

SW 799: Advanced Topics in Macro Social Work: Minicourse on Budgeting and Fiscal Management

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**Session 1- September 23,2017**

**Session 2- September 30 2017**

This minicourse , offered over two days , will focus on three or four key competencies (competencies = knowledge\*skill)skills in the area of budget and fiscal management.

The first is the **financial condition** difference between cash-on-hand (income – expenses) and wealth (assets – liabilities)

The second is **budgeting**, and it emphasizes the kinds of budgets (standard, functional, performance, among others) as well as the process of budget building (bottom-up; top down, zero-based) and a variety of budget documents.

The third topic is **financial management**, which builds upon the budgeting material, and looks to see if you are tracking on your budget, budget variances, risk management, and consider the various overall financial measures that assist in tracking performance(ROI,ROE, etc.)

The fourth session introduces the concept of **PUMA (Professional Unit Method of Analysis.)** It is a form of “activity based costing” that looks at who is doing the actual “work” of the agency, and who is supporting that work. This calculation

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produces the front room/backroom ratio, and we will compare ratios of different organizations in session. We then look at the cost of providing an either a worker (say an adoption worker) to perform that activity, or the cost of the activity (an adoption) leading us to consider cost/worker week or hour (output) as one measure or cost per outcome (an adoption) as another. It is hoped that in-sessions teams of practioners and students can work together on practical exercises using financial data from practioner's agencies or student's placements.

The fifth element (if there is time) will be applying the **total compensation model** to employee compensation, and looking at the compensation system of the organization. Approximately 2/3 of each session will be lecture/discussion, and 1/3 application.

Additionally we shall look at the **Index of Difference**

**And the Keep/Kill Matrix**

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# MATERIALS ARE ON CANVAS

Nelson/Economy MANAGING FOR DUMMIES, Chapter 18, Budgeting, Accounting and Other Money Stuff

M..L.Flynn, "Budgeting in Community Organizations" Principles for the 90s" [ but it is still ok!]

J. and E. Tropman, "Index of Dissimilarity and the Professional Unit Method of Analysis"

Marci Thomas "Managing the Finances of Nonprofit Organizations

Clara Miller The Looking-Glass World of Nonprofit Money: Managing in For-Profits' Shadow Universe

## Resource

J. Tropman (2002) The Compensation Solution. San Francisco. Jossey Bass

<http://marketplace.publicradio.org/>

Ramirez, A. (2010). Nonprofit Cash Holdings: Determinants and Implications. Public Finance Review 39: 653-681, <http://pfr.sagepub.com.proxy.lib.umich.edu/content/39/5/653.full.pdf+html>

Lerner, J. (2011), Participatory budgeting: Building community agreement around tough budget decisions. Nat Civic Rev, 100: 30–35. doi: 10.1002/ncr.20059

## ASSIGNMENTS

This is a Rapid Intelligence Workshop. We have only 2 days I hope that you can look at the material ahead of time and come prepared having done the reading.

You are also requested to bring a budget statement from your agency, as well as workload numbers.

Your "assignment" for purposes of a grade will be selected as an application of material which will be decided upon during the class sessions and due **October 13<sup>th</sup>**. Grading will be S/U. The Assignment can be done in groups.

# SESSION 1

## October 27<sup>th</sup> Morning

INTRODUCTION  
THE SOCIAL MEANING OF MONEY  
BUDGETS

Flynn, "Budgeting in Community Organization"

Thomas, "Managing the Finances of Nonprofit Organizations"  
Review the skills application exercise on p. 273.

