

Step 2: Select the Right College – Questions to Ask

Once you have a sense of direction for your future career and major, the next step is to select the right school. These tools will give you a starting point. The data you'll find below is not always consistent between sites, so check more than one. While there may be a number of factors to evaluate when selecting the best option, here are key questions most students fail to ask. Find the answers to these question *before* you register for your first class! If you can't find the answers, you may want to consider a different school.

🔍 What's the total cost? – Given recent increases, it's important today to look at the total cost of college. This includes tuition, fees, and room and board. Also explore costs after grants and scholarships – both for one year and all four years – based on family income. You'll also need to estimate your [SAT](#) or [ACT](#) scores. Looking at the estimated costs both *before* and *after* grants and scholarships can have a huge impact on your ultimate choice. See [College Board](#), and the Department of Education's [Net Price Calculator](#). [PayScale](#) can help you calculate college cost and 20-year ROI. Here are two more tools to compare costs and financial aid at specific schools: [CFPB: Compare Costs & Financial Aid](#) and [FinAid.org](#). You can also compare actual college acceptance letters at [TuitionFit](#).

⚠️ Caution: Many schools include access to student loans in their financial aid numbers and sales materials. Dig a little deeper to find out if it's truly free money or simply the ability to incur more debt. Also see [false info](#).

⚠️ Caution: Most students are unaware that *subsidized* (the government pays it) student loan interest doesn't last forever. For first-time borrowers, the clock is ticking on the time the government will pay interest on their loans.

Switching majors, taking too long to graduate, etc., can trigger thousands of dollars of interest on top of the loan amount borrowed.

Solution: Follow the latest guidelines at [Rules for Subsidized & Unsubsidized Loans](#).

Example: Michael was recruited by a regional for-profit college based on the fact that he'd receive financial aid. Once he registered, he was told that his family made too much money to qualify, so the only aid he'd receive was student loans. Unfortunately, he dropped out after the first year, but still has **\$33,000** in student loans to repay...but no college degree or skills to obtain a good job.



🔍 What's the graduation rate? – Identifying the percentage of students who actually graduate is a key statistic. Students who begin, but fail to graduate will find it difficult to get a good job, and often,

repayment of their student loans – at least private loans – will fall on their parents or grandparents, whoever c-signed on that loan.

Again, you can find College graduation and ROI at [PayScale-College ROI](#).

Example: Joan went to Baker College in Auburn Hills, MI, for two years, incurring over \$12,000 in student loan debt, only to learn that the percentage of students who graduate – in *six years* – is only 11%. She has since switched schools, but lost time and a lot of money by not researching this statistic before registering.

🕒 **How long does it take the average student to graduate?** – 60% of first-time students at *four-year* institutions takes six years (or more) to complete their degrees. This can add thousands to the cost of college. Go to [College Results Online](#) to compare multiple colleges' graduation rates.

Also, consider the pros and cons of a three-year program as more schools add this option.

Example: The Kirks estimate they saved over \$40,000 by researching the length of time it takes the average student to graduate at the University of Michigan. Their twin daughters both graduated in four years, rather than the five or six years it took most of their friends

🕒 **What is the school's ROI?** – Many college students today are questioning the real value – or *Return on Investment* (ROI) – of their education. Evaluating the ROI of a particular school means, based on the cost of the education at that school, determining if the average students will be able to earn enough to make that investment worthwhile.



The [PayScale: ROI Report](#) offers a summary of the ROI for many colleges, based on the total cost of the school, graduation rate, typical years to graduate, average loan amount, and the median wages for a graduate at that school versus a high school grad. They then spread this over 20 years to arrive at the net 20-year ROI. Keep in mind that this is the overall ROI of a school, which is helpful, but you need to identify your personal ROI as well, which is covered in Step 3.

🕒 **What's the student loan balance for the average grad?** – The level of debt ties back to the cost of

the school, how long it takes students to graduate, and how much of the total cost is covered by grants and financial aid (other than student loans). Locate some of the best and worst states with student debt at this [site](#), but go [here](#) to see the actual debt levels at specific schools as well.

🔗 **What's the three-year cohort default rate?** — Schools with a high student loan default rate (often referred to as the three-year *cohort* rate) should be a big red flag to prospective students that the school may be too expensive, the students may be borrowing too much, it takes too long to graduate, or that students can't find a job upon graduation. Avoid schools with rates over **60%**. Go to Department of Education's [Cohort Default Rate Database](#). Look here for the [OPE-ID](#) if you don't know it.

🔗 **How are the schools rated?** — Another step is exploring the myriad *Best Of* rankings. There are all types of comparisons in these lists, from generic ratings like the *Best Schools* in the *Midwest* (best regional schools) or the ones with the prettiest campuses, to more specific lists such as the *Top Undergrad Schools for Video Game Design* (best schools for specific fields/industries).

Carefully review the scoring system used to create these lists; in some cases, they are so subjective, they may not be of much value, but *any* information will help you become a more informed consumer. When thousands of dollars are at stake and your future career is at risk, it will pay to dig into the details. [The Best Schools](#) and [U.S. News: Best Colleges](#) are just two of the many sources to explore. You can also Google 'Best School Rankings' to uncover the latest articles and lists.

🔗 **Is the school accredited?** — No matter which school you select, make sure it's [accredited](#) and that the credits will transfer if you need or want to switch to another school or obtain a higher degree.

🔗 **How financially secure is the school?** — New regulations and overwhelming debt loads have caused more private and for-profit schools to struggle to stay afloat, especially after the recent shutdown. *Shark Tank's* Mark Cuban has warned that this is just the start of the college implosion. COVID will continue to have a huge impact on the financial security — and closings — of colleges and universities.

This dramatic new trend will not only affect current students, but graduates as well. A degree from a school that is no longer in operation can lose its value quickly lose its value.

The Department of Education lists schools with *Heightened Cash Monitoring* (HCM). See the [list \(pdf\)](#). While there are numerous reasons schools may be on this list, it's critical to examine it before registering for a specific school.



Example: Abby is one of thousands of students affected when Corinthian Colleges closed. She graduated a year before the school closed, but with the school's credibility in question, she hasn't been able to find a job. Fortunately, she may be eligible for some debt relief for **\$27,500** in *federal* student loans, but probably not on **\$48,000** in *private* student loans. The bigger issue here is that she spent four years – and incurred a lot of debt – on a worthless degree.

🔗 **What are the chances that I will graduate?** – If your average SAT score is 200 points lower than the average student at the school you select, what's going to happen when professors grade on a curve? Barely qualifying to get into a school sets some students up for failure, and could be a major reason they eventually drop out. Go to CollegeSimply's [Colleges by Admission Test Score](#) or use CollegeBoard's Big Future [Test Scores & Selectivity](#) filter to find a school that matches your scores.

Answering these questions can quickly help you and those who are helping with these decisions avoid major problems, as well as identify a school that will be the best investment for your unique goals. Remember, there are more comprehensive College Planning tools available, but many can cost thousands of dollars. This will get you started as you evaluate these essential questions. Talk to your financial advisor if you want to create a more comprehensive College Plan.

