



Lesson 12: Halls of Knowledge

TOPIC: Financing College

OVERVIEW:

With college a looming expense for many young people, researching colleges and how to finance an education enables students to fully assess their choices. This lesson explores different ways to finance a college education, from building savings to student **financial aid** and **loans**. **Financial aid** is any grant or scholarship, loan, or paid employment offered to help a **student** meet his/her college expenses. Such **aid** is usually provided by various sources such as federal and state agencies, colleges, high schools, foundations, and businesses. This lesson emphasizes research to build knowledge, as students employ strategies of weighing costs, benefits, and options to make prudent personal choices regarding higher education.

OBJECTIVES:

1. Research and compare different college financial aid choices.
2. Discuss the earning potential of a degree in relationship to its cost.
3. Identify the costs of college.
4. Understand student loan management.

INDIVIDUAL HANDOUTS:

- Postsecondary Planning Prep*
- Federal Student Aid Options*
- Comparing Choices*
- College ROI* (Return on Investment)

TEACHER PRESENTATION SLIDES:

- What Is Your Skill and Will?
- Cost of College
- The Financial Aid Process (6)

ESSENTIAL QUESTIONS:

- How much does college cost?
- How can I pay for college?
- What types of financial aid are available and how do I learn more about them?

ASSESSMENT ACTIVITIES:

Pre-Assessment:

- **Handout:** Postsecondary Planning Prep

- **Activity:** College Tips

- **Handout:** Comparing Choices
- **Handout:** College ROI

Post-Assessment:

*Money Smart Portfolio Handouts

Time: 80 min

Subject Connections:

- English Language Arts
- Math

Supplies:

- Sticky notes and poster board (optional)
- Projector (for teacher presentation slides)
- Access to the internet (optional)

Preparation:

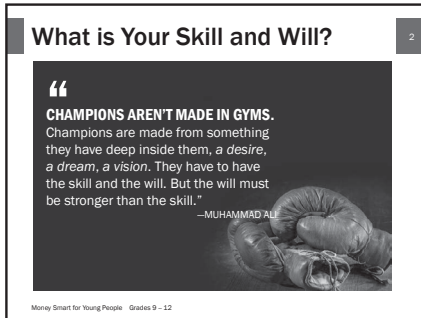
- Make copies of student handout
- Set up projector with presentation slides

Glossary with key vocabulary 11

Instruction Steps

WARM UP College Planning Prep

15 MINUTES



Open the lesson by sharing the ***What Is Your Skill and Will?*** slide. Ask students what the famous quote from Muhammad Ali means to them. *What is the “skill” and “will” he refers to?*

Engage students in thinking about their own “wills” for their future.

- *What do they want to accomplish?*
- *What type of career do they see for themselves?*

Next, ask students to contemplate the “skills” needed to meet their goals. *What type of training and education goes into achieving your vision?* Guide the discussion to explain that going to college is one way to build your skills to achieve your goals.

MONEY SMART TIP!

Refer back to Lesson 1, ***Working Hard for the Money***, and have students review the career options they researched.

Help students understand that, whereas pursuing a college degree can be both time-consuming and expensive, college graduates usually see a **return on their investment (ROI)** and benefit from long-term payoffs (for example: more career options, better promotion opportunities, higher earnings, and lower unemployment on average).

Explain that continuing education beyond high school is a large investment that takes a lot of planning and research. Whether they are interested in going to a college or university, community college, trade, career, or technical school, or entering the workforce, tell students that it is never too late to think about how to pay for expenses.

Next, distribute the ***Postsecondary Planning Prep*** handout.

Explain that postsecondary education takes place beyond high school and does not have to include a four-year college degree. For instance, postsecondary education also includes vocational training and apprenticeships.

Working in small groups, assign students one type of postsecondary education choice (e.g., vocational, two-year college, four-year college or university, apprenticeship, etc.). Have students conduct research and become “experts” on the topic, recording their findings on the ***Postsecondary Planning Prep*** handout.

Then invite each group to serve as a panel for other students to ask questions.

After each panel presents and answers questions, have students reflect on how their research applies to their personal education paths.