Obtain A balance sheet from your Agency or organization you know. It can be an annual report, or any document that provides a financial picture of the organization. We will examine this in class. Try to apply the concepts in this chapter, such as

1. Income
2. Expenses
3. Assets
4. Liabilities
5. Fund Balances

## SESSION 2

### October 27<sup>th</sup> . Afternoon

#### FINANCIAL CONTROLS

Read “Activity Based Costing” – attached  
Read Macmillan Matrix - attached  
Read Students essays about Money from the NYT Attached

## SESSION 3

### November 10<sup>th</sup>, Morning

#### PROFESSIONAL UNIT METHOD OF ANALYSIS

Read Tropman and Tropman, “Index and PUMA”

## SESSION 4

### November 10<sup>th</sup>, Afternoon

#### TOTAL COMPENSATION MODEL

#### INITIAL PROJECT REPORTS

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# Activity Based Costing

From Wikipedia, the free encyclopedia

Jump to: [navigation](#), [search](#)

**Activity-based costing (ABC)** is a method of allocating [costs](#) to [products](#) and [services](#). It is generally used as a tool for planning and control. This is a necessary tool for doing [value chain](#) analysis.

The concepts of ABC were developed in the manufacturing sector of the U.S. during the 1970s and 80s. During this time, the Consortium for Advanced Manufacturing-International, now known simply as CAM-I ([www.cam-i.org](http://www.cam-i.org)), provided a formative role for studying and formalizing the principles that have become more formally known as Activity-Based Costing. [Robin Cooper](#) and [Robert Kaplan](#), proponent of the [Balanced Scorecard](#), brought notice to these concepts in a number of articles published in Harvard Business Review beginning in 1988. Cooper and Kaplan described ABC as an approach to solve the problems of traditional [cost management systems](#). These traditional costing systems are often unable to determine accurately the actual costs of [production](#) and of the costs of related services. Consequently managers were making decisions based on inaccurate data especially where there are multiple products.

Instead of using broad arbitrary percentages to allocate costs, ABC seeks to identify cause and effect relationships to objectively assign costs. Once costs of the activities have been identified, the cost of each activity is attributed to each product to the extent that the product uses the activity. In this way ABC often identifies areas of high overhead costs per unit and so directs attention to finding ways to reduce the costs or to charge more for costly products.

## [\[edit\]](#) Detailed description

Activity-based costing was first clearly defined in 1987 by [Robert S. Kaplan](#) and [W. Bruns](#) as a chapter in their book **Accounting and Management: A Field Study Perspective** (Harvard Business School Press 1987 [ISBN 0-87584-186-4](#)). They initially focused on manufacturing industry where increasing technology and productivity improvements have reduced the relative proportion of the direct costs of labor and materials, but have increased relative proportion of indirect costs. For example, increased automation has reduced labor, which is a direct cost, but has increased depreciation, which is an indirect cost.

Traditionally cost accountants had arbitrarily added a broad percentage onto the direct costs to allow for the indirect costs. However as the percentages of overhead costs had risen, this technique became increasingly inaccurate because the indirect costs were not caused equally by all the products. For example, one product might take more time in one expensive machine than another product, but since the amount of direct labor and

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materials might be the same, the additional cost for the use of the machine would not be recognised when the same broad 'on-cost' percentage is added to all products. Consequently, when multiple products share common costs, there is a danger of one product subsidising another.

Like manufacturing industries, financial institutions also have diverse products which can cause cross-product subsidies. Since personnel expenses represent the largest single component of non-interest expense in financial institutions, these costs must also be attributed more accurately to products and customers. Activity based costing, even though developed for manufacturing, can therefore be a useful tool for doing this. This extended use of ABC to financial institutions was presented in 1990 in an article appearing in the Journal of Bank Cost and Management Accounting (Volume 3, Number 2) by Richard Sapp, David Crawford and Steven Rebishcke. There was also a subsequent article in 1991 in the same Journal (Volume 4, Number 1).

Direct labor and materials are relatively easy to trace directly to products, but it is more difficult to directly allocate indirect costs to products. Where products use common resources differently, some sort of weighting is needed in the cost allocation process. The measure of the use of a shared activity by each of the products is known as the **cost driver**. For example, the cost of the activity of bank tellers can be ascribed to each product by measuring how long each product's transactions takes at the counter and then by measuring the number of each type of transaction.

