

## College Xoice™ – Empowering High School Students and Their Families to Make the Best College Decision

First, let's discuss the significant challenges facing high school students wishing to attend college. Today, the student lending crisis continues to grow. Bloomberg News<sup>1</sup> states:

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**“The student debt crisis is one that spans generations, with about 8.7 million Americans aged over 50 still paying off college loans.”**

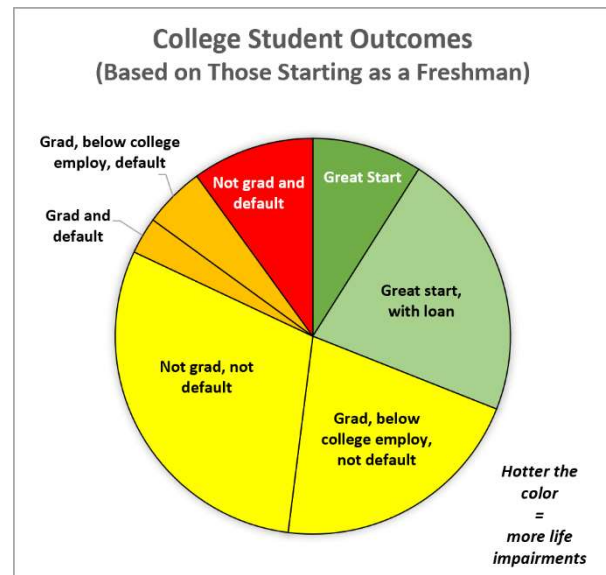
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Ground zero for this crisis is the point at which the high school student and their family first makes the college choice. We examine the key challenges that make the choice so hard. At Definitive Social™, we provide a solution to help students make the high stakes, high risk, high return college decision.

First, let's dig into the traditional, long-standing American narrative “**College Pays**”. With the related narrative being “**College is a good investment.**” You may have seen a U.S. Government chart<sup>2</sup> that shows the higher your educational attainment, the more money you make. This is true, but **only for those who get a degree and a job to service their student debt.** What about those that start college? How many of them end up on a successful path? The answer: **Not as many as you think.**

Based on information from the Wall Street Journal and Pew Research<sup>3</sup>, the pie chart shows a more realistic view.

- **20%** of people that start college default on a loan.
- **Two-thirds** of incoming freshman do not finish college, do not get a job requiring a college , or default on a loan.
- **One-third** of all first-generation college students drop out at the three year mark.
- **Only 9%** of all incoming freshman graduate get a job requiring a college degree, and have no student debt.



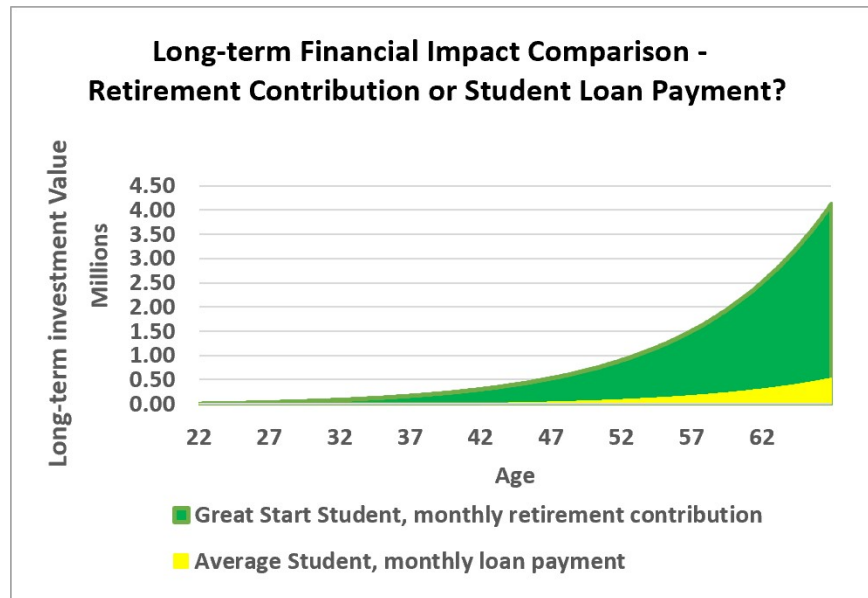
<sup>1</sup> Bloomberg News, June 17, 2021, <https://www.bloomberg.com/news/articles/2021-06-17/student-loan-growing-share-of-1-7-trillion-debt-pile-held-by-older-americans>

