



# TEN MINUTE PROFESSOR

## A Private College May Cost Less Than You Think! *When Applying to Colleges, Compare Four-Year Graduation Rates*

### You Are 61% More Likely to Graduate at a Private College

Don't let the "list price" of tuition scare you away from considering a private college education!

Attending a private college may actually not cost any more – or much more – than a state school!

Your family wouldn't buy a house based solely on list price. Your family wouldn't buy a car based just on list price. You'd look at quality and "the fit," right?

Likewise, smart families **don't** select a college based solely on list price!

When you determine what represents "quality" for your child, there are numerous factors vital to consider beside cost. And, when you do look at cost, be aware that the "list price" numbers don't always paint a realistic picture. Two reasons:

**1. Tuition Discounts** — According to a National Association of Independent Colleges & Universities (NAICU) survey, **87.5%** of first-time, full-time private college freshmen are receiving some reduction from the listed price of tuition! Total scholarship aid is equivalent to 37% of all tuition & fee revenue. For 2010-11, the "list price" of tuition at NAICU member schools was \$27,293; but, the average out-of-pocket "net cost" (after tax benefits) was only \$11,320. The discounts were based on such factors as "financial need" (as determined, primarily, by the FAFSA form); on an individual evaluation resulting in a "merit award" (also known as a scholarship or grant); or, a discount through SAGE Tuition Rewards. It's a national trend that "grant aid" is rising as private colleges try to remain affordable.

**2. Graduation Rates** – Smart families consider the potential financial impact of a 5<sup>th</sup> or 6<sup>th</sup> year of college. In



*Graduation March at Eastern Mennonite University, a Tuition Rewards member*

Year Five, will your child be working – and earning a living? Or, still the primary customer of "The Bank of Mom & Dad"?

A U.S. Department of Education 2002 survey of freshmen who entered college in 1995-96 showed that, of the **private** college/university graduates, **79%** had finished in four years. Of **public** college/university graduates, only **49%** had finished in four years. In other words, your likelihood of graduating in four years is **61% higher** at a **private** university!

The "gap" between private and public college graduation rates remains huge. Example: In 2009 (the most recent year for which federal statistics are available), the four-year graduation rate for The College of Wooster (private) in Ohio was **67.6%** — versus **48.5%** for the main campus of Ohio State, **23.9%** for Kent State and **11.3%** for Youngstown State. (Methodology: For individual colleges, the statistics reflect students who started as freshman and graduated from that school four years later; transfers are considered non-graduates. The Department of Education statistics include transfer students who graduated in four years despite changing schools.)

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## 6 Years of College?

The six-year graduation rate for public institutions is comparable to the four-year graduation rate at private institutions. That’s right – private colleges & universities are graduating the same percentage of students in four years that state schools do in six!

Students who attend a private institution not only are more likely to graduate in four years – **they are more likely to graduate, period!** A recent study by the Independent Colleges of Indiana (ICI) showed that the state’s 31 private colleges & universities were enrolling **20%** of the state’s incoming freshman – but issuing **35%** of all bachelor’s degrees. Indiana’s private college students are **90% more likely** to graduate in four years than state college students.

## More Crowded Public Colleges?

Dr. James Johnston, the founder of SAGE Scholars and a former Director of Admissions & Financial Aid at the Wharton Graduate School, University of Pennsylvania, believes that one effect of the recent stock market decline may be to negatively impact graduation rates at public colleges & universities. He believes that state



Austin College Biology Lab

## 4-Year Graduation Rates: Sample, Tuition Rewards Member Colleges

Susquehanna University (PA)	80.1%
St. Lawrence University (NY)	78.6%
Clark University (MA)	72.8%
Saint Mary’s College (IN)	72.8%
Beloit College (WI)	72.5%
Messiah College (PA)	72.0%
Taylor University (IN)	70.9%
Saint Michael College (VT)	70.7%
Washington & Jefferson (PA)	68.2%
Lebanon Valley College (PA)	68.1%
The College of Wooster (OH)	67.6%
Austin College (TX)	67.5%
Allegheny College (PA)	66.3%
University of San Diego (CA)	65.6%
Creighton University (NE)	64.4%
Valparaiso University (IN)	63.3%

schools are likely to become more crowded, making it even more difficult to graduate in four years.