## **[edit] Limitations**

Even in activity-based costing, some overhead costs are difficult to assign to products and customers, for example the chief executive's salary. These costs are termed 'business sustaining' and are not assigned to products and customers because there is no meaningful method. This lump of unallocated overhead costs must nevertheless be met by contributions from each of the products, but it is not as large as the overhead costs before ABC is employed.

Although some may argue that costs untraceable to activities should be "arbitrarily allocated" to products, it is important to realize that the only purpose of ABC is to provide information to management. Therefore, there is no reason to assign any cost in an arbitrary manner. Management accountants can be creative in finding other ways to represent these costs on internal reporting statements.

### Tool — MacMillan Matrix <sup>1</sup>

Nonprofit staff are often uncomfortable discussing “competitiveness” or “resource allocation” — not because we don’t understand these ideas, but because we like concentrating on the people we help through our work. Recent environmental changes — shifts in funding priorities, increased home computer usage, and a proliferation of community technology programs – require

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<sup>1</sup> [http://www.ctcnet.org/what/action/?page\\_id=39](http://www.ctcnet.org/what/action/?page_id=39)

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us, however, to use these concepts to ensure that we truly are meeting the needs of the people we want to help.

The MacMillan Matrix can help your CTC discover the program areas that are most needed in your community and that you are in the best position to provide. The Matrix is based on the following assumptions:

- Nonprofits should avoid duplicating services. This will ensure that limited resources are used well and quality of service is maximized.
- Nonprofits should focus on a limited number of high-quality services, rather than providing many mediocre services.
- Nonprofits should collaborate so that a continuum of service can be provided with each partner focusing on specific pieces.

The MacMillan Matrix will help you assess current and prospective programs according to four criteria — fit with your organization’s mission, attractiveness to funders and participants, whether the service is provided elsewhere, and organizational capacity. Below is an adapted MacMillan Matrix for CTCs.

<b>MacMillan Matrix for CTCs</b>		Program is Very Attractive to Funders and/or Community Participants		Program is Not Attractive to Funders and/or Community Participants	
		Several Orgs. Offer Similar Programs	Few/No Orgs. Offer Similar Programs	Several Orgs. Offer Similar Programs	Few/No Orgs. Offer Similar Programs
<b>G O O D</b>	High Org. Capacity and Credibility	Keep and Compete	Keep and Grow	Keep and Collaborate	Keep and Subsidize
	Weak Org. Capacity and Credibility	Give Away to Other Orgs.	Grow Your Capacity or Give Away	Give Away to Other Orgs.	Collaborate or Stop
<b>POOR FIT</b>		Give Away		Give Away	

Each current and prospective program should be put into the appropriate square. Those program ideas that fall into top row (good fit and high capacity) should be kept. The programs in the top right-most cell are those programs that your CTC is well-suited to provide and that are most needed, but are difficult to fund. These are the programs that

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you should consider subsidizing with general operating funds. Those program ideas in the bottom two rows should usually not be undertaken.

**Resources:**

- [Alliance for NonProfit Management MacMillan Matrix FAQ](#)
- [MacMillan Matrix 15-page How-To Guide and](#)

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- [Worksheet](#) (free from the Forbes Group, but requires filling out a form)

**No Comments so far**

[Leave a comment or suggest a resource](#)

## Question<sup>2</sup>

### How can we do a competitive analysis?

#### Answer

Nonprofits have not traditionally been thought of as organizations that need to be competitively oriented. Unlike for-profit businesses, which compete for customers and whose very survival depends on providing services or products to satisfied, paying "clients," many nonprofit organizations operate in a non-market, or grants, economy - one in which services may not be commercially viable. In other words, the marketplace may not supply sufficient resources to support an adequate, ongoing provider base. Moreover, the customer (client) does not decide which provider gets adequate, ongoing funding. (In fact, many nonprofits are considered "sole-source," the only place to get the service, so there is not necessarily any choice in which provider receives funding even if the client does have some say). Consequently, nonprofit organizations have not necessarily had an incentive to question the status quo, to assess whether client needs were being met, or to examine the cost-effectiveness or quality of available services.