<sup>2</sup> U.S. BUREAU OF LABOR STATISTICS, <https://www.bls.gov/emp/chart-unemployment-earnings-education.htm>

<sup>3</sup> The Wall Street Journal, December 2018, <https://www.wsj.com/graphics/calculating-risk-of-college/>

Starting at age twenty-two, the long-term financial impact of substituting debt service for retirement contributions is massive. According to the Education Data Initiative, average monthly student loan payments are \$393 and the average loan takes 20 years to pay off. For each young person with the average student loan, the long-term financial impact of paying back a student loan instead of saving for retirement is

over **\$3.5 million**.<sup>4</sup> This is the negative impact of delaying getting on the time value of money wealth building ladder.



**The problem is not a lack of information.** The U.S. Department of Education, U.S. News and World Report, The College Board (provider of the SAT standardized tests) and many others provide a wealth of information. The problem is the decision process itself. There is actually too much information. It is hard to tell the difference between insight and noise. The sheer volume of decision points is overwhelming. A multi-school, multi-criteria decision is incredibly challenging. In fact, a 10 school, 10 criteria decision has over 90,000 possible decision combinations!<sup>5</sup> If a high school student can afford or is willing to pay a private college counselor, they may certainly help make decision recommendations.

**The problem is affordable decision making assistance.** For those unable or unwilling to hire a private college counselor, College Xoice™ is a college decision-enabled solution that:

- Provides an intuitive user experience. The solution educates and engages the high schooler to collect needed information and make trade-off decisions. It is interactive with parents, key stakeholders, and colleges of interest to help collect critical decision information.
- Runs an algorithm that, behind the scenes, does all the decision number crunching and renders mathematically optimized college trade-off decision recommendations.
- Presents an easy to understand interface with a personalized college ranking based on the high school students preferences and objective information automatically fed to the algorithm.

<sup>4</sup> Financial Model developed by Jeff Hulett, assumes a 10% annual pre-tax yield, beginning at age 22 and ending at age 67. Loan data and term assumptions are from the Education Data Initiative, <https://educationdata.org/average-student-loan-payment>

<sup>5</sup> Bogna Szyk and Dominik Czernia, September 29, 2021, <https://www.omnicalculator.com/statistics/combinations>

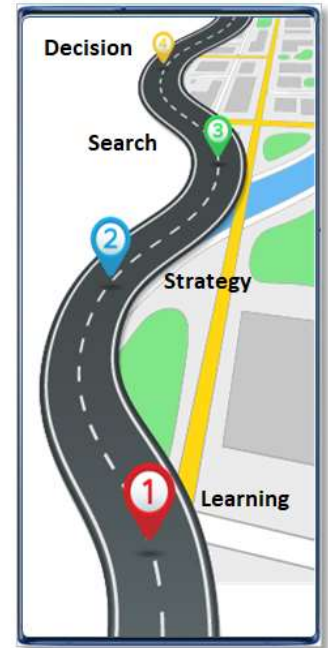
## The College Xoice™ App



The College Xoice™ app works for college-bound students regardless of their ability to pay for college. That is, our solution will help regardless of whether the student has access to plenty of capital, or the student has a significant budget constraint and less college choice. Regardless of the ability to pay for college, the College Xoice™ app will optimize individual college criteria preferences with the costs associated with each college. It will help the high school student and their families get **“the biggest bang for their buck”** and optimize their exposure to student loans.

The college choice app is built on a few key pillars:

- There are several decision criteria and related questions relevant to the college choice.
- The weighting of the decision criteria is completed using the Analytic Hierarchy Process (AHP), which is the leading technique to accurately prioritizing criteria, and is done so in an intuitive and easy-to-understand way.
- Ranking of the existing college choices within those criteria is part of an automated process.
- Having the ability to update as you learn is important. This includes separating important but mysterious "gut" feelings from objective information.
- Finally, having a mechanism to sort it out and to aggregate decision recommendations is accomplished dynamically.



## College Decision Choice Criteria

The high school student may consider as many criteria as they wish. Based on our experience, we default to several criteria that we have found useful for other high schoolers. The criteria may easily be personalized to individual preferences.