## Self-Disciplined, Self-Motivated?

At SAGE Scholars, we’re great believers in all forms of higher education. We feel that public colleges can be wonderful for certain undergraduate students – self-disciplined... self-motivated... self-starters able to handle peer pressure well and able to thrive in the large lecture-hall environments that are so prevalent during the early years of college.

Why are there significant cost differences between public and private institutions? Certainly, financial support from state legislatures is the largest factor. But also, the “**economies of scale**” tend to be very different for public and private institutions; families need to consider how these might affect their child’s educational and social experiences:

- **Enrollment size:** Four-year public colleges and universities enroll an average of 9,642 students – more than four times larger than the average at four-year private institutions (2,147 students). Would your child be better off at a smaller, more intimate, more caring environment – or will this

be of minimal benefit?

- **Average Class Size:** Small classes tend to be far more engaging, involving and motivating. However, colleges can save money by teaching undergraduates in large-lecture classes – or by using “teaching assistants” who lack PhDs. The “faculty-to-student ratio” may not be an accurate indicator of undergraduate class sizes if full professors spend much time doing research -- or work mostly with graduate students. “Average class size” doesn’t always reflect the quality of teaching; because of tenure [guaranteed employment], some classes may be small because of the faculty member’s lack of popularity.

## The Right Questions to Ask

It is very helpful for families to research these factors:

- What is the average class size? What’s the percentage of classes offered with less than 20 students? With more than 50 students?
- What’s the percentage of classes not taught by full professors?
- How do the school’s full professors spend their time: Teaching  
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## 4-Year Graduation Rates: Sample, Public Institutions

Univ. of Michigan - Ann Arbor	72.7%
Penn State - main campus	62.1%
Rutgers Univ. - main campus	52.2%
Univ. of Wisconsin - Madison	48.4%
Texas A&M University	45.4%
University at Buffalo	42.0%
Temple University	38.2%
Purdue University (IN)	37.5%
West Virginia University	32.2%
Kansas University	31.8%
University of Tennessee	31.2%
University of Oklahoma	29.5%
Arizona State University	29.3%
Kent State (OH)	23.9%
Northern Illinois University	22.8%
Univ. of Cincinnati - main	20.2%
Univ. of Nevada-Las Vegas	12.0%
Youngstown State U. (OH)	11.3%



*This is not the Florida campus! Eckerd College students on expedition during their three-week winter “term”*

undergraduates, teaching graduate students or doing research?

Graduation rates can also be affected by:

- **Availability of classes necessary to meet graduation requirements in your major?** A major criticism of public institutions is that courses required to complete a major – ones that are not particularly popular, requiring small classes – tend to be offered infrequently, making four-year graduation difficult. Private colleges, more aware of the “sticker price”, tend to be more “customer-friendly” and impose fewer obstacles to graduating in four years. This is especially true if a student changes his/her major -- and needs an advisor’s help in staying on track to graduate on time.

- **“Party school” environment?** Getting caught up in the “social whirl” at college can certainly affect the likelihood of graduating in four years. As usual, large state schools dominate the *Princeton Review’s* list of “Best Party Schools”. Only two private colleges ranked in the “top 20.”

### **Internships, Career Guidance**

Largely because of their smaller

size, private colleges tend to provide the following advantages:

- Greater opportunities for close faculty relationships, with more mentoring opportunities
- More study-abroad opportunities
- More community service opportunities
- More leadership opportunities in clubs & organizations
- More internship & work study opportunities
- Better career guidance

Families need to consider the “track records” of possible college destinations in the post-college arena. Do students gain high-paying jobs directly after graduation? Or, do students gain admission to graduate schools in professions where an advanced degree is either essential or provides an edge (doctor, dentist, lawyer, psychologist, educational administrator, business leader, etc.)?

Nationally, **33%** of the alumni of private colleges go on to earn graduate degrees – versus **28%** of state university alumni.