Ask:

- *How can you chart your personal path based on the information you learned?*
- *What career interests do you have, and which postsecondary option will help you get there?*

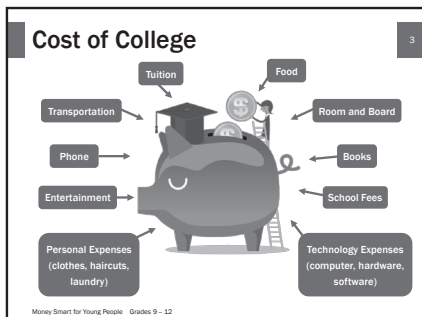
Lead the discussion by showcasing that there are many different elements to consider when planning for what to do after high school, including how skills and abilities direct career choices, the jobs available within postsecondary education and training options, and the outlook of future employment within a career sector. Postsecondary planning includes a variety of components that all need to be considered equally.

MONEY SMART TIP!

Transform student research from the *Postsecondary Planning Prep* handout into a comprehensive resource for ongoing reference by combining student findings into a shared spreadsheet. For example, teachers can use Google Sheets to collect all of the web resources students discover through the completion of the handout.

GUIDED EXPLORATION
Cost of College

35 MINUTES



Display the *Cost of College* slide and review the different expenses that are part of preparing a budget for college. Ask students why they think it's important to consider costs beyond just tuition and have them explain why they think it is important to budget living expenses as part of a college prep plan. Explain that, if you are moving out on your own for the first time, expenses may be much different than what you are used to. Likewise, attending college may also bring new expenses into the budget by way of books and technology needed to perform schoolwork.

Grade-Level Modifications:

Beginner: Review the principles of budgeting from Lesson 3, *Can You Pay Your Bills?*, and have students reiterate the basic building blocks of a budget.

Advanced: Challenge students to create a projected budget for each of the expenses included on the *Cost of College* slide.

The Financial Aid Process

PREPARATION
Scholarships and state aid can help cover the cost of college or career school, but you may find yourself in need of federal assistance.

Many states have college funding programs. Ask a guidance counselor or your college financial aid office for more information.

It's time to apply for financial aid.

Begin saving early.

Look for scholarships through your state or college as well as national and community organizations.

Source: <https://www.studentaid.ed.gov/sites/default/files/financial-aid-process.png>
Money Smart for Young People Grades 9–12

Next, ask students how they think it is possible to pay for college expenses. In addition to saving and working to pay for education, explain that financial aid can also help offset the costs of college. Display the (6) **Financial Aid Process** slides (www.studentaid.ed.gov/sites/default/files/financial-aid-process.png).

The Financial Aid Process (CONTINUED)

FAFSA
The FAFSA is the Free Application for Federal Student Aid and is the only way to apply for federal student aid. The school uses it to determine your financial need and determine how much federal aid you are eligible to receive. Many states and colleges also use information from your FAFSA to provide their own financial aid.

Each January, the FAFSA is available for the upcoming school year. It is best to fill it out as early as you can because some aid is first come, first served.

When you complete the FAFSA, you'll need to provide personal and tax information. If you find your taxes already filed, you may be able to electronically attach the information from the IRS. If you haven't yet prepared your tax information and cannot file.

Complete the FAFSA online at fafsa.gov. Make sure to fill out and submit the FAFSA each year you are in college.

After you submit your FAFSA, you'll receive your Student Aid Report (SAR). You can examine the information in your FAFSA, Review and make corrections, if needed.

Your FAFSA helps your school determine the types of federal student aid you are eligible to receive.

Source: <https://www.studentaid.ed.gov/sites/default/files/financial-aid-process.png>
Money Smart for Young People Grades 9–12

Review each of the steps with students and discuss the differences between **scholarships, grants, and loans**.

- **Scholarships:** money for college that you will not be expected to repay. Scholarships may be need-based or merit-based. Merit-based aid is given by universities to students who do exceptionally well on standardized tests and who have high grade point averages. This type of award is usually given by public schools. Many private schools, and the federal government, give need-based aid, which means they consider how much money a family has when determining a student's scholarship. It is important to check each school's financial aid office to see what type of aid is offered.

The Financial Aid Process (CONTINUED)

TYPES OF FEDERAL STUDENT AID
As the largest provider of financial aid, the U.S. Department of Education's office of Federal Student Aid provides grants, loans, and work-study funds.

Grants are free money that do not have to be repaid.

Student loans are real loans that if a car or home loan that need to be repaid with interest.

A work-study job gives you the opportunity to earn money to help pay your educational expenses.

