

# TEN MINUTE PROFESSOR

## A 5th Year of College Can Be Expensive! Be Smart: Research Graduation Rates Now

*At a Private College,  
You're More Likely to  
Graduate in 4 Years*

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The Movie: Animal House

The Actor: John Belushi

The Memorable Line: "Seven Years of  
College Down the Drain!"

Uttered by Bluto after Dean Wormer  
finally expelled the slackers of Delta  
House fraternity from fabled Faber  
College.

Years ago, we all roared with laughter  
at the thought, "Seven years of college!"

It's not quite so funny now.

The bad news for your college  
financial planning is that 5 years of  
undergraduate study is not unusual.  
A fifth year happens less at a private  
college, more at a state school. You may  
want to think about saying to your HS  
senior: "We'll help you with four years  
of college, but if there's a 5<sup>th</sup> year, it's on  
you!"

When selecting and comparing  
colleges, a **must** website to visit is:  
[www.collegeresults.org](http://www.collegeresults.org). CRO draws  
on a comprehensive national database  
(IPEDs); every U.S. college is required  
by law to provide student data. One  
caveat: For whatever reason, the website  
automatically displays 6-year graduation  
rates. The 4-year completion rate is far  
more valuable! To view this, select "**4  
years**" from the "**Grad Rate Timeframe**"



*At Susquehanna University, 75% of incoming freshmen receive degrees in four years.*

drop-down. Then, "**Update the Table**".  
Don't forget!

How do the graduation rates differ,  
private colleges & universities versus  
schools that receive state aid? The  
Higher Education Research Institute  
(HERI) at UCLA has been publishing  
results since the late 90s, when an earth-  
shaking study showed that **only 28%**  
of students at **public** universities were  
graduating in four years... compared with  
**67%** at **private** universities!

The original study focused on first-  
time, full-time freshmen entering 283  
four-year colleges & universities. HERI  
now extrapolates the data to project  
results at 1,613 four-year institutions.  
The results are fairly similar today – a  
**64% four-year graduation rate at private  
institutions** and a **23.5%** at state schools.

In December 2014, Complete College

America, a non-profit whose funding  
sources include The Bill & Melinda  
Gates Foundation, published "**The Four-  
Year Myth**" showing deplorable 4-year  
graduation rates at public universities: An  
average of only **36%** at "flagship," high-  
research publics and **19%** at non-flagship  
state schools. [http://completecollege.  
org/wp-content/uploads/2014/11/4-  
Year-Myth.pdf](http://completecollege.org/wp-content/uploads/2014/11/4-Year-Myth.pdf)

Media financial "experts" who  
repeatedly suggest that families consider  
the "cheaper" public university options  
seem totally unaware of the differences  
in graduation rates.

Delayed graduation has three very  
negative financial effects:

(1) **Higher cost** - There's at least one  
additional year of Cost of Attendance  
(COA) – tuition, room and board, books,

*(continued on page 2)*

# Delayed Graduation: Lost Wages, More Tuition & Debt

*(continued from page 1)*

transportation & pizza (and, perhaps, fraternity/sorority dues). The “list price” of tuition is likely to be 12-to-20% higher for a fifth year compared to the price of the freshman year.

(2) **Lost wages** - It’s a year or more that the student is not building a career.

(3) **More debt** -- Students who graduate in 6 years instead of four finish with **70% more loan debt**. After four years, most families have depleted any savings earmarked to pay for college.

In a great many situations, it’s certainly **not** a particular college’s fault that a student doesn’t graduate within four years. College success depends on a student’s maturity, motivation and confidence. Without the structure of life at home, some students fail to make a successful academic and social transition. A death in the family or a family financial setback will impact college completion. Sadly, depression, anorexia and other mental health issues do surface during the college years.

## Examples, Graduation Rates

**Elite Private Colleges** - Graduation rates can be predicted by the HS academic credentials of the students and by family financial demographics. Students who “win” the lottery and are accepted at schools such as Harvard (5.9% admission rate) tend to come from well-off families; yes, they do graduate much faster than average. Aided by a 98% freshman class retention rate, Harvard’s 4-year graduation rate is 86.8%; its 6-year graduation rate is 97.4%.

**SAGE member colleges** - Many member colleges boast 4-year graduation rates above 60%. Leading the way, with 4-year graduation rates above 70%, are Allegheny, Clark, Messiah, Moravian, Mount St. Mary’s (MD), St. Lawrence, St. Mary’s (IN), St. Michael’s, Susquehanna, Taylor, Union (NY) and Washington & Jefferson.

A number of SAGE member colleges offer a **four-year graduation “guarantee”** that completely waives tuition for students who need to return for a 5<sup>th</sup> year (under specified conditions).



