A Push to Lift College Graduation Rates

EDUCATION
SUSAN DYNARSKI

First-generation students are much less likely to finish their degrees.

MARGARET RIEGEL

The United States has a dropout crisis. Sixty percent of people go to college these days, but just half of the college students graduate with a bachelor's degree. Some people earn a shorter, two-year associate degree. But more than a quarter of those who start college drop out with no credential.

A college degree is one of the best investments a young person can make. In 2015, median earnings among workers ages 22 to 27 with a bachelor's degree were $43,000, compared with $25,000 for those with just a high school diploma. Over a lifetime, a person with a bachelor's degree typically earns $800,000 more than someone who has completed only high school.

The financial prospects for college dropouts are poor, for two reasons. First, dropouts earn little more than people with no college education. Second, many dropouts have taken on student loans and have difficulty paying off even small balances.

The dropout problem is particularly acute for students whose parents did not attend college. First-generation students beat enormous odds by even enrolling in a four-year degree program. Yet 30 percent of first-generation freshmen drop out of school within three years. That is three times the dropout rate of students whose parents graduated from college.

Why is the dropout rate so high, particularly among first-generation students? First-generation students tend to have less money, have weaker academic preparation and attend colleges with fewer instructional resources. All of these have been shown to increase the likelihood of dropping out.

Critically, first-generation students also miss out on the advice, support and voice of experience provided by parents with firsthand experience of higher education.

In families with college-educated parents, important information is delivered every day, often in small, casual conversations. They can steer students toward institutions that match their interests and majors that suit their strengths. They can provide advice on which courses to take and when to take them. These informal conversations can play a surprisingly important role in a student's success.

First-generation students would benefit from some extra support. Researchers are uncovering promising interventions that help get these students to graduation.

In one counseling program, professional advisers worked with students on the "soft skills," like time management and organization. The discussions were personalized and concrete: "Don't you need some extra time to study for midterms? Perhaps you should cut back on your work hours this week." Coached students were more likely to graduate.

For students who are the first in their family to tackle the bureaucratic hurdles of applying for financial aid and enrolling in college, missed paperwork can lead to lost opportunities and an increased risk of dropping out. Small things add up. Parents who have never registered for a college course may not realize, for example, that being at the top of the waiting list for an oversubscribed class is often the way to gain entrance to it.

Benjamin L. Castleman of the University of Virginia and Lindsay C. Page of the University of Pittsburgh devised a program that nudges students to complete the administrative paperwork required to stay in college. They sent texts reminding students to complete their re-enrollment forms and financial aid applications. Among freshmen who received the texts, 68 percent completed their sophomore year, compared with 54 percent of those who did not receive reminders.

At the federal level, the Obama administration has introduced two new initiatives to encourage students to move quickly toward their degrees. It takes six years for the typical student to finish a bachelor's degree, and those two extra years of college lead to higher tuition costs and more student debt. Part of the problem is that the federal aid system defines as "full time" a level of effort (12 credits a semester) that can't get a student out the door in four years.

A new "On-track Pell bonus" will increase the grants of low-income students who enroll in 15 credits a semester. They will also now be eligible for federal aid for three semesters each year should they want to shorten their time to graduation by taking courses year-round.

For higher education to fulfill its promise as an engine of economic mobility, we need to get students across the finish line to graduation.

Trading In Old Credit Cards

YOUR MONEY
ANN CARRNS

Americans tend to be loyal to their credit cards. More than a quarter of people who are 30 to 49 years old say they haven't changed their favorite credit card in at least six years, according to the comparison website CreditCards.com. Older people are even more loyal: Thirty-one percent of people 65 and older say they have been using the same card for at least a decade.

In terms of maintaining a healthy credit score, longer-term card holders are generally on the right track, said Ethan Dornhelm, senior director of analytic development at FICO. One factor in a credit score is the length of your credit history, including the average age of your accounts.

