

Paying for College

SUBMITTED BY: WGYP Summer 2011 Instructor

SUBJECT(S): Personal Finance

GRADE LEVEL(S): 9, 10, 11, 12

≡ OVERVIEW:

In this lesson, students will explore different ways to pay for college tuition and fees. They will learn about federal grants and loans, private loans and the 529 education savings plan. By exposing students to the various options they have, the lesson will help students feel more empowered about where they can go for education and how to pay for it.

≡ NBEA STANDARD(S):

- Personal Finance, VII. Using Credit

≡ RELATED ARTICLES:

- [“Would You Bypass College for Real-world Learning?”](#)
- [“Paying for College: Why the Money Issue Is a ‘Big, Big Deal’”](#)
- [“Is It Time to Take a Second Look at Community College?”](#)
- [“FAFSA Survival Strategies”](#)
- [“Educator Toolkit: Paying for College”](#)
- [“College Decisions Sometimes Require Sacrifice”](#)
- [“Anthony David Williams Was President of His College Freshman Class — Why Did He Transfer?”](#)
- [“A Recent High School Grad Reflects on the Clamor Over College Admissions”](#)
- [“A Massive College Admissions Cheating Scandal Gets People Talking”](#)
- [“3 Financial Priorities to Get You Ready for College”](#)

- “10 Truths about Student Loan Debt”

Common Core Standard(s):

- Reading Informational Text–RI.9-10.1.; RI.9-10.2.
- Speaking and Listening–SL.9-10.1.

Purposes:

- They will learn about federal grants and loans, private loans and the 529 education savings plan.
- They will understand how debt can accumulate and explore other options to help pay for college, i.e. work-study positions, campus jobs.
- They will develop their comprehension and critical thinking skills in this lesson.

Other Resources/Materials:

- For students: [Worksheet 1 “Federal and Private Loans”](#) taken from Investopedia.com
- For teachers: [Article about Choosing The Right 529 Education Savings Plan](#) from Investopedia.

Activity:*1. Introduction (5 mins)*

Write: \$76,970.85 on the board.

Tell the students this is the total estimated cost for four years of college at a public university as an out-of-state student in 2008-2009. Costs at private institutions are much higher. So how do you pay for this?

- Tell students first you have to decide where do you want to go to school and why.
- Then think about the options that exist for this kind of education. Is it something that’s only done at a few universities or is it possible to go to a community college for a few years and then transfer.

- Introduce the importance of thinking about the cost of college prior to deciding on a school.

[In the previous lesson of this unit, students considered the stages of consumer behavior with respect to college. In this lesson, they will take the process one step further and think about how to pay for college and have a plan in mind for how to do this.]

2. *Setting up the Conversation (10 mins)*

Go through the following bullets to get them thinking about college types and associated costs. They can think about different kinds of colleges and how each may have a different cost based on where you live while you go there, can you work while you are in school, how much would living expenses cost (think about moving to a new city or living closer to home), etc.

- Public colleges versus private colleges.
 - What's the difference? Why does one usually cost more?
 - Ask them what does in-state mean versus out-of-state for public schools?
- Research Universities versus Liberal Arts Colleges versus Community Colleges
 - How do costs vary between these?
 - Think about where you would live if you chose one of these.
 - Usually people choose community colleges also live at home. How does this reduce costs compared to choosing a liberal arts college, where many students are expected to live on campus.
 - Also many community colleges cater to working adults so you can take classes at night and not have to take on too many loans.
 - What are the subjective attributes of each? How does that affect the rationalizations people give for why some options cost more than others.
- Consider Vocational Education [culinary arts; firefighting; dental hygiene; paralegal]
 - It's usually a shorter degree and thus you are earning earlier.
- Other variables to consider. Is your priority to go to one of these?
 - Arts Colleges
 - Single-sex colleges
 - Religiously affiliated colleges
 - Historically Black Colleges and Universities (HBCUs)
 - Hispanic-Serving Institutions

3. Guided Reading Activity (10 mins)

Before students read Worksheet 1 on Federal and Private Loans, tell students about the FAFSA (Federal Application for Student Aid) and how the government decides based on the family's income status what kinds of aid the student is eligible for. Sometimes, the government awards grants (that don't have to be paid back) and other times they award special loan offers. This worksheet will help them understand the federal loan programs. Ask them to read quietly to themselves.

4. Small Group Work (10 mins)

Once they are done reading, in groups of 3-4, ask students to write answers to the following questions on a sheet of paper. The teacher can write the questions on the board:

1. What are the three types of Federal Loans? Give a one-sentence description of each.
2. What is the difference between a Stafford Direct Loan and a Stafford FFEL loan?
3. Why is it a con that Private Loans have a higher interest rate than Public Loans?
4. What does it mean to have a six-month grace period?
5. What does loan deferment mean?

5. Class Discussion (5 min)

Go over each question as a class and have students give the answers.

6. Closing Discussion (5 mins)

Return to the topic brought up earlier about the kinds of colleges one can attend for post-secondary education. Explain to students that the federal loans and private loans are there to help students get an education, but they should not be taken lightly. Eventually we all have to repay our loans.

Ask students to brainstorm other ways of paying for college based on the kind of school she/he attends. Examples:

- If you go to a community college, you can work during the day and take classes at night.
- At liberal arts colleges or universities, you can work as an RA on campus and get free room and board in exchange for services.

- Students can have their own entrepreneurial venture going while they are in school to help with costs.
- Parents could set up an Education 529 Savings account for their children.
- Many graduate programs offer some kind of TAsip or GAsip to get tuition and a stipend.

Tying It All together:

In this lesson, students think about the process of paying for a college degree. They are introduced to various options and what they should be thinking about in preparation for making decisions about college loans.

☺