IS THE COST OF HIGHER EDUCATION WORTH IT?

A recent Pew Research Center study found that 75 percent of Americans now think higher education is too expensive to afford, and 57 percent question whether it’s even a good investment. Is the cost of college worth its price? Is Cedarville?
FAQS ABOUT COLLEGE AFFORDABILITY

1. Why does higher education cost so much?
   In their book, Why Does College Cost So Much?, Robert Archibald and David Feldman observed that higher education is a personal service provided by highly educated professionals. As the demand for their expertise increases, so do their salaries. Similar to other institutions, any wage or benefit increases must be covered by growth in giving, tuition, enrollment, or all three.

   But, other factors contribute to the rise in college costs. A high-quality school must stay current with technological innovations, specialized equipment, information resources, and student support services. While these enrich the educational experience, they also translate into higher costs for the university and the student.

   Student expectations have also increased. For example, attractive residence halls, ample dining options, and fitness facilities are now standard at most colleges and universities. But all of these enhancements cost money.

   Some would argue that academic bureaucracy is to blame, or that increasing government aid has contributed to the rise in college costs (i.e., as long as students are willing to borrow more, colleges can charge more).

   But, in many ways, the reasons are less important than the problem itself. Costs have risen to the point where, for many students, a college education seems out of reach.

   Cedarville is not immune from these discussions. We have been wrestling with the cost issue and addressing it at multiple levels, including increasing the University’s investment in financial aid and making some very difficult decisions to restructure our budget so that cost increases could be dramatically reduced. Tuition increases have been under three and four percent since 2010 (see chart 1), while financial aid increased by nearly 50 percent in the same time period. Cedarville’s tuition remains below the national average for similar private colleges, and our room and board is thousands less than most other schools.

   For Cedarville, costs are not just about competitive position or affordability. Costs impact mission. We are equipping undergraduate and graduate students to make a difference in the world for Jesus Christ. That mission may be “priceless,” but the price tag is very real.

   ![Chart 1 Percentage of Annual Cost Increases](chart1.png)
2. How are tuition dollars used?

Student tuition provided approximately 95 percent of Cedarville’s $91.8 million operating budget in 2010–11, and the University is working on a strategy to reduce its tuition dependence closer to 75 percent by 2020. Revenue from online programs, with lower overhead costs, and increased donor support will help accomplish this goal.

Student tuition currently covers 95 percent of these operating costs:

- 43% Instruction
- 21% Academic support
- 15% Institutional support (i.e., operations)
- 15% Auxiliary enterprises (i.e., nonacademic departments not included above)
- 6% Student services

3. Is it appropriate to take on debt to finance education? How much is too much?

In an ideal world, every student would complete a degree without accruing debt. But, that isn’t the reality for two-thirds of recent graduates with average debt loads of $26,100 from private colleges and $19,800 from state-subsidized public universities. Many students have no choice but to borrow student loans to close the gap.

For many, the question has shifted from “Should I borrow?” to “How much student loan debt is reasonable?” The answer will be unique to each student and should reflect careful thought and prayer along with an understanding of future career plans and anticipated earnings.

One rule of thumb is to borrow no more than you expect to earn the first year after graduation. Other financial experts recommend limiting total student borrowing to an amount that will keep loan payments below eight to 10 percent of pretax income.

Very similar to national averages, about two-thirds of Cedarville students graduate with debt at a level slightly lower than the private college average. With one of the lowest default rates in the U.S. (less than one percent) and career placement rates well ahead of national averages, Cedarville graduates appear to be wisely managing their debt.

4. Why pay more for Cedarville when there are less expensive options?

Choosing a university based on tuition alone can be a costly risk. A school that boasts low tuition may not be the bargain you expect if it fails to graduate students on time. State schools typically graduate just one-third of students in four years.

Be sure to inquire about room and board, too. Rates can vary by several thousand dollars, with an average cost of $8,540 at public colleges and $9,700 at private colleges. This is almost double Cedarville’s rate of $5,242.

Other costly surprises come in the form of college fees. These can increase a student’s bill by hundreds, even thousands, of dollars. Fees can be assessed for a wide range of services such as student activities, technology, library, health insurance, graduation, parking, and many more.

Ask direct and specific questions when comparing college costs. More and more students are finding that Cedarville’s costs, when financial aid is considered, are not significantly more than even public alternatives.