Source: <https://www.studentaid.ed.gov/sites/default/files/financial-aid-process.png>
Money Smart for Young People Grades 9–12

- **Grants:** money for college that you are not expected to repay. Often awarded based on need.
- **Loans:** money borrowed that must be repaid with interest.
- **Work-Study Programs:** money earned for college by working part-time to help pay for educational expenses.

MONEY SMART TIP!
Expand the discussion of loans to include repayment information. Have students contemplate the terms of loans and ramifications of making late payments or missing payments altogether. Connect back to Lesson 7, *Capacity, Character, Collateral, and Capital*, to reiterate the impact loans can have on credit.

The Financial Aid Process (CONTINUED)

AWARD
Your award letter explains the combination of federal grants, loans, and work-study a college is offering you. The offer might also contain state and institutional aid. If you receive award letters from multiple colleges or career schools, you should compare them and decide which school works best for you.

Source: <https://www.studentaid.ed.gov/sites/default/files/financial-aid-process.png>
Money Smart for Young People Grades 9–12

Engage students in a discussion next about the **Free Application for Federal Student Aid (FAFSA)**, which is an application for federal student financial aid such as Pell grants, student loans, and college work-study programs.

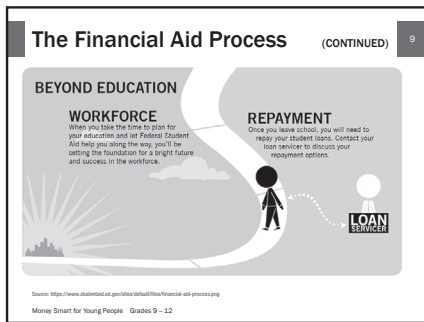
The Financial Aid Process (CONTINUED)

COLLEGE
Every year, millions of new students attend college or career school for the first time. Your college or career school has a financial aid office to help guide you along the way.

Source: <https://www.studentaid.ed.gov/sites/default/files/financial-aid-process.png>
Money Smart for Young People Grades 9–12

Explain that filling it out is the first step in order to apply for federal student aid. Help students understand that many states and schools also use FAFSA information to award their financial aid.

Distribute the **Federal Student Aid Options** handout and divide the class into small groups. Assign each group a different financial aid item to research and then have groups present their findings to the class.



MONEY SMART TIP!

Show students the FAFSA form and how to fill it out. Explain how the Expected Family Contribution (EFC) works in the context of FAFSA and how parent and student income and savings are used to calculate EFC. For example, when a student fills out financial aid documentation, his or her net cost (or total cost to attend a particular school) will be determined by the school and government. based on savings and income data. Encourage students to share this information with their parents and to complete one if they haven't done so already. <https://fafsa.gov/>

FAFSA is now mobile

Students and parents can complete the FAFSA form using the myStudentAid app. Download the myStudentAid app in the Apple App Store(iOS) or Google Play (Android).

INDEPENDENT EXPLORATION
Comparing Choices

25 MINUTES

Note: These activities are more independent than the Guided Exploration activities and may be used as homework assignments, collaborative group work, or independent study.

Distribute the **Comparing Choices** handout and have students work individually or in small groups to research and record the different costs associated with the three colleges in the sample scenario.

Next, encourage students to research and compare three colleges of their own choice (or use three colleges or universities in your area).

MONEY SMART TIP!

The **Comparing Choices** handout works well as a homework assignment to offer students additional time to research and reflect on their college choices. Additionally, share with your students the resources on understanding loans and grants, as well as comparing financial aid packages from multiple institutions (https://collegecost.ed.gov/shopping_sheet.pdf). Additionally, discuss with your students the seriousness of making student loan decisions and inform them that even in a bankruptcy, student loans are not automatically discharged.

Invite volunteers to share the expenses they researched, and reiterate the importance of looking at college costs not just from a tuition point of view, but also to include other expenses such as books, transportation, housing, and food.

Next, explain that comparing costs is important in making a college decision, but so is considering the ROI (return on investment). If you spend a certain amount of money to attend college, how much money will you be able to earn in your lifetime as a result of the money spent? Invite volunteers to share their thoughts and then distribute the **College ROI** handout.

WRAP UP

Take-Home Pay

5 MINUTES

Close the lesson by asking students to write down one tip on a sticky note or piece of paper about how to prepare for college costs. Have students give you their sticky notes as a ticket out of class and then compile them on a poster board or classroom wall to create a comprehensive college planning resource.