The competitive environment has changed, however: funders and clients, alike, are beginning to demand more accountability; sole-sourced nonprofits are finding that their very success is encouraging others to enter the field and compete for grants; and grant money and contributions are getting harder to come by, even as need and demand increase. This last trend - increasing demand for a smaller pool of resources, requires today's nonprofits to rethink how they do business, to compete where appropriate, to avoid duplicating existing comparable services, and to increase collaboration, when possible.

#### The MacMillan Matrix for Competitive Analysis of Programs

The MacMillan Matrix is an extraordinarily valuable tool that was specifically designed to help nonprofits assess their programs in that light. The matrix is based on the assumption that duplication of existing comparable services (unnecessary competition) among nonprofit organizations can fragment the limited resources available, leaving all providers too weak to increase the quality and cost-effectiveness of client services. The matrix also assumes that trying to be all things to all people can result in mediocre or low-quality service; instead, nonprofits should focus on delivering higher-quality service in a more focused (and perhaps limited) way. The matrix therefore helps organizations think about some very pragmatic questions:

Are we the best organization to provide this service?

Is competition good for our clients?

Are we spreading ourselves too thin, without the capacity to sustain ourselves?

Should we work cooperatively with another organization to provide services?

Using the MacMillan Matrix is a fairly straightforward process of assessing each current (or prospective) program according to four criteria, described below.

#### 1. Fit

Fit is the degree to which a program "belongs" or fits within an organization. Criteria for "good fit" include:

congruence with the purpose and mission of the organization;

ability to draw on existing skills in the organization; and

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<sup>2</sup> [http://www.allianceonline.org/FAQ/strategic\\_planning/how\\_can\\_we\\_do\\_competitive.faq](http://www.allianceonline.org/FAQ/strategic_planning/how_can_we_do_competitive.faq)

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ability to share resources and coordinate activities with programs.

## 2. Program Attractiveness

Program attractiveness is the degree to which a program is attractive to the organization from an economic perspective, as an investment of current and future resources (i.e., whether the program easily attracts resources). Any program that does not have high congruence with the organization's purpose should be classified as unattractive. No program should be classified as highly attractive unless it is ranked as attractive on a substantial majority of the criteria below:

- high appeal to groups capable of providing current and future support
- stable funding
- market demand from a large client base
- appeal to volunteers
- measurable, reportable program results
- focus on prevention, rather than cure
- able to discontinue with relative ease, if necessary (i.e., low exit barriers)
- low client resistance to program services
- intended to promote the self-sufficiency or self-rehabilitation of client base

## 3. Alternative Coverage

Alternative coverage is the extent to which similar services are provided. If there are no other large, or very few small, comparable programs being provided in the same region, the program is classified as "low coverage." Otherwise, the coverage is "high."

## 4. Competitive Position

Competitive position is the degree to which the organization has a stronger capability and potential to deliver the program than other agencies - a combination of the organization's effectiveness, quality, credibility, and market share or dominance. Probably no program can be classified as being in a strong competitive position unless it has some clear basis for declaring superiority over all competitors in that program category. Criteria for a strong competitive position include:

- good location and logistical delivery system;
- large reservoir of client, community, or support group loyalty;
- past success securing funding;
- superior track record (or image) of service delivery;
- large market share of the target clientele currently served;
- gaining momentum or growing in relation to competitors;
- better quality service and/or service delivery than competitors;
- ability to raise funds, particularly for this type of program;
- superior skill at advocacy;
- superiority of technical skills needed for the program;
- superior organizational skills;
- superior local contacts;
- ability to conduct needed research into the program and/or properly monitor program performance;
- superior ability to communicate to stakeholders; and
- most cost effective delivery of service.