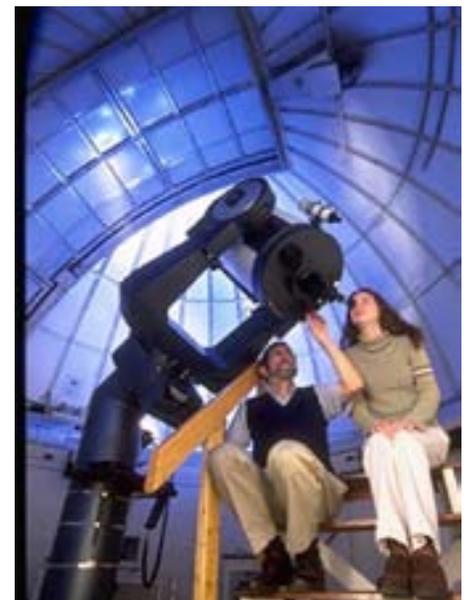
### ***The Impact of a College ‘Mentor’***

Families often wonder how your choice of college affects your life. Hardwick Day, a higher education

consulting firm, surveyed more than 10,000 alumni from 800 different colleges to examine the relationship between college experiences and career / life outcomes. Among many findings: Having a mentor in college is strongly correlated with several important life outcomes:

- College graduates who recall a mentor or role model during their college years were much more likely to report that their college experience helped them develop two of the most highly-prized traits

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*Astronomy, Emory & Henry College*

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in today's workplace – leadership skills and the ability to work as part of a team.

- Alumni who had mentors in college are more likely to have earned a graduate degree; and, they express more openness to lifelong learning. They are considerably more likely to believe it is important to continue learning new information and skills.

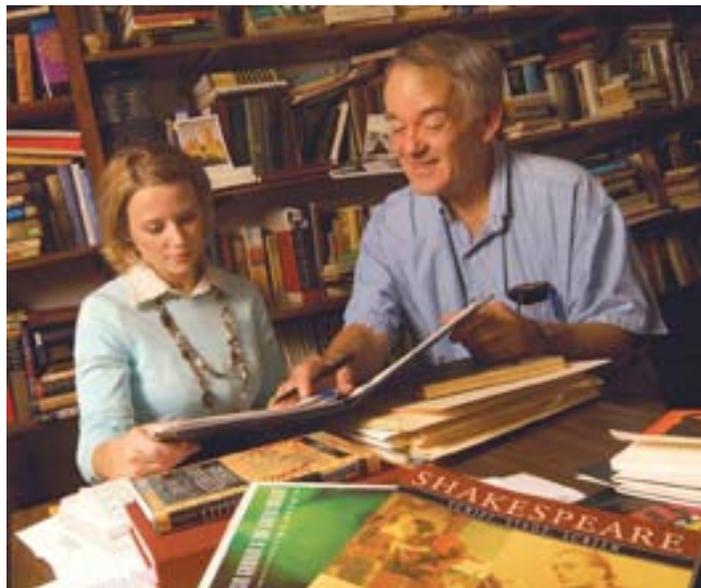
- Alumni who had mentors in college express a different set of values. They are more likely to report their college experiences helped them form moral principles that guide their actions. In their current lives & careers, they're more involved in community activities — and more likely to say it's important to integrate faith and spirituality into their lives.

### ***Mentors More Likely at Private Colleges***

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

Public university graduates were significantly less likely to experience mentoring. In fact, even among the graduates of the nation's 50 top-ranked public universities, **more than half of the alumni reported they had no mentor or role model during their college years.**

Focusing on perceptions of differences in **career preparation, skill development, personal values and community involvement** by these 10,000+ alumni, Hardwick Day concluded, "The undergraduate experience that students encounter at small, residential liberal arts [private] colleges is more effective in producing meaningful and lasting



*Informal instruction, Lincoln Memorial University (IL).*

## **Cost Comparison Example: Public vs. Private College Education**

	<u>Public</u>	<u>Private</u>
Tuition ("list price")*	\$6,900	\$25,000
Room & Board	\$8,000	\$8,000
Books, Misc.	<u>\$2,000</u>	<u>\$2,000</u>
<b>Annual Cost</b>	<b>\$16,900/yr.</b>	<b>\$35,000/yr.</b>

\*before scholarships or discounts

Times <u>5</u> years	\$84,500	
Times <u>4</u> years		\$140,000
Plus 'Opportunity Cost'*	<u>\$33,500</u>	<u>\$0</u>
<b>Total Actual Cost</b>	<b>\$118,000</b>	<b>\$140,000</b>

\* Opportunity Cost: Not in job market because still in school. Loss of salary (average, after taxes)

<b>Less: Tuition Rewards Scholarship Example*</b>	<u>\$0</u>	<u>-\$20,000</u>
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\*only at participating private colleges

<b>Actual Cost after Tuition Rewards</b>	<b>\$118,000</b>	<b>\$120,000</b>
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benefits than the education experienced at large, public universities..."