Extended Exploration

Note: Use the following ideas to extend financial literacy concepts throughout the school year within core content areas through English Language Arts, Math, Social Studies and Economics, and Technology activities, projects, and discussions. Duration of activities will vary.

ENGLISH LANGUAGE ARTS

Writing Prompts:

Do student loans help or hurt the U.S. economy? Choose a position and support your argument.

What is your opinion of for-profit schools? Do you agree or disagree with a profit-driven model for offering a college education? Explain your reasoning.

Suggested Readings:

What's Holding You Back? student profiles with videos, by the College Board: Read about and watch videos (approximately 1 minute each) of real college students and their experiences on the path to college.

<https://bigfuture.collegeboard.org/get-started/student-profile>

In 18 Years, A College Degree Could Cost About \$500,000? Read and investigate the future of college costs.

www.cnbc.com/2017/03/17/in-18-years-a-college-degree-could-cost-about-500000.html

MATHEMATICS

Activity/Project Ideas:

Have students calculate and analyze the impact of inflation on higher-education costs. How much will college cost five years from now? Ten years? Fifty years?

SOCIAL STUDIES AND ECONOMICS

Discussion Topics:

Explore the connection between education and earnings. Ask students: If you go to college does that guarantee economic success? Why or why not?

Discuss different positions on what role the government should play in supporting higher education, such as levels of federal financial aid, interest rates on federal loans, and for-profit institution regulations.

TECHNOLOGY

Online Resources:

Strive for College: A web resource that helps empower first-generation college students. <https://imfirst.org>

College Savings Calculator: An online calculator that calculates how much to save for college. www.360financialliteracy.org/Calculators

The College Board: A web resource that helps students reach success and opportunity through college. Resources include college planning, college searches, and preparing for college entrance exams. www.collegeboard.org/

Federal Student Aid: a comprehensive resource on federal financial aid for college, including preparing for college, qualifying for aid, and applying for and managing loans. www.studentaid.ed.gov/

*The Financial Aid Toolkit :*provides federal student aid information and outreach tools for counselors, college access professionals, nonprofit mentors, and other advisors.

<https://financialaidtoolkit.ed.gov/tk/>

College Scorecard: by the US Department of Education: Make informed decisions by reviewing college affordability and assessing personal factors such as location, size, and programs offered.

<https://collegescorecard.ed.gov>.

Compare and Pay for College: A web resource housing information on comparing colleges, obtaining financial aid, and searching for scholarships.

www.nerdwallet.com/nerdscholar/compare-colleges-and-pay

Paying for College: by the Bureau of Consumer Financial Protection: An online tool to help consumers make informed financial decisions about how to pay for college by comparing financial aid offers and understanding loan repayment options.

www.consumerfinance.gov/paying-for-college/

Activity/Project Ideas:

Have students use spreadsheet software to create a college budget. Students may start with a template at <https://templates.office.com/en-us/My-college-budget-TM02347374>

Classroom activities from the Consumer Financial Protection Bureau (CFPB)

The CFPB has developed a set of classroom activities to help teachers develop and support the building blocks of financial capability in their students. Each activity is designed to be completed within a single class period and includes a teacher guide and supporting student material. Some specific activities that are relevant to this lesson include:

- | | |
|--|---|
| Exploring community colleges | Students learn about the benefits of community college and consider whether attending community college could be a good option to help them prepare for the future. www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/exploring-community-colleges/ |
| Choosing a student loan that's right for you | Students use a graphic organizer to compare and contrast federal and private student loans to help them find the one best suited for their needs. Students play a game to explore how tax revenues pay for various events and services they encounter in daily life. www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/investigating-taxes-your-life/ |
| Communicating ways to pay for higher education | Students use the Internet to explore ways to pay for their higher education and record their findings in an informational brochure. www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/communicating-pay-higher-education |
| Composing songs and verse about paying for college | Students write a song, a rap, or a poem that captures some key strategies people use to pay for college. www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/composing-songs-verse-paying-college |

Learning how FAFSA works

Students learn about how the Free Application for Federal Student Aid (FAFSA) works by completing a simulation activity. www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/learning-how-fafsa-works

Using a student loan calculator

Students use a student loan calculator to calculate monthly loan payments and how much they can save on interest by paying a little extra each month. www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/using-student-loan-calculator

Answer Key

Student Handout 1:

Postsecondary Planning Prep

Answers will vary. Use handout to assess student ability to articulate research for each section based on one postsecondary option.

