

# Can You Afford a Catholic Education?

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Phil Lenahan

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I'm not an education expert. My expertise is in financial counseling, following an accounting career that put me at a Fortune 300 company overseeing the finances of a \$250 million division.

Although the primary concerns of every Catholic family with college-bound men and women should be their exposure to truth and their continuing formation in the likeness of Christ, there are obvious financial considerations with every college decision. These include career planning, paying tuition and related expenses, and choosing colleges that reasonably match your ability to pay.

My advice below is accumulated from years of advising Catholic families through my nonprofit service, Veritas Financial Ministries (VeritasFinancialMinistries.com), and adapted from several of my articles and books published by Our Sunday Visitor including *Seven Steps to Becoming Financially Free: A Catholic Guide to Managing Your Money*.

## Planning for a Career

Today most Americans view a college education as a ticket to a particular profession or at least a higher-paying job. Period.

There's no disputing the fact that what one chooses to study in college can have a significant impact on future career decisions, especially in the decade or so immediately following graduation. This is an important consideration, especially given the rising costs of tuition and other expenses and competition for jobs.

Nevertheless, anyone interested in choosing a Catholic college or university clearly is thinking beyond career choices. There are many important benefits—ultimately more important than career—to attending a faithfully Catholic college or university. They include an education that helps students better understand their faith, the world and the roots of our society; a healthy campus environment that allows students to mature spiritually and socially in the image of Christ; and access to mentors who can help students discern their vocations to the priesthood or religious life, family life or the single state. The college years frequently lead to the choice of a spouse; I can't overstate the importance of selecting a college environment that draws other students who love and practice their Catholic faith.

So it is a mistake to view a Catholic college education as nothing more than preparation for a lucrative job, but to be realistic, it is also impossible for most students to separate college decisions from the implications for future employment and wellbeing. As long as it is put in the proper context, a college or university's impact on a student's future employment and income deserves serious consideration.

It's wise for a family to discuss and plan ahead for a graduate's financial welfare, especially if the student seems likely to get married. The fact that most young men and women develop and sometimes radically change their career interests while attending college does not mean that families shouldn't plan for a student's likely path after graduation—

allowing sufficient flexibility in the plan for changing career goals and increasing awareness of God's calling.

This gets to the question, "What am I going to do with the education I receive?" The possibilities are many, including teaching, ministry, nursing, accounting, law, business, engineering, medicine, computer science and so on. With each of these, you have at least a reasonable sense of the earnings capacity associated with the degree, and you can plan your financial commitments accordingly.

Having some idea about a young adult's particular career calling can help avoid costly mistakes in choosing the wrong college. At the most basic level, it's important to remember that a college education may not be the right choice at all. Not everyone is of the "bent" to complete a four-year (or more) academic program. Much time and money can be wasted trying to force a square peg into a round hole! We all have different gifts and abilities, and some of us would do better to learn a trade or craft through an apprenticeship or vocational trade school.

For those who attend college, it's important to remember that the dizzying pace of change in technology that has led to a global marketplace requires that workers in most fields be well-equipped to play their part in that economy. That could mean obtaining an education beyond a core "Catholic liberal arts" formation—that is, one that's focused on particular vocational training, such as medicine, law, business, nursing, teaching and so on. I'm a strong advocate of coupling a solid Catholic liberal arts program of study with the best vocational education the young adult can obtain, whether as an undergraduate student or in

subsequent graduate studies and career training.

I do recommend the liberal arts, though, as the core of a college education. The early college years, when students are typically between 18 and 22 years old, continue to be a time of searching about who they are and how they fit into this great big world. This is a time for them to consider the more important questions about life, to solidify what they believe and why, and to do so in an environment that will foster a closer relationship with the Lord. A solid Catholic liberal arts education helps the young adult find answers to these important life questions. It also helps the young person place their vocation in the context of this bigger picture.