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After each program is assessed in relation to the above four criteria, each is placed in the MacMillan matrix, as follows. For example, a program that is a good fit, is deemed attractive and strong competitively, but for which there is a high alternative coverage would be assigned to Cell No. 1, *Aggressive Competition*.

		High Program Attractiveness: "Easy" Program		Low Program Attractiveness: "Difficult" Program	
		<b>Alternative Coverage</b> <i>High</i>	<b>Alternative Coverage</b> <i>Low</i>	<b>Alternative Coverage</b> <i>High</i>	<b>Alternative Coverage</b> <i>Low</i>
<b>GOOD FIT</b>	<b>Strong Competitive Position</b>	1. Aggressive Competition	2. Aggressive Growth	5. Build up the Best Competitor	6. "Soul of the Agency"
	<b>Weak Competitive Position</b>	3. Aggressive Divestment	4. Build Strength or Get Out	7. Orderly Divestment	8. "Foreign Aid" or Joint Venture
<b>POOR FIT</b>		9. Aggressive Divestment		10. Orderly Divestment	

Once all programs have been placed in the appropriate positions on the matrix, an organization can review its mix of programs, sometimes called a "program portfolio," and decide if any adjustments need to be made. Ideally, an organization would have only two types of programs. The first would be attractive programs (programs that attract resources easily), in areas that the organization performs well and can compete aggressively for a dominant position.

These attractive programs can be used to support the second program type: the unattractive program with low coverage. The unattractive program is considered unattractive by funders, with low alternative coverage, but makes a special, unique contribution and in which the organization is particularly well-qualified. These programs typically fall under Cell No. 6, the soul of the agency. These programs are known as the "soul of the agency" because the organization is committed to delivering the program even at the cost of subsidizing it from other programs. An organization cannot afford to fund unlimited "souls," and it might have to face some difficult decisions about how to develop a mix of programs that ensure organizational viability as well as high-quality service to clients.

For example, five years ago there was little funding for case management by AIDS Service Organizations. Unwilling to let clients fend for themselves in getting the help they needed, many organizations devoted staff time to this service. At the time this was a "soul of the agency" program. These days, this program is more attractive (i.e., fundable) though there is also growing alternative coverage. Therefore, organizations in a strong position to serve the clients well, with cultural competence and program expertise, should aggressively compete: those in a weak competitive position should get out of the business.

### Articulating Previous Strategies

Most organizations operate within the guidelines of certain program and organizational strategies, although often these have neither been recognized or articulated as actual strategies. Once an organization is in the process of strategic planning, however, it is time to make explicit these unspoken strategies and incorporate them into this deliberate consideration of the organization's

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future directions. This should happen as part of the situation assessment: look for past patterns of operation or allocation of resources -- these are your previous strategies; analyze whether those strategies were effective, and why; and consider whether or not they should be held as strategies for the future.

### Identification of Critical Issues

Upon completion of the situation assessment, a planning committee should be in a position to identify all of the critical issues, or fundamental problems or choices, facing the organization, and then begin to address those issues and identify priorities. A first attempt will probably result in a very long list of "critical" issues. Some might indeed be critical, but require no action at present and should, therefore, be monitored; some will require immediate attention, and as such should be dealt with accordingly; and some will be of critical importance to the long-term viability and success of the organization. Those are the issues (usually no more than six to eight issues qualify) that become the framework for the decisions that must be made next: decisions regarding strategies, long-range goals and objectives, and financial requirements.

To arrive at this final list of true critical issues, the planning committee should brainstorm a list of issues that might qualify and then assess each issue by asking: Why is it an issue? What are the consequences of not responding to this issue in the near future? Why does the issue need immediate attention? Why is it a critical issue? Again, the final list should include no more than six to eight items; beyond that, the organization is in danger of losing focus and sabotaging its own best intentions.

Finally, additional research may be needed, in order to gather specific information about new opportunities which can be pursued. This might include: description of new target markets and their needs; description of new products and/or services with descriptions of start-up costs, competitor analysis, long-term financial projections, and break-even analysis.