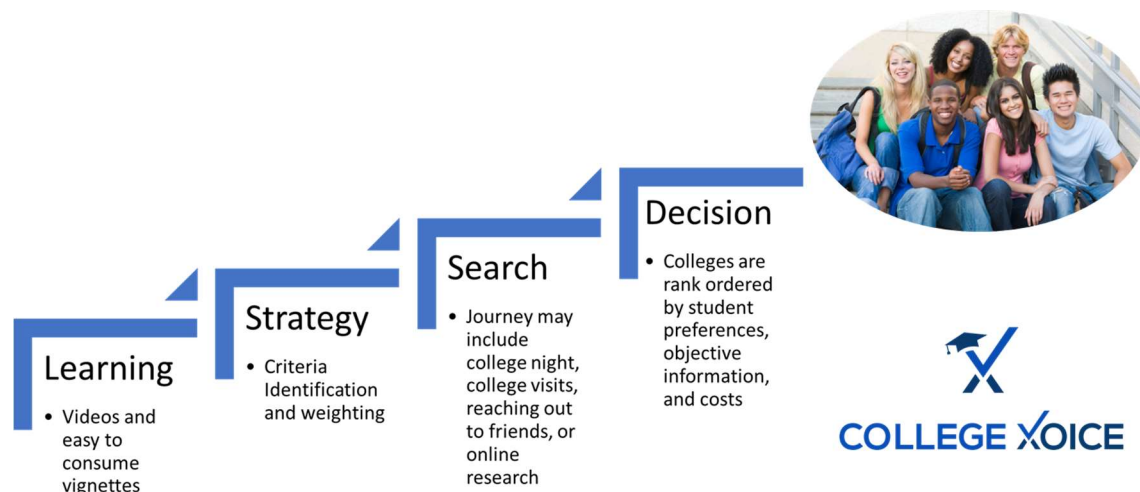
1. **Ideal Environment** - this relates to narrowing the kind of campus and the associated activities available. It will include the social environment and finding a core group with aligned interests to the incoming student. As a rule of thumb, while important, we do find most colleges know how to put on a very good "college show." Meaning, if the student is ready for college, there are few colleges where you would not be able to find their group.
2. **Distance from home** - this can have an economic impact and affect the family's ability to support the student. We think of college as the "half step " to independent adulthood. Some home support may make needed or desired, and having a reasonable geographic distance can be helpful.

3. **Commitment to field of study** - If the student knows what they want to study, certainly, it is important to attend a college with strength in this field. Most high school students have no idea what they want to study. This category also relates to the ability to easily change majors or even transferring credits to another school.
4. **Academic pressure** - this relates to finding a school where you will be challenged but not overwhelmed by the academic expectations.<sup>6</sup>
5. **Prestige** - this category is not about the college's brand reputation. It relates to job networking opportunities in the field or the community you may live in after graduation. In our experience, we find networking is helpful, but certainly should not be sacrificed for good grades.
6. **Institutional Size** - some emphasize school size. For example, "I want a big school" or "I want a small school." In general, most big schools are good at creating small communities within their university.
7. **Finances** - In general and within reason, we believe paying as little as practical for a good GPA is important. We are wary of student loans. To this end, we make the cost to value trade-offs unambiguous.

## A Fun and Engaging User Experience

College Xoice™ uses an engaging interface, employing games and mild competition to excite the students' natural desires to win and be successful. It enables communication with other student at their high school, their high school counselor, their parents or caregivers, or any stakeholder to the student's success.

We consider the college decision as a journey that can take months or may be even years. The interactive journey is divided into 4 steps:



<sup>6</sup> Malcolm Gladwell discusses academic pressure challenges in his book, [David and Goliath](#).

The final decision recommendation will be provided in multiple reports. The recommendation is built on 2 dimensions:

1. **The value dimension** is based on the students' preferences, rankings, and objective information rendered during the decision journey.
2. **The cost dimension** is the all-in costs to attend a particular college, netted by scholarships or grants provided by the school during the decision journey. It is assumed remaining funding is provided by the student's family or student loans.

## Conclusion

Student lending and college cost inflation is a significant problem in the United States. The college system has the potential to limit long term financial success, especially for those with significant student debt and college outcomes not well suited for personal income growth. The challenge is not one of information, the challenge is one of decision making. College Xoice™ takes advantage of the advancements in decision science and provides an intuitive and fun journey interface to help students and their families make the best college decision.



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For more information, contact Jeff Hulett at [JHulett@DefinitiveSocial.org](mailto:JHulett@DefinitiveSocial.org) or visit: <https://www.definitivesocial.org>