Student Handout 2:

Federal Student Aid Options

Pell Grant:

How does it work?

A Federal Pell Grant, unlike a loan, does not have to be repaid. Federal Pell Grants usually are awarded only to undergraduate students who have not earned a bachelor's or a professional degree.

How much money is it for?

Amounts can change yearly. The maximum Pell Grant award is \$6,095 for the 2018–19 award year (July 1, 2018, to June 30, 2019). The amount you get, though, will depend on your financial need, your cost of attendance, your status as a full-time or part-time student, and your plans to attend school for a full academic year or less. You may not receive Pell Grant funds from more than one school at a time.

Who is eligible to receive it?

Undergraduate students; in some cases, however, a student enrolled in a post- baccalaureate teacher certification program might receive a Pell Grant. You are not eligible to receive a Federal Pell Grant if you are incarcerated in a federal or state penal institution or are subject to an involuntary civil commitment upon completion of a period of incarceration for a forcible or nonforcible sexual offense. Where can we learn more about it? <https://studentaid.gov/understand-aid/types/grants/pell>

Direct Loan:

How does it work? Direct Loans are low-interest loans for students and parents to help pay for the cost of a student's education after high school. The lender is the U.S. Department of Education (the Department), though most of the contact will be with your loan servicer.

How much may be borrowed?

The maximum amount you can borrow each year in Direct Subsidized and Unsubsidized Loans depends on your grade level and on whether you are a dependent student or an independent student.

What are the terms of the loan?

The interest rate varies depending on the loan type and (for most types of federal student loans) the first disbursement date of the loan.

Current rates can be found at: <https://studentaid.ed.gov/sa/types/loans/interest-rates#rates>.

Who is eligible to receive it?

Available to undergraduate and graduate students. Where can we learn more about it? <https://studentaid.ed.gov/sa/eligibility>

College Work-Study Programs:

How does it work?

Provides funds for part-time employment to help needy students finance the costs of postsecondary education.

How much do you earn?

Hourly wages are at least the federal minimum wage.

What kinds of jobs are available?

Community service jobs, including: reading tutors for preschool-age or elementary school children; mathematics tutors for students enrolled in elementary school through 9th grade; literacy tutors in a family literacy project performing family literacy activities; or emergency preparedness and response.

Who is eligible for this program?

Available to undergraduate, vocational, and graduate students enrolled or accepted for enrollment at participating schools.

Where can we learn more about it?

www2.ed.gov/programs/fws/index.html

Student Handout 3:***Comparing Choices***

| | University of Michigan | Indiana State University | Butler University |
|----------------------|---|--|---|
| Location | Ann Arbor, MI | Terre Haute, IN | Indianapolis, IN |
| Type | Public | Public | Private Nonprofit |
| Number of Students | 29,821 | 11,591 | 4,229 |
| Admissions | Very Selective | Less Selective | Somewhat Selective |
| Tuition Costs | In-state: \$15,262; Out-of-state: \$49,350 | In-state: \$9,090; Out-of-state: \$19,836 | In-state: \$41,120; Out-of-state: \$41,120 |
| Room and Board Costs | \$11,534 | \$10,590 | \$13,830 |

1. Which university will be the most expensive for Mariel to attend?
Why do you think this is?
University of Michigan, because Mariel will pay much more for out-of-state tuition.
2. If you were Mariel, which school would you pick, and why?
Answers will vary.
3. Based on your research, which college do you think you would like to attend, and why?
Answers will vary. Use handout to assess student ability to compare data and make an informed choice.
4. What other factors go into deciding which college to attend?
Answers will vary, but encourage students to think about other benefits and drawbacks of different college choices, such as location and size, marketability to employers, and internship opportunities.

Student Handout 4:***College ROI (Return on Investment).***

Answers will vary. Use handout to assess student ability to compare data and make an informed choice.



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POSTSECONDARY PLANNING PREP

Name: _____

Directions: Choose one postsecondary option (e.g., vocational, two-year college, four-year college or university, apprenticeship) to research and become an expert on. Record your research in the table below and be prepared to present your findings to the class.