But aggressive competition among credit card issuers for new customers means many are offering signing bonuses, like increased cash-back offers or rewards points. Someone who hasn't switched cards in five or 10 years may be missing out on better terms, said CreditCards.com's Matt Schulz. (CreditCards.com earns a fee if someone obtains a card through the website.)

Consumers may be able to combine bonus offers from different cards to maximize rewards. For example, Mr. Schulz said, the Chase Sapphire Preferred card is offering 50,000 points when the new holder spends $4,000 in the first three months. The Chase card allows users to transfer points directly to certain hotel and airline partners. One is Southwest Airlines, which is offering bonuses of 25,000 to 50,000 points for new customers of its Rapid Rewards Premier credit card.

Trading in an old standby for a new card may not be the best approach for everyone. If you end up spending more than you ordinarily do to earn the bonus, the move doesn't make sense. Ditto, getting a card for the bonus if you are unable to pay your balance in full each month. Any perk you get isn't worth the double-digit interest you'll pay if you carry a balance.

Nicholas Clements, co-founder of MagnifyMoney.com, said that consumers must be honest with themselves about their ability to handle additional credit. If adding new credit means spending more, he said, consumers could risk getting into debt.

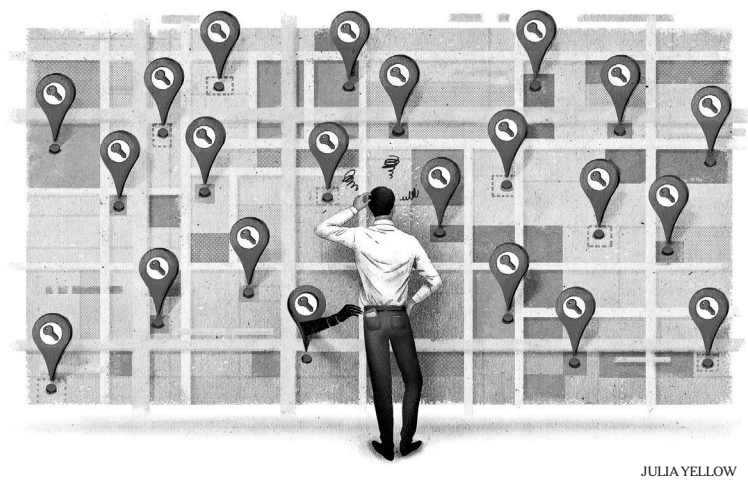
Q & A

¶ If I switch to a new credit card, should I close my old account?
It's generally best to keep an older account open, even if you don't use it, rather than closing it, Mr. Dornhelm said. That's because closing it may increase your "utilization," or the proportion of available credit you are using, which tends to lower your credit score.

¶ Won't opening new accounts hurt my credit score?
Opening a few new accounts is unlikely to cause a "substantial" drop in most consumer scores, Mr. Dornhelm said. One possible exception is if someone with relatively few accounts suddenly submits a flurry of new credit applications. That may suggest they are becoming a greater risk.

Locksmiths Who Swindle

LESSONS
DAVID SEGAL



JULIA YELLOW

Need a door opened? Some pros on Google will pick your pocket.

Maybe this has happened to you.

Locked out of your car or home, you pull out your phone and type "locksmith" into Google. Up pops a list of names. You might assume the search engine's algorithm has presented those that are near you and that have earned good customer reviews. Some will fit that description.

But odds are good your results include locksmiths that are not locksmiths at all. They are call centers that use a high-tech ruse to trick Google into presenting them as physical stores in your neighborhood. These operations, known as lead generators, or lead gens for short, keep a group of poorly trained subcontractors on call. After your details are forwarded, a subcontractor heads to your vehicle or home. That is when the trouble starts.

The goal of lead gens is to wrest as much money as possible from every customer, according to lawsuits. The typical approach is for a phone representative to offer an estimate in the range of $35 to $90. On site, the subcontractor demands three or four times that sum. Most consumers simply pay up, in part because they are eager to get into their homes or cars.