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## [Your Money](#)

# In College Essays About Money, Echoes of Parents' Attitudes

## [Your Money](#)

By [RON LIEBER](#) MAY 13, 2016

We grown-ups often assume that children are oblivious to our money talk, ignorant of our budget woes and uninterested in how adults make financial decisions. Better to protect them from all that for as long as possible, right?

But [the best entries](#) of this year's crop of college application essays about money prove that they are watching and listening — always — and picking up every little thing by osmosis.

## [Memories and Hopes: The Top Essays](#)

[The four best college application essays about money that students sent us in 2016.](#)



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A young woman from an affluent suburb offers a jarring inventory of items for sale at her high school, including Adderall, marijuana and test answers, even as some peers can't afford the fees for the [Advanced Placement tests](#). Another observes her frugal, immigrant family and how that trait has slowly permeated her own values.

A high school senior with only one grandparent who even went to high school comes to terms with the pressure he feels to be the one who breaks the degree-free cycle. And another traces the fine details of her father's — and her family's — struggle to forge a middle-class life, through her memories of his art and the artifacts they find buried in an arroyo in New Mexico.

Each year, I put out an open call for college applicants to send in essays about money, work, social class and related issues that they've submitted to undergraduate admissions offices. This year, we received 231 of them and enlisted Ralph Johnson, senior director for college success for the Democracy Prep public schools network and a former admissions officer at Brown University, to help pick the four that we are publishing. We pay the four writers as we would freelancers.

In narrowing them down from among the best dozen or so that we received, Mr. Johnson said he put himself back in the mind-set of the gatekeeper role he once held at Brown, when there were so many essays to read that he felt guilty being in a house of worship without a pile of paper in front of him.

What he looked for then is the same thing he encourages his students to strive for now. "Some kind of spark," he said. It needs to be something that isn't in their transcript or test scores and give admissions officers something to talk about when they're in the meeting room deciding on that candidate.

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### [YOUR MONEY](#)

## [Four Stand-Out College Essays About Money](#) [MAY 9, 2014](#)

For more students than you might think, writing about money is how they seek to stand out. Of the 4,809 complete personal statements in the database at [AdmitSee](#), a service that allows people to make money by renting access to their own essays and applications, 5 percent are about overcoming financial obstacles. A further 20 percent used words like “tuition,” “loan” and “income” in essays about career aspirations, diversity and family background.

The single best piece of pure writing we received this year came from Sarah Benson of Lorton, Va., the author of the essay set in New Mexico. “When I am 6 years old, the Sunday school teacher asks me what my father does for a living,” she wrote. “I tell her he is an artist like Georgia O’Keeffe. I do not know that I am lying. I do not know that he hasn’t sold a piece in months.”

When she was small, her father showed her Native American pottery shards in the arroyo near their former home. When they return years later, he tells her that they have all washed away. “Suddenly comes to me the vague image of my father in ripped jeans,

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pressing a pottery shard into my palm,” she wrote. “I wonder if he, too, has washed far away.”

Her father, whom I [interviewed on Facebook Live](#) this past week, was surprised that his daughter had thought so hard about his feelings about his career and livelihood. But perhaps he should not have been, given the depth that his daughter, who will attend Virginia Tech in the fall, displayed in the essay.

## Business 5:38 A Surprise, and an Essay About Art and Money

Video

### A Surprise, and an Essay About Art and Money

Ron Lieber, who writes the Your Money personal finance column for The New York Times, surprised Sarah Benson at her home to inform her that her college essay had been chosen for publication.

Publish Date May 13, 2016. Photo by T.J. Kirkpatrick for The New York Times. [Watch in Times Video »](#)

“Every time I read it, I pulled something different from it,” Mr. Johnson said. “It is a very unconventional story about economic struggle.”