Helpful websites to guide you in research include the following:

www.careeronestop.org
www.bls.gov/ooh/
www.apprenticeship.gov

Research Questions

Postsecondary Option:

Overview

- Provide a brief definition of the postsecondary option.
- Why does this option interest you?
- Why do people choose this option?

Education and Training

- What qualifications, skills, and abilities are needed to pursue this postsecondary option?
- What does the education or training look like (e.g., traditional classroom, on-the-job training, etc.)?
- How long is the education or training and what type of credentials are earned (e.g., certification, academic degree)?

Careers

- What career opportunities are available as a result of this postsecondary choice? Describe at least three career options.
- What does a typical workday look like for the three careers you researched?
- What are the average salaries available for the careers?
- What is the employment outlook for the careers (e.g., how many people are employed in the sector, is the career expected to grow, etc.)?

Learn More

What resources provide more information about the postsecondary option? Include at least three relevant websites beyond those provided on this handout where people can learn more about how to pursue the postsecondary option.



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FEDERAL STUDENT AID OPTIONS

Name: _____

Directions: Working with your group, research the student aid option assigned by your teacher and record your findings in the chart below. Be prepared to present your research to the class and explain where we can find more information about your assigned aid.

PELL GRANT

- How does it work?
- How much money is it for?
- Who is eligible to receive it?
- Where can we learn more about it?

DIRECT LOAN (SUBSIDIZED AND UNSUBSIDIZED)

- How does it work?
- How much may be borrowed?
- What are the terms of the loan?
- Who is eligible to receive it?
- Where can we learn more about it?

COLLEGE WORK-STUDY PROGRAMS

- How do they work?
- How much do you earn?
- What kinds of jobs are available?
- Who is eligible for these programs?
- Where can we learn more about them?



Lesson 12: Halls of Knowledge

COMPARING CHOICES

Name: _____

Meet Mariel

Mariel is 18 years old and from Indiana. She is heading to college soon and can't wait for dorm life! She loves meeting new people. She plans on majoring in biology and hopes to earn her bachelor's degree.

The Problem?

While Mariel is so excited to start college, she is really torn on which college to attend. She has been accepted to University of Michigan, Indiana State University, and Butler University. To help her make a decision, research the costs associated with each category in the chart below and compare and contrast her three choices.

Research Tip

Use a comparing college costs tool at <https://bigfuture.collegeboard.org/compare-colleges>.

| | University of Michigan | Indiana State University | Butler University |
|----------------------|------------------------|--------------------------|-------------------|
| Location | | | |
| Type | | | |
| Number of Students | | | |
| Admissions | | | |
| Tuition Costs | \$ | \$ | \$ |
| Room and Board Costs | \$ | \$ | \$ |

Which university will be the most expensive for Mariel to attend?

Why do you think this is?

If you were Mariel, which school would you pick, and why?

What other factors go into deciding which college to attend?



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COMPARING CHOICES *(continued)*

Your Turn!

Now that you have helped Mariel research her college choices, pick three new colleges of your own to research, and complete the chart below. Remember to consider in-state versus out-of-state tuition costs and the cost of living in one geographical area versus another.

Use a comparing college costs tool at <https://bigfuture.collegeboard.org/compare-colleges>.

| | 1: | 2: | 3: |
|----------------------|----|----|----|
| Location | | | |
| Type | | | |
| Number of Students | | | |
| Admissions | | | |
| Tuition Costs | \$ | \$ | \$ |
| Room and Board Costs | \$ | \$ | \$ |

Which college was the most expensive?

Which was the least expensive?

Based on your research, which college do you think you would like to attend, and why?



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COLLEGE ROI (RETURN ON INVESTMENT)

Name: _____

Directions: Deciding on a college involves a number of factors, including location, cost, and academic programs. Learn more about how to measure your potential return on investment by following the steps below.

STEP 1: Write down the names of three colleges or universities that you are interested in attending.

1.

2.

3.

STEP 2: Write down three different majors you are interested in pursuing.

1.

2.

3.

STEP 3: Using the college names and majors you wrote above, visit the College ROI Report at www.payscale.com/college-roi/. Review your 20-year net ROI for each academic area and school and then answer the following questions.

Which major and degree had the greatest ROI?

Which had the lowest?

What was surprising to you about the different ROIs?

What did you learn that you didn't know before?