The same should be true when you choose a college. Spiritual vibrancy, academic reputation, residence life options, career placement rates, faculty credentials, and distance from home are all important factors in a college decision. In many cases, when you’ve explored the answers to those questions, you’ll find that you will get more when you pay more.

5. Is Cedarville affordable?

If the size of this year’s freshman class is a gauge of affordability, then Cedarville has made significant strides in becoming more accessible to more students over the past two years.

After enrolling a smaller freshman class in fall 2009, Cedarville reevaluated its financial aid strategy. The University then unveiled a new simplified approach to financial aid that included larger grants and scholarships (see chart 2).

The results were immediate and dramatic. By fall 2010 Cedarville enrolled a record 859
Cedarville offers a series of college planning webinars and the online ParentPrep blog that addresses these and other key questions about college affordability. Find these free resources at cedarville.edu/webinars and cedarville.edu/parentprep.

Cedarville University’s dual enrollment courses offer biblical perspective, challenging academics, and engaging interaction using the latest online learning technologies ... all at a cost families can afford.

freshmen — an increase of nearly 20 percent. Fall 2011 results were similar.

These students come primarily from middle income families. Three-quarters of all students come from families whose adjusted gross income is $107,000 or less. Thanks to the combination of federal aid, state aid, and Cedarville aid, more students than ever are finding a Cedarville education to be affordable (see chart 3).

6. Are Cedarville graduates getting jobs?

Despite tough economic times and a tight job market, job placement statistics for Cedarville graduates, within six months of graduation, are ahead of the national average (see chart 4).

7. Why should I give to help other students when I’m still paying on my own college loans?

This is an understandable question college graduates everywhere are asking, but its focus is short-term. By choosing not to give, you may save $25, $50, or $100 a year or more. However, the long-term benefit of assisting other students in their education cannot be measured in dollars and cents.

Even if you didn’t receive a defined scholarship, you did not pay the full cost for your education. Alumni who preceded you (along with parents and friends) gave to the Cedarville Fund, helped fund buildings, contributed to the endowment, and supported academic programs that added value to your education and reduced your college bill. Others invested in you. Even if you didn’t know it then or wish they had invested more, as a recipient of others’ generosity, an appropriate response is to pay it forward and invest in someone else.

Doing so actually benefits you, too. National college and university rankings factor in alumni giving. Cedarville’s alumni giving percentage is currently 13 percent. Widespread participation is a compelling indicator that alumni had a quality college experience worth supporting. As the alumni giving percentage increases, so does the school’s overall ranking, thus increasing the school’s reputation and the value of your diploma. Broader alumni support would also increase Cedarville’s eligibility for certain charitable grants.

A common misconception is that only “million dollar gifts” are significant. That’s not true. When you are helping students, gifts at every level are needed and appreciated. Perhaps you can afford to establish a scholarship that helps a student graduate. Perhaps you can afford to put gas in the tank of a ministry van once or twice a year. The principle is this — when a community of people gives what they can, their individual investments are multiplied and accomplish significant things.

God uses Cedarville to shape students’ lives and equip them for Kingdom service. He can use any resource we entrust to Him to bless others. Beyond financial reasoning, it is simply a privilege to participate in His work.

Responses were provided by Janice (Warren) Supplee ’86, vice president for enrollment management and marketing, Roscoe Smith ’82, associate vice president for enrollment strategies, and Bill Bigham, vice president for advancement. You may contact them at suppleej@cedarville.edu, smithr@cedarville.edu, or bbigham@cedarville.edu.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed &amp; Grad School</td>
<td>98.9%</td>
<td>91%</td>
<td>93.9%</td>
<td>85.7%</td>
<td>95.8%</td>
<td>*</td>
</tr>
<tr>
<td>Grad School</td>
<td>18.4%</td>
<td>23%</td>
<td>19.8%</td>
<td>22%</td>
<td>17.4%</td>
<td>*</td>
</tr>
<tr>
<td>Employed</td>
<td>80.5%</td>
<td>68%</td>
<td>74.1%</td>
<td>63.7%</td>
<td>78.4%</td>
<td>*</td>
</tr>
<tr>
<td>Working in Discipline</td>
<td>77.5%</td>
<td>N/A</td>
<td>74.9%</td>
<td>N/A</td>
<td>84.0%</td>
<td>*</td>
</tr>
</tbody>
</table>

* National Association of Colleges & Employers (NACE) data for the class of 2010 will be available in March of 2012.

Chart 4 Where Students Are Within Six Months of Graduation