

frontin' the college bill

Mighty College Bill

High School Hero

VS

Some time ago, kiplinger.com ran a story about a 26-year-old student who'd graduated with a bachelor's degree from the University of Hartford with \$25,000 in federal student loans and \$67,000 in private loans. According to the article, about half of her paycheck is gone the minute she gets it — the money going toward the payments for that \$92,000 debt. This forces her to resort to credit cards for other expenses, and if you've read "[Credit: The Kiss of Debt](#)," you already know the danger of falling into that trap.

This student said she'd like to move on from her current job, but she can't afford to make less than her current wage of about \$18 an hour. Perhaps this is what author and financial advisor David Bach (*Debt Free for Life*) means when he says that in terms of debt, you want to be able to look forward to a life that you own, not a life that belongs to the institutions to which you owe money — in Bach's words, a life that you "lease."

Because cases like this student's are becoming more and more common, financial advisors-turned-authors like Bach, Zac Bissonette (*Debt-Free U*), and Marc Scheer (*No Sucker Left Behind*) are proposing very different ways to think about paying for education beyond high school. You may not agree with them, but their different points of view will provide you with more options, perhaps enabling you to get that certificate, degree, or training without digging yourself into a financial hole.

Conventional wisdom:

The better ranked your college is, the better your professors will be.

THE CHALLENGE:

Not necessarily. In fact, at many of the very large and prestigious universities, professors spend a lot of time conducting research and publishing their work, so it's not out of the ordinary for classes to be taught by graduate teaching assistants.

The reality is that every school has good professors, as well as professors whose delivery is one notch above hypnosis. On every campus, professors have open office hours during which you can talk with them about the work you're doing and the questions you have. In the long run, the quality of your education — and what you make of it — will depend a lot more on the amount of work you put into it, the campus resources you choose to take advantage of, and the extent to which you're motivated.

And if it's challenging academics you're looking for, check out the honors programs at Vermont state schools like Castleton State College and University of Vermont, which may cost less than out-of-state private schools.

Conventional wisdom:

Choose a school based on your major.

THE CHALLENGE:

First of all, your major doesn't necessarily determine your salary. It's the choice of career — what you do with your major — that makes a bigger difference. For example, psychology majors might become art therapists or corporate public relations representatives. Whereas an art therapist may make about \$41,000 a year 10 years into his or her career (according to payscale.com), a public relations manager may make an average of \$58,000 after the same amount of time.

Second of all, it's highly possible that you could decide to change your major once you're in college. The average student who starts college with a declared major changes it three to five times, according to the University of California–Berkeley career center and other experts. Do you want to start out at an expensive school only to find out two years down the road that it doesn't offer the program you want to move into?

Start small

Most often, the first two years of college involve general education requirements in classes like English, history, science, math, and philosophy (though technical schools often do not have such requirements). Why pay top dollar for these general courses at an expensive school? If you complete your first two years at a local two-year college (then transfer your credits to a four-year school), you'll save thousands of dollars, often getting an equally sound academic foundation. Studies repeatedly have shown that students who transfer to four-year schools from community colleges do at least as well as students who entered the four-year school as first-year students. In fact, some schools report that transfer students outperform students who began there.

Conventional wisdom:

Spending \$40,000 or more per year (multiplied by four years!) to go to a prestigious private college will be a good investment. (If you can't grasp that amount of money, imagine buying a brand-new 4WD GMC Sierra truck every year for four years in a row.)

THE CHALLENGE:

According to a study by Princeton economics professor Alan Krueger ("Children Smart Enough to Get into Elite Schools May Not Need to Bother"), students who were accepted to Yale and Princeton but who chose instead to attend a state university earned, on average, just as much as Yale graduates twenty years into their careers.

College is going to be one of the biggest investments you make in your life. Be as practical as possible. According to Bach, a good investment is one you can *afford*. If you can't afford it, then it's a bad investment no matter what it's for. Krueger's advice: "Recognize that your own motivation, ambition, and talents will determine your success more than the name on your college diploma."

Mary G. Powell, CEO/president of Green Mountain Power graduated from Keene State College with a two-year degree.

Warren Buffet (estimated wealth: \$47 billion) graduated from his state university in Nebraska (and, by the way, was rejected from Harvard Business School!).

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EARN WHILE YOU LEARN

Make the commitment to work at a part-time job while you're in school. You'll have spending money, and you could decrease your need for up to \$5,000 in student loans. Also, studies show that working up to 20 hours a week may actually improve your grades, since you'll become pretty adept at time management.