### ***To Summarize:***

- **Cost** — For 87.5% of students, tuition discounts reduce the cost to attend a private college. The cost disparity between private and public institutions is even more **significantly reduced** when you factor in the increased likelihood of five or six years to graduate at a state college or university.

- **Quality** — Families should be aware of the qualitative differences in the private college experience: (1) More engaging, smaller classes; (2) More faculty interaction and mentoring; (3) More leadership opportunities; (4) Better advising & career placement; (5) More community service experiences that can enrich faith and foster good values.

- **Mentoring** – Having a "mentor" is more likely at a private college or university. This, in particular, leads to: (1) Increased graduate school education; (2) Development of leadership and teamwork skills applicable in the workplace; and, (3) A greater lifetime commitment to community service.

## *Almost Three Times as much Financial Aid as State Schools*

# Private Colleges are More Affordable than You Realize

Private Colleges and Universities are considerably more affordable than you may realize.

Here are some startling statistics that demonstrate why you ought to consider attending an independent college – especially our Tuition Reward members:

**\$21,208** — the average that a private college spends to educate its students, far more than at a state school (**\$10,000**). The quality of education tends to be superior at private colleges because of the belief in small classes and in personalized education. Private colleges hire more faculty members per student & spend considerably more per student for career / job placement services.

**87.5%** — the percentage of students who receive financial aid at private colleges and universities!

**70%** — the typical “**grant**” [tuition discount] portion of the financial aid package at a private college — versus **30% loan**. (In addition, work study is often available).

**\$14,400** — the size of the average four-year private college financial aid package (\$10,080 grant, \$4,320 loan) — is almost three times as large as the average at a four-year public (state) school (**\$5,400**).

**\$16,220** — the average **net cost** per year that private college students actually pay. This represents a **38.3% discount** off the average “**list price**” for private college tuition of **\$26,300/year** thanks to grants, scholarships and merit aid. The \$16,220 average annual net cost **INCLUDES loans of \$4,320/year**.

**6.5%** -- The current rate that tuition is increasing at public colleges & universities. This is almost 50% more than the current rate of tuition increases at private institutions of **4.4%**.

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Private colleges spend twice as much to educate students. 86% of all private college students receive financial aid.

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*Enjoying class outdoors at Clark University (MA)*

**64%** — the percentage of **private** college students in Pennsylvania (for example) who graduate in four years. At **state-related** schools (Lincoln, Penn State, Pitt, Temple), only **44%** of students graduate in four years. The four-year graduation rate is **32%** at Pennsylvania’s 14 **state-system** colleges.

Nationally, private college students are as likely to earn a degree **in four years** as state school students are **in six years**.

Private college students not only graduate sooner but are more likely to ever graduate. In years five and six, private college students tend to be working or in graduate school — rather than still on the “bank of mom & dad.”

**Source: College Board, 2009**

# 10 Facts About Private Colleges & Universities

1. There are **1,541 private, non-profit** four-year colleges and universities in the United States

2. **Over 70%** of the four-year colleges and universities in the United States are private.

3. More than **5 million students** attend private colleges and universities.

4. Proportion of U.S. college graduates who earn degrees from independent colleges and universities:

- Bachelor's: **34 percent**
- Graduate: **43 percent**
- Professional (law, medicine, engineering, business, etc.): **60 percent**

5. **50 percent** of senior corporate executives with an undergraduate degree earned it at a private college or university. Of those with graduate degrees, **62 percent** received them at a private institution.

6. **46 percent** of U.S. Congressional representatives earned their undergraduate degree from a private college or university.



*A math discussion at Capital University (OH).*

7. 22 of the 33 (**67 percent**) college-educated U.S. presidents graduated from private colleges.

8. **74 percent** of 2007 Rhodes Scholarship winners were enrolled in private colleges and universities.

9. **58 percent** of 2001 National Merit Scholars enrolled in private colleges and universities.

10. Payscale.com's 2008 survey of the average salary for graduates of 268 colleges showed that, for products of independent colleges and universities, the average during the first five years following graduation was **\$50,757**. For public colleges & universities, the average salary was **\$44,518 -- a 14% difference**.

## Number of U.S. Non-Profit Colleges & Universities

	Public	Private
2-year	1,085	135
4-year	628	1,541

## Full-Time Undergraduate Students

	Public	Private
2-year	7,101,000	420,000
4-year	7,709,000	5,197,000

Source: U.S. Dept of Education



*This is not a lecture hall! A class at Campbellsville University (KY).*



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