Anna Pietro called Allen Emergency, the nearest locksmith to her home in a Dallas suburb, according to a Google Maps search. "This guy shows up and says he needs to drill my door lock, which will cost $350, about seven times the estimate I'd been given on the phone. And he demanded cash."

The phone number at Allen Emergency is now disconnected.

It is a classic bait-and-switch. And it has quietly become an epidemic in America, according to the Consumer Federation of America.

Lead gens have their deepest roots in locksmithing, but the model has migrated to garage door repair, carpet cleaning and moving.

A Google spokesman said the company worked hard to check bad actors and removed listings that violate its policies. But the company is still too easily tricked into listing lead gens, high up, even after years of redesigns and algorithm adjustments, critics say. Local service results have improved of late, but too many consumers are still getting ripped off because Google is perennially a step behind a group of sophisticated swindlers, according to experts.

"Google has been subpar on this," said Danny Sullivan of the website Search Engine Land. "When problems arise, they kind of deal with them as they pop up, but they don't correct systemic flaws."

National data that could capture the scale of the lead-gen problem does not exist, largely because most of the complaints occur at the state level, by way of attorneys general, Better Business Bureaus and Yelp. Also, the sums involved are usually modest, so many people have no idea they have been swindled.

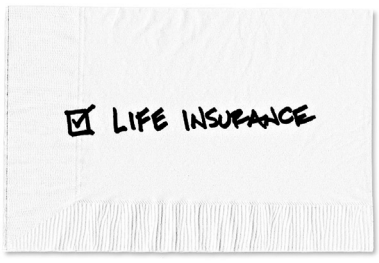
Legitimate companies and the Associated Locksmiths of America have been howling about lead gens since they first started popping up in the early 2000s.

"Talk to anyone in the business and they'll tell you that revenue is down 30 to 40 percent," said Mark Baldino, who owns a handful of locksmith stores in the Washington area. "There are 10 fake locations around me, and consumers have no idea which of us is real and which is going to rip them off."

The difference between people like Mr. Baldino and locksmiths sent by lead gens is not just a physical storefront. Lead-gen locksmiths are essentially short-term hires, and their priority is not repeat customers. It's quick cash.

A Life Insurance Plan That's as Easy as 1, 2, 3

SKETCH GUY
CARL RICHARDS



CARL RICHARDS

As soon as somebody depends on you financially, you need life insurance. Most of us know this, but we don't really want to think about it. To start, someone has to die for life insurance to be of use.

Also, buying a policy means putting a price on the life of someone we love. That's all complicated, messy, emotional stuff. So let me just give one very simple way to check life insurance off your mental checklist. You need a "good enough" plan that you'll actually take action on, rather than spending time pursuing the "perfect" plan you will never find.

Step 1: Take your income and multiply it by 20. For example, let's say your income is $50,000. Take $50,000 times 20 and you get $1 million. This is the amount of life insurance coverage you'll buy. This goes a long way toward replacing the economic loss that will result if you're no longer around.

Step 2: Buy a 20-year term policy for that amount. Term life insurance is the cheapest policy you can buy, and it's not complicated. As long as you pay the premiums each year, and your insurance company stays in business, you will be insured for the full 20-year term, and your premiums will not go up. If you die during that time, the beneficiary gets the money and pays no taxes on it.

At the end of 20 years, the insurance company keeps the premiums you paid each month.

Step 3: Life Insurance? Check.

That's it. Two steps, and you're done.

I was curious, so I got a quote for a 35-year-old male, nonsmoker in good health. I stuck with the $50,000 a year example. I called one of the major, highly rated, life insurance companies and got a quote. For a $1 million policy, the premium would be $613 per year.

That's about $50 a month. While that's not nothing, I bet it's less than you were expecting if you've never considered life insurance.

It reminds me of what John Bogle, founder of the Vanguard Group, said about his simple plan of index mutual fund investments. "There might be advice that's better than this, but the amount of advice that's worse is infinite."

And worst, by far, is having no policy at all.