This is often accomplished at the best Catholic colleges and universities by immersing the student in theology, philosophy and the classics of Western civilization—at least for the general education component of their college experience. Some students choose to make such a liberal arts program the focus of their four-year program. This is a beautiful education, yet one that is hard to pin down from an "economic value" standpoint. It can be an excellent spring board to graduate programs in law, theology or a number of other disciplines.

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## Paying for College

When it comes to a genuine Catholic education for our children, finances play a key role in two ways. First, as parents, we have responsibility for providing the resources which allow our children to obtain a solid Catholic education, or helping students find ways to pay for college when we cannot. Second, we are called to

be a living example when it comes to applying Godly principles in the area of money management.

You need to decide for yourself whether and when it makes sense to go into debt, and how much debt is reasonable. I strongly believe in minimizing one's debt, but it can make sense to use debt prudently when you're purchasing an appreciating asset. Most often, this relates to the purchase of a home and possibly investment real estate, but it also holds true for obtaining a higher education. Many studies have shown that a college degree adds to one's earning potential over the years—although this is only true in the aggregate, and there are many particular instances where a college degree does not significantly increase earning potential for an individual. So taking on some debt to obtain a college degree can make sense in some circumstances if done prudently.

But doing so also comes with risks. In my counseling, one of the traps I see families falling into is the use of credit to pay bills without the resources to pay the balance off at the end of the month. This results in ever-growing levels of debt with very high interest charges and takes precious resources away from your children. Your financial blunders may very well force you to narrow the choices you make regarding the education of your children, and they may not necessarily be the choices you want to make.

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on its own, doesn't point to an adequate income to pay the debts off in a reasonable time frame. Handling \$50,000 in student loans is very different for an attorney than it is for a teacher at a Catholic school. While there are certainly no guarantees that the lawyer's career path will work out, one can make reasonable assumptions. It is pretty clear that a teacher at a Catholic school will have a limited income, and heavy debts will be an incredible burden.

When the income is expected to be limited, I would look for a plan that can repay the debt in a period of three to five years after graduation. That may mean some pretty radical lifestyle decisions immediately after college

to keep expenses incredibly low so that the debts can be repaid quickly. My sense is that student debt in the range of \$15,000 is reasonable in such a situation. With an educational plan where a higher income can at least be anticipated, additional debt is highly likely and is probably

reasonable.

Debt is not the only option for paying for college expenses. The federal government has enacted various legislation designed to ease the financial burden of higher education, including the Hope Scholarship Credit, Lifetime Learning Credit, Educational IRAs and 529 Savings Plans. Several states have additional savings and financing plans worth looking at.

And don't forget the possibility of scholarships and grants. Depending on your child's scholastic abilities and extracurricular activities, as well as your financial situation, these may provide a substantial portion of the overall college cost. The Knights of Columbus offers a

generous scholarship program for members' children attending Catholic colleges and universities. Ask your prospective college about special grant opportunities—often they are not well-promoted—and check around in your local community and with your employer. Often students must apply for scholarships well in advance of the academic year.

The College Board's website, [www.collegeboard.com](http://www.collegeboard.com), can be a very helpful tool for better understanding how you can pay for a college education.

Your son or daughter can help too. I'm a big believer in the student playing a substantive role in paying for their education. They may have a greater appreciation for their education if they pay for a portion of it. That means work-study programs when possible, summer work, keeping living expenses low during the college years and having a plan immediately after the college years to aggressively tackle the debt incurred. You'll want to ensure that work doesn't become an end in itself, causing the student's grades to suffer with negative consequences for the future.

I remember the story of one young man who had a strong desire for an authentically Catholic liberal arts education. He worked as a shepherd for three years beforehand to obtain the funding he needed. He saw the value of the education and was willing to make the necessary sacrifices.

One final note. Students may have the best of intentions to work hard when they finish school to pay their debts down. But it's a

common occurrence during the college years that young men and women meet, grow in love, and marry shortly after they graduate. This is a beautiful thing, but it may throw a wrench into plans to pay off debt. While they both may have planned on working for a number of years, an early pregnancy may change all of those plans. Make sure that you take this possibility into account as you consider education and funding alternatives.