*At Allegheny College, 76% of incoming freshmen receive a diploma in four years.*

**“Flagship” Publics** – In fairness, a handful of America’s 640 public four-year colleges and universities do boast graduation rates similar to the best private universities. Current leaders: U. of Virginia (87% 4-year graduation), College of William & Mary (85%), UNC-Chapel Hill (75%), U. of Michigan (73%), UC-Berkeley (71%), Miami of Ohio (70%), UConn (68%), UCLA (67%), U. of Illinois (66%), Binghamton U.(SUNY, 66%).

A great many “flagship” state universities, however, have lagging 4-year graduation rates. Examples: U. of Alabama (38%), U. of Maine (36%), U. of Arizona (36%), U. of Oklahoma (35%), Oklahoma State (34%), U. of Arkansas (34%), U. of Kentucky (34%), U. of Tennessee (34%), Iowa State (33%), LSU (29%), Oregon State (29%), Utah State (26%), U. of Idaho (23%), U. of Montana (21%), U. of Nevada-Las Vegas (14%).

**“Tier two” publics & branch campuses** -The 4-year graduation rates at less-famous state schools tend to be discouragingly low. Examples: UNC-Charlotte (26%), Northern Illinois (26%), U. of North Florida (23%), Central Michigan (18%), U. Tennessee-Chattanooga (16%), U. of Houston (15%), Cal State-Long Beach (12%), LSU-Shreveport (12%), UTEP (10%), Youngstown State (10%), UT-San Antonio (8%) and Purdue-Calumet (6.6%).

**State-School Comparison:** Typically, there’s a huge difference between the 4-year graduation rate at the main campus of a state system and its branches. For example, University of Wisconsin (Madison) graduates 51% of entering freshmen in four years (82% in 6 years). The 4-year graduation rate at the state’s 12 branch campuses averages 19.6% (49.5% in 6 years). At Wisconsin-Oshkosh, 14.5% receive degrees in four years.

## Digging into the Data

The [www.collegeresults.org](http://www.collegeresults.org) data is incomplete. To accurately determine graduation rates, colleges need to track graduation for students who transfer elsewhere – data not easily available. So, at [collegeresults.org](http://collegeresults.org), **all transfers are treated as “non-graduates.”**

Well-known transfers such as President Obama (Occidental to Columbia), Mitt Romney (Stanford to Mormon mission to Brigham Young) and Sarah Palin (five colleges in 6 years) would all be counted on [collegeresults.org](http://collegeresults.org) as “non-graduates” – though they did graduate in four, six and six years, respectively.

**Transfers: 31%** of students who start at four-year colleges switch schools (most often, in the sophomore year

*(continued on page 3)*

# Transferring Colleges Often Delays Graduation

*(continued from page 2)*

to a community or junior college). If a college's freshman retention rate is below-average, your chances of on-time graduation are significantly reduced.

Primarily through student loan data, an organization known as The National Student Clearinghouse is having some success tracking the graduation rates of transfers. NSC says that **71%** of transfers who start at four-year colleges do earn bachelor's degree within six years.

Although the IPEDs database used at [collegeresults.org](http://collegeresults.org) shows only a **42%** six-year graduation rate at public colleges and universities, the National Student Clearinghouse finds **54%** of students who start at state schools do earn degrees within six years.

## Other data flaws:

1) **The available data is never "current"**. The data on [collegeresults.org](http://collegeresults.org) is for a class of students who graduated high school and entered college **seven-to-eight years ago**. Colleges follow this "cohort" and report graduation statistics after six years. Then, it takes time to compile and post the data.

2) The data ignores "non-traditional" students – who begin college part-time; or, enroll mid-year; or, transfer in from another college.

3) With smaller colleges, fewer students are in the "sample," so year-to-year results vary significantly. At large

enrollment universities, graduation rates stay fairly constant from year-to-year.

**Pell Grants:** The large "table" on [collegeresults.org](http://collegeresults.org) has a column with the percentage of students who receive Pell Grants – given, typically, only to families with incomes of \$30,000 or less. Students from families with few economic resources tend to need more time to graduate. So, when you examine a college's graduation data, it's wise to look at the Pell Grant column. It's unfortunate, but graduation rate statistics penalize colleges whose mission includes serving a broader range of students.

**Exceptions:** Sometimes, the five-year graduation rate is more appropriate to view than the 4-year rate. (1) Engineering majors often graduate in five years. (2) A handful of universities offer five-year co-op programs with terrific internship opportunities; the most prominent are Drexel University, Northeastern University, Rochester Institute of Technology and University of Cincinnati. (*Drexel and RIT are SAGE members.*)

## Why the Low Graduation Rates at State Schools?

**Funding** -- State legislatures, which provide aid to state universities and community colleges, have been unwilling to recognize the long-run societal impact of a better (or lesser!) educated

public. Four-year graduation should be a reasonable expectation of attendance. But, it can't happen without adequate funding for academic resources (profs, counseling, support, etc.). In 2001, state governments appropriated an average of \$8,427 per full-time student. By 2012, state support had fallen to \$5,906 per student, a reduction of 30%. (Both figures are in 2012 dollars.) In 2001, states devoted 13.1% of general fund revenues to education; now it's 10.0%. Sadly, state legislatures have taken money from education budgets to fund what's often a larger priority -- prisons.

