

UNCERTAINTY AND RISK

Something that makes the choice about going to college a bit scary is that you don't really know just what the experience will bring or just how it will affect you. There's a lot of uncertainty surrounding the decision. In fact, there is generally a lot of uncertainty surrounding most of the big decisions in life—where to live, with whom to live, what sort of job to seek, what sort of groups to join, if you should have children, and on and on. Uncertainty is, unfortunately, a fact of life. One of the main challenges of becoming a mature and responsible adult is learning how to deal with it.

The first point to remember about uncertainty is that it's not a good strategy to avoid making decisions because of it. On the other hand, it's also not a good idea to ignore uncertainty when it's there. There are many degrees of uncertainty—some things are only a little bit uncertain, while other things are wildly uncertain. Similarly, some uncertainty matters a lot, and some doesn't really matter so much. In terms of steps you can take when faced with uncertainty, there are three useful strategies: (1) you can do things that will help you understand and assess the uncertainty; (2) you can often take steps to actually reduce the uncertainty; (3) when you can't reduce the uncertainty further, you can frequently take steps to minimize its impact.

Take a pretty simple example first: suppose you are considering buying a used car from a neighbor. Since it's a used car, the uncertainty lies in whether it will run dependably. To address this uncertainty, you can (1) get a better idea of the amount of uncertainty by asking a lot of questions about the car's history: Has it ever been in a major accident? Can you see its service records from the dealer's checkups and repairs? That way you can acquire information that will let you know about the uncertainty you face with that car. You can also (2) take steps that can actually reduce the uncertainty by asking the neighbor to have the car serviced and those tires and brake linings replaced before you buy it. Finally, you can (3) protect yourself from the risk of a bad outcome by buying some insurance or taking out a warranty guarantee against some of the things that might go wrong with the car.

These actions are likely to affect the cost somewhat, but it is often prudent to spend some money now to lower the risk of a later outcome that can be much more costly than the cost of searching for and fixing problems or insuring against that risk. (This touches on our earlier discussion of time preference.)

When it comes to the choice about more schooling, there's uncertainty about a lot of different things. You can search for information about the schools of interest to you. You can find out what programs they offer, what the schools will expect of you academically, what sort of students your classmates will be. You can look into possible fellowships or internships that can offset some of the costs, et cetera. You can also get information about the training program or the college major you are considering.

Beyond looking into potential schools, you can find information about the nature of jobs that require various skills, what they pay, how much turnover there has been in those jobs, where those jobs are located, how easy it is for workers with the skills you are considering to find jobs, and so forth. You can also set up informational interviews with representatives of the firms you might like to work for to determine what suggestions they have about relevant training programs. You can ask which schools they hire most new workers from.

For every piece of information you get about the various elements that are uncertain, the better equipped you'll be in making the decision about the right level of schooling, the right school, and the right concentration or major for you.

Here's a great strategy for making a sensible choice when there's a lot of uncertainty: make a list of the things you are uncertain about, then go after each item on that list in turn, using the three steps discussed above. (1) Find out all you can about each item on your list, (2) ask yourself if there's a way to lower the uncertainty, and then (3) think about how to hedge against the worst possible outcomes presented by the remaining uncertainty. You'll probably still have much that you don't feel you are certain about, but the range of what you don't know can be substantially reduced.

Also a good practice is to do another exercise: begin by describing three or four possible outcomes about which you are uncertain. For example, if you are uncertain about the friendships you'll

make and whether you will fit into the social life of the school, describe for yourself outcomes A and B and C and D. Think of A as about as good of an outcome as you can imagine at that school, with several new really close friendships and a truly joyful social network of classmates and activities. Think about B as a reasonably good outcome, maybe on par with your most recent year of high school if it was pretty good but not over-the-top great. Think about C as a disappointing outcome with only a couple friends, limited but tolerable parties and extracurricular life on weekends, and a bit boring overall. And think about D as about as bad as you think is at all likely (not as bad as you can imagine, only as bad, realistically, as you think it might be).

Then do three things with that list of possible outcomes related to that one uncertainty. On a scale of 1 (really awful and not something you could put up with for long) to 5 (really terrific and as good as you can hope it could be), put a value on each of those four outcomes: maybe A is a 5, B is a 4, C is a 3, and D is a 2, since for you this particular issue isn't all that terrible, even at its worst, so a score of 1 seems too low here.

Next, quite separately ask yourself how likely each of the four outcomes is, as best you can judge. Perhaps you'll say that A isn't actually very likely, maybe only about 10% likely, whereas B seems pretty much the most likely outcome as far as you can tell, so you might give it a 70%. Then maybe C would get a 15% because you think it is more likely than A but still not all that likely, since you'll have some wiggle room and can choose your friends slowly and carefully. Considering that awful outcome, D, which isn't really likely but is in truth a possibility, maybe you give it a probability of 5%. (Notice that the sum of those probabilities is 100%, and you can adjust them among the four possible outcomes so the sum is always 100%.)

Next, multiply those probabilities times the scale score you gave each of those outcomes and get the sum of them. In the example here that means for A: $5 \times .10 = .50$; for B: $4 \times .70 = 2.8$; for C: $3 \times .15 = .45$; and for D: $2 \times .05 = .10$. The sum of all four is 3.85. You can think of that number as what you expect to be the outcome you experience on that one element of uncertainty at that one school. You now have a handle on this one aspect of that one school—you've a sense of what to expect socially—and can compare it to other aspects and other schools.

You can do this for each of the schools you are considering separately. You can do this for other types of uncertainty, too, like how you expect to do in that school academically, or how you'll afford the costs of that school, and whatever else is uncertain. You can similarly place a number on the aspects of each school that don't have any uncertainty for you but are also important to you. When you've done this and you compare these numbers across schools and across risks, some may jump out at you as particularly troublesome or especially attractive. That can help you make your decision. You'll not want to just add up all the scores for each school and compare them since that would place equal importance on each element of uncertainty. Instead, keep the scores separate and consider each one in turn. If some element is especially important to you, pay special attention to its scores across schools.

There's another uncertainty about going to college that is, I think, much overrated as a problem but it is, indeed, uncertain: will you get into the college of your choice? This is a case of a lot of uncertainty, but it also has a lot less importance than many folks seem to suggest. There are lots of excellent colleges out there, and you can have a fine experience and learn a great deal in many of them. Now, it's worth learning as much as you can about what various schools offer so you can make an informed and reasonable choice for yourself. You do need to "hedge" your bet a bit by applying to several schools, with maybe one or two that are a bit of a stretch for you and another one or two that are relatively sure things in terms of acceptance.

But in the final analysis, which school you go to among the several you find that can serve your interests matters a lot less than the choices you make once you get there—about the courses you take, the effort you put into your academic work, the friends you choose, the lifestyle you lead, and more. Don't let the uncertainty about getting in that one "right" school get in your way of making a sensible choice and enjoying the process of imagining yourself in this school or that one. Another thing: no school is perfect! You'll not find any college or training program that offers just exactly what you would like, at just the right cost, in just the right location, with just the right student housing, and so on. You might as well get

used to that fact since it is in general true of schools, jobs, life partners, houses, religions, and most everything else. It's also true about you—perfection is very unlikely, and it doesn't last very long if you do experience it. Getting used to imperfection is a part of growing up. Recognize that the imperfections are part of life. They offer opportunities to show yourself that you are strong enough to rise above them and to have a worthy and good life nonetheless.