## Choosing a College Wisely

One of the calls I received on a radio program came from a woman whose daughter had been admitted to one of the top music schools in the country. Unfortunately, the school wasn't going to offer any scholarship money, and the total cost of the education was expected to be nearly \$200,000.

The family had no savings that could be allocated for this purpose, so the woman wanted to know what I thought about

borrowing the money so her daughter could attend the school.

My advice? I let her know that it was great that her daughter had the talent to be admitted to a top school, but given the family's financial situation and the fact that the school wasn't offering any scholarship money, I didn't see how it was practical for either the parents or the daughter to end up with that level of debt. I suggested approaching a second-tier school where she might receive a substantial scholarship.

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The listener wasn't pleased. She asked how I could limit her daughter's possibilities.

As a parent, I want certain outcomes from higher education for my children. I want a Catholic college or university to help my son or daughter develop into a godly young adult with a deep love for Our Lord and the Catholic Church, and to be prepared to contribute to society as a responsible adult using his or her talents in an appropriate way. I can do that within my financial means, even if it requires giving up some of the prestige and trappings of expensive private universities, or perhaps delaying college to avoid costly debt.

If you are committed to a Catholic education but simply don't have the resources, consider enrolling for the first two years to get a solid Catholic, liberal arts foundation and a healthy campus environment, then transfer to a state university to finish a major. Or consider a community college for the first two years, during which the student can continue to live at home and save money. Both options are not ideal, but they can be ways to dramatically reduce the overall cost of college.

It's not easy for any parent to limit a son's or daughter's options, but fortunately there is a great variety of Catholic institutions available to Catholic families, including those that are profiled in this guide because of their outstanding Catholic identity.

And I have great news: According to a cost analysis commissioned and published by The Cardinal Newman Society in February 2009, the colleges and universities that were recommended in the first (2007) edition of *The Newman Guide* are generally less expensive than other Catholic and private institutions.

You can read the full report—"College Affordability and Catholic Identity" by Dr. Andrew Gillen, research director of the Center for College Affordability and Productivity in Washington, D.C.—at [CatholicHigherEd.org](http://CatholicHigherEd.org). But among the study's findings are that:

- Average tuition for students at the faithful Catholic colleges and universities rec-

ommended in *The Newman Guide* (first edition) was about \$3,000 less than at other Catholic institutions and about \$1,000 less than the average private college or university.

- Comparing *Newman Guide* schools to other private institutions, the average student's financial aid package included a significantly larger portion of direct institutional aid (39 percent vs. 29 percent) and a smaller portion of student loans (13 percent vs. 17 percent), imposing a smaller debt burden on students and their families.

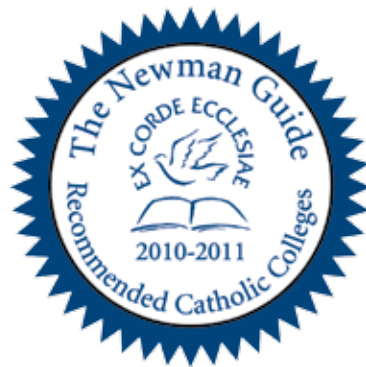
- Student debt upon graduation was, on average, about \$2,000 less than at other private institutions and \$1,400 less than at other Catholic colleges.

Now, none of this means that you should consider any of the colleges and universities that are recommended in *The Newman Guide* simply because, on average, they cost less. While some of the institutions are bargain-priced, a few are in the top quarter of Catholic colleges and universities ranked by expense. (Although it should be noted that even the higher-priced schools in this guide are quite reasonable in comparison to institutions in the same state. Higher education costs vary greatly by region and state, something to consider if you are not committed to either the east or west coast.)

The colleges and universities in this *Guide* were selected because of their strong Catholic identity, and what the cost analysis demonstrates is that you don't have to pay more—indeed, you can pay much less—for a quality education that ensures the outcomes we discussed earlier.

If you can find what you need in one of these institutions, and you have planned carefully how to pay for it, then you will have invested wisely in the final preparation of a young man or woman to know, love and serve God.

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