When Shawn L. Abbott, assistant vice president and dean of admissions in the office of undergraduate admissions at New York University, read the essay that Isabella DeSimone submitted to the university about frugality, he said he worried that it might be too conventional. “She took a topic that is by all traditional accounting measures pretty banal or pedestrian and really brought her life circumstances to life, talking about something that a lot of us can relate to,” Mr. Abbott said. Ms. DeSimone will go to N.Y.U. in the fall.

“Why buy 99-cent storage containers when the products we buy already provide them for free?” Ms DeSimone wrote. “These lessons came in Spanish with the speed of a bull in a bullring.” In her family, it was like a game. “The act of conserving money, the audacity to solve problems no one has thought of before, is what set my family apart,” she wrote.

Nowhere in the essay does Ms. DeSimone say where her family falls on the social class spectrum, and after hearing Mr. Johnson’s take on her essay, I chose not to ask. “She is frugal not necessarily because she’s poor but because that’s part of her value system,” he said. “That was such a unique take on this type of essay. This is part of a tradition that she holds dear.”

Mr. Johnson’s favorite essay came from Joseph Liggio, who lives in Suffern, N.Y. When Mr. Liggio starts school at Manhattan College in the fall, he will be the first person in his family to attend college. Mr. Johnson said he always roots for those applicants and counsels many like them in his current job, though Mr. Liggio, who is white, stood out to

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him in part because he seemed different from many of the first-generation, inner-city, students of color he usually encounters.

Mr. Liggio's essay is also notable for his courage in admitting his confusion about what sort of goals he ought to set. He feels pressure to achieve things that no one in his family ever has, but to what end? "The thing is, I don't know where I want to go from here," he wrote. His grandparents worked where they worked because they had to make money wherever they found opportunity. Had anyone asked them what they actually wanted to do, they would have found the question baffling. "They couldn't answer because they had no other options," he wrote. "I can't answer because I have too many."

According to William Bisset, vice president for enrollment management at Manhattan College, admissions officials can be skeptical of essays that seem too polished or overwritten. "A lot of these essays sound like a Ph.D. student wrote them," he said. "Joe's was very genuine. It was well written, but you can tell that a kid wrote it."

He also had a message for other applicants who are afraid to show weakness or write about their own confusion: Other than the incoming engineers at Manhattan, the most popular expression of academic interest among incoming students is "undecided."

Erica Meister took several risks in her essay. Every year, we receive at least one essay that picks apart an affluent suburb, but we've never seen one quite as blunt as her take on Northville, Mich., which was [recently named](#) the snobbiest place in the state.

"I prefer to describe Northville as reckless," she wrote. "The more enterprising students of Northville High School specialize in the selling of three goods: marijuana, Adderall and test answers, all goods many of my peers don't think twice about using." If trouble ensues, she added, "our fathers can cover us with cash and connections."

Her essay could have easily read as snobby itself in its anti-snobbery, but she does not spare herself. She blithely inquires after a classmate's Advanced Placement testing plans without realizing that some people in her school come from families that can't pay even the reduced fees to take the tests.

"I found myself victim to the disease that infiltrates Northville, the same carelessness I despise," Ms. Meister wrote in the essay, which she submitted to the University of California, Berkeley.

Like many former admissions officers, Mr. Johnson has strong memories of seeing piles of essays about what he described as "designer service projects," where teenagers do volunteer work outside the United States, at their parents' expense, and then return home and appreciate their privilege all the more. "She stayed close to home and came to a similar realization about herself and the world that she comes from," he said. "I thought it was striking that she would talk about that."

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Her bold approach to the college application process generally seems to have worked out pretty well. Ms. Meister will attend Stanford in the fall. “I aspire,” she concluded in her essay for Berkeley, “to prepare myself by being more thoughtful, informed and, most of all, careful.”

[http://www.nytimes.com/2016/05/14/your-money/in-college-essays-about-money-echoes-of-parents-attitudes.html?ref=todayspaper&\\_r=0](http://www.nytimes.com/2016/05/14/your-money/in-college-essays-about-money-echoes-of-parents-attitudes.html?ref=todayspaper&_r=0)