reasons, college also provides non-financial benefits. Reflecting on your experience, or that of someone you know, can you recall some of these benefits and whether they made going to college worth the cost?” If they say “Yes” then ask:
 - “Would you tell me the gist about what happened please?”
 - “How did you (they) feel about this at the time?”
 - “What two things did you learn from this that you can share with me?”

In either case, if they say “No,” simply say “Thank you.”

3. Pursuing higher education is an inflection point in a young person’s life. Reflecting on your experience, or that of someone you know, what two suggestions would you have for a young person that is contemplating this decision?

4. "I want to make wise life-choices. Reflecting on your experience, would you have two ideas that I can implement to improve my judgment and decision-making skills? Be sure to thank them for their response.

Knowledge Nuggets

A university is a series of individual faculty entrepreneurs held together by a common grievance over parking.

~ Clark Kerr, president, University of California

1. *Will higher ed bubble over?* Peter Thiel, co-founder of PayPal, believes that higher education fills all the criteria for a bubble: tuition costs are too high, debt loads are too onerous, and there is mounting evidence that the rewards are over-rated. Says Thiel, "The education bubble whispers a seductive promise: do this and you will be safe—you will always make more money if you are college educated." Thiel offered 20 students \$100,000 scholarships to leave school and start a company rather than enter college. Read two views at: <http://techcrunch.com/2011/04/10/peter-thiel-were-in-a-bubble-and-its-not-the-internet-its-higher-education> and <http://techcrunch.com/2011/04/12/friends-don%E2%80%99t-let-friends-take-education-advice-from-peter-thiel>.
2. *Up, up, and away!* In the 1930s, the average GPA at U.S. colleges and universities was about 2.35, says grade inflation czar Stuart Rojstaczer. Over the last 50 years, GPAs have increased by roughly 0.1 to 0.2 per decade at four year schools (at community colleges, grades have actually dropped). As a rule of thumb, the average GPA of a school today can be estimated by the rejection percentage of its applicant pool: $\text{GPA} = 2.8 + \text{Rejection Percentage}/200 + 0.2$ (if the school is private). Figure yours at: <http://www.gradeinflation.com>.
3. *Is college worth it?* A sobering report comes from a 2011 Pew Research Center survey of 2,142 adults ages 18 and older and 1,055 college and university presidents. Hard economic times, sharply rising college costs, changing demands on the nation's workforce, rising global competition, and the ambitious goal set by President Obama for the United States to lead the world by 2020 in the share of young adults who have a college degree are influencing the debate about the value and mission of higher education. Attitudes of those at the top versus rank-and-file Americans may surprise you at: <http://pewsocialtrends.org/2011/05/15/is-college-worth-it>.
4. *Obsessed over rankings?* *U.S. News and World Report* has published its list of Americas Best Colleges for the past three decades. Contrary to widespread perceptions, the vast majority of students attend college within three hours of home so national rankings have little meaning. A survey of 576 college admissions officers by Inside Higher Education found 91 percent believe other colleges falsely reported standardized test scores and other admissions data,

thus skewing their institution in a favorable light to serve prestige, rank, and status, not educational values. Some highly regarded schools, having been caught, acknowledge having done so. Reduce your obsession at: <http://www.uscollegesearch.org/blog/category/industry-news>.

5. *Where to go for info?* See Appendix F for additional information relating to this chapter.