**Resources** -- A private college/university spends an average of \$21,000 on educational expenses per year per student; at state schools, it's \$10,000. Classes are far larger at state schools, reflecting the average enrollment size – 9,650 undergraduates versus 2,150 at a private. Students may feel less involved and less "connected" at larger schools – and be more likely to transfer. At state schools, courses required for graduation are often not offered every semester; so, switching majors tends to result in tuition payments beyond four years.

**Party Schools** – In Princeton Review's 2013 list of Top 20 "Party Schools", 18 are public universities, including the top nine. West Virginia U. (32.5% four-year graduation rate) was the nation's #1-ranked party school. Personal observations: Students with well above-average SAT/ACT scores who are slight under-achievers in high school seem to be attracted to, admitted to and attend "flagship" public universities. Unfortunately, large schools are not a "fit" for students with self-discipline issues. Conversely, studies show that students who don't fit into the party culture are more likely to transfer – even when their grades are better than the heavier drinkers.

**Family Economics?** – The average family income of students who attend a "flagship" public university is higher than the average for students who attend a private institution. But, the average family income of students who attend public "branch" campuses is lowest of all; growing up in more difficult economic  
*(continued on page 4)*



77% of freshmen at Saint Michael's College (VT) receive a diploma in four years.

# Year 5 Tuition: 17% More Than the Freshman Year?

*(continued from page 3)*

circumstances may make students less academically-prepared for college. Such students tend to have jobs and work longer hours while in school -- and may take a lighter course load.

## Rates at Community Colleges

Advising, counseling and support services may be rather minimal at community, junior and for-profit colleges. Many have "open admission" policies.

**Community Colleges:** Often, media "experts" tell readers, "Save money. Start at a Community College." The real truth is that only **15%** of full-time, first-time freshmen who start at community and junior colleges earn four-year degrees within six years. Students are often steered into remedial courses whether they need it or not; these credits often can't be transferred.

**For-profit, private colleges:** Most students who attend for-profit colleges seek two-year degrees. Of those who attend seeking bachelor's degrees, the four-year graduation rate is **26.1%**. **Loan debt is highest at for-profit colleges.**

## Limitations of the Statistics

In criticizing use of IPEDs data to determine which college might be "better", Trinity Washington University (DC) President Patricia McGuire told the Washington Post: "The graduation rate is about brand loyalty – the percentage of students who stay at the same college and finish degrees in six years..."

"Universities do not choose graduation rates, but they choose students whose characteristics – family wealth, high school preparation, parental education – effectively determine the graduation rate..."

"Colleges with lower graduation rates are the very institutions that have taken the risk of extending broad access to a much wider spectrum of students than the elite universities will consider. Elite universities take very few admissions risks, while broad-access colleges and universities take many risks in the admissions process, choosing to accept students who bring severe challenges to the college experience..."



*76% of incoming freshmen graduate from St. Lawrence University (NY) in four years.*

"Women often return to college after stopping to have a baby, support a spouse's education or career moves, or care for family elders....Such women are not 'dropouts', as the federal data treats them, but **amazing success stories**..."

"The graduation rate is very old news by the time the data becomes public – seven or eight years after the cohort's initial enrollment...a fading snapshot that completely ignores dynamic change across subsequent years."

## The Conclusions!

College is such a major investment that families must think seriously about "time to graduate". About half of new full-time freshmen fail to graduate in six years. Your child's chances of graduating in four years are **at least 50% higher at a private college than at a state school**. As a "rule of thumb", the 4-year graduation rate at a private is very similar to the 6-year graduation rate at a public.

**Impact of Rising Tuition:** The bottom line is that the "list price" of tuition is rising at about 4% per year. This means that, with compounding, the list price of a fifth year of college will be approximately **16.9%** more expensive than the freshman year! Make sure your student understands how costly a fifth year of college can be!

**Make the Right Choice:** Don't let your child meander through the college selection process, fixated on attending a certain college just because it was right for a relative or friend. Making the right choice can save you a year's tuition! Consider working with a professional college advisor – who visits colleges regularly and understands the culture at each school. Consider career assessment tests before the HS senior year; work with an advisor who knows which schools are "stars" at majors that match your child's interests.

**Consider Graduation Rates:** The data posted on [www.collegeresults.org](http://www.collegeresults.org) isn't perfect. But, it's an important "tool" to get a sense of which schools graduate students faster. Ignore minor differences between colleges. Don't use the rates to measure the "quality" of one school versus another; a lower rate may merely indicate a more diverse student body. But, if your child's top choices don't have "good stats", it's a "yellow flag" – proceed with caution. When you visit campus, ask questions – "What is affecting the retention rate? How's the quality of support services such as advising or counseling?"

Campus life can be thrilling and wonderful – but no parent wants Bluto to still be in school, seven years later.

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