Worried you won't have time? Bissonnette cites Nielsen statistics that college students watch an average of almost **25 hours of TV every week**. Add to that the following stats (average per week) from a joint survey conducted by Student Affairs Administrators in Higher Education and Outside the Classroom:

number of hours college students drink: 10.2 hours

number of hours spent on social networking & video games: 4.1 hours

That's almost 40 hours! If you spend *half* of that making money, you'll still have 20 hours to watch *Atomic Betty* reruns, play video games, and join the broomball team.



LEARN YOUR PIECES RIGHT

The good news

1. Through VSAC, state education grants (free money) are available for low-income Vermont residents. Eligible applicants received between \$1,000 and \$12,200 for their education during the 2017–2018 school year.
2. Very few students, if any, pay full sticker price for college. If you take the steps to apply for financial aid, your package will contain a combination of grants and scholarships (free money) and education loans (which need to be paid back, with interest).
3. If your heart is set on attending a private college or university, maximize your chance for a bigger financial aid package: Look for schools at which you're likely to be the one of the best applicants. Students in the top 25% of the applicant pool are more likely to be offered free money in the form of grants or scholarships, while students ranking lower in the applicant pool are more likely to be offered loans, which have to be paid back with interest.

How LOW can you go?

Bach, Bissonnette, and Scheer suggest that you keep your education costs as low as you can — relying on grants, scholarships, and part-time/summer job wages to the best of your ability — and borrow only if absolutely necessary. Remember, it's the education you're after, not four years at a resort, with a brick pizza oven in every residence hall.

And if you borrow, make absolutely certain you understand that interest on education loans **“capitalizes.”** This means that it's added to the original amount of the loan, which means that you end up paying interest on your interest. Here's how it works:

- Say you owe \$5,000 at 8% interest.
- Approximately \$33.33 in interest will accumulate on your loan each month.
- If the interest is “capitalized” every quarter (every three months), \$99.99 will be added to your loan amount at the end of the current quarter.
- Your loan amount will then become \$5,099. In the next quarter, interest will be charged on this new amount instead of the original \$5,000.

Depending on how much you borrow, this could end up costing a lot of money over the years.

How many ways can you get there?

“What education giveth in terms of freedom and opportunity, student debt often takes away,” says Bissonnette in *Debt-Free U*. The less money you owe when you graduate, the more freedom you'll have to go where you want and to do what you want with your life.

Pick a subject you're interested in, whether it's construction or chemistry; then brainstorm all the ways you could earn a certificate or degree for it (see our [options map](#) for ideas). Next, use the Internet to collect information on the costs of each route you mapped out, along with advantages and challenges of each path.

Consider:

- doing the four-year college thing
- starting at a two-year school before transferring to a four-year school
- going to a technical school
- taking advantage of the New England Regional Tuition Break (www.nebhe.org/programs-overview/rsp-tuition-break/overview/)
- checking out dual-enrollment programs that could save you tuition and earn you college credits while you're still in high school
 - 1) <http://ccvwin-fastfwd.ccv.edu/course-details>
 - 2) <http://education.vermont.gov/student-learning/flexible-pathways>
- looking into the Southern New Hampshire University Advantage program (provides a savings of nearly 60 percent off full-time under-graduate day tuition)

Where to begin

- Search for Vermont college programs through the Consortium of Vermont Colleges (www.vtcolleges.org)
- Visit the web sites of regional two-year or four-year schools near Vermont:
 - 1) Clinton Community College in Plattsburgh, New York (www.clinton.edu)
 - 2) the New Hampshire community college system (www.ccsnh.edu)
 - 3) Keene State College in New Hampshire (www.keene.edu)
 - 4) Mount Wachusett Community College in Gardner Massachusetts ([mwcc.edu](http://www.mwcc.edu))
 - 5) Berkshire Community College in Pittsfield, Massachusetts (www.berkshirecc.edu)
 - 6) Hudson Valley Community College in Troy, New York (<https://www.hvcc.edu>)

Scale back, not up

If you're thinking about college, then education loans may be in your future. If they are, remember this cardinal rule: Borrow only what you need.

You're likely to meet students who take out bigger loans than necessary and use the money left over (after paying tuition, room, and board, and books) to finance a latté lifestyle. These are kids who either don't know or don't care that every \$100 in loans could end up costing \$200 by the time the loan is paid off (see “[How low can you go?](#)” on this page).

Ignore the peer pressure to buy a Double Chocolate Chip Frappuccino with whipped cream and an Auntie Anne's Jumbo Pretzel Dog every day on the way to class. Start kickin' it with the kids who are down with low-cost living.

In short, live like a student while you're in school, so you don't have to live like a student for 10 or 15 years once you're out of school.

