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Consumer alert: Pennsylvania's colleges are well worth it | Opinion

3-minute read

Thomas P. Foley Special to the USA TODAY Network

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Tis the season of “consumer alerts” for holiday shoppers overwhelmed by colorful ads about “the sale of the century” and “savings extravaganzas.” It’s also the season for college “shopping” time, when families look to the next step in the lives of their 18-year-old. And maybe a life-changing decision like choosing the right college especially needs a consumer alert.

A common narrative these days is that “college isn’t worth it.” When cynics question the value of college, you can’t help but remember the expression “to know the price of everything but the value of nothing.” Unlike the December gift forgotten by January, a college education pays dividends year after year (a 14% annual return on investment, according to the New York Fed) — and not just in income.

In sales terms, the “sticker price” for college tuition is often not the “net” price a family pays for education. “Discounts” offered by the schools themselves — on top of grants, scholarships, state or federal aid — are substantial. In Pennsylvania, independent nonprofit schools discounts amount to 90% of student aid packages, an amount far larger than the 10% of state and federal aid. When you look at Pennsylvania on the U.S. Department of Education website for the net cost of college at an independent nonprofit school, you find that on average it’s about the same as what you’d pay at a public alternative.

I would contend that even when discounts are not available, a college degree is still worth every penny. We don’t think twice when buying a car, which we all know loses 25% of its value the minute you drive it off the lot — so then why shouldn’t we think more favorably of a college degree? After all, unlike a car, a degree is an asset that earns you a dividend every year, worth at least a million more dollars over your lifetime.

Opinion: Turning the tide on the Chesapeake Bay: A new opportunity for leadership

How to evaluate if a school is financially viable

An entire "cottage industry" of paid consultants has sprung up to tell parents and students — for a fee — which schools are financially viable, and which are not. Instead of charging for a tip, here is some free advice to prospective students who are wondering about the financial viability of a school.

> First, think about who has "skin in the game." Banks, rating agencies, accrediting bodies and auditors all have their reputation (and finances) on the line when they rate a school's viability, and often you can find their opinions for free online. Start at the Middle States Commission on Higher Education to see if a school is accredited.
> Second, check out their history in the community. Eighty-four independent nonprofit colleges and universities have been in Pennsylvania for an average of 139 years, meaning that they have weathered storms before, from influenza and pandemics to a Great Depression, a Great Recession and not one but two World Wars.
> Third, colleges are criticized when their sticker price is high and criticized when that sticker price is dramatically discounted (often well over 50%). They are criticized when they have too much money in their endowment (a few) and lambasted that they should have more (most).

But I know firsthand that the independent nonprofit colleges and universities of Pennsylvania are doing the heavy lifting and hard work for our state. These schools educate the largest segment of four-year-degree-seeking students in Pennsylvania (52%), the most teachers, nurses, minorities, STEM and low-income students of any sector in the state. They also rank first for social mobility, meaning they give the best bang for the buck at improving the socio-economic trajectory of a graduate and a family. And yet, they do all that at a fraction of the cost to taxpayers as their public counterparts (less than 9% of the state's allotment for higher ed) and with average student debt lower over the last ten years than publicly funded schools.

So when you hear about "sales" and "deals" and "value," remember that a college degree has real long-term value, Pennsylvania's independent nonprofit colleges are the real deal, they rank among Pennsylvania's (and the 60 communities in which they are embedded) greatest assets and the best "sale" you can spend your money on is the investment you make in your own education.

Thomas P. Foley is president of the Association of Independent Colleges and Universities of Pennsylvania, or AICUP.