

Life After High School: Navigating education, career and debt

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Introduction

Today's 17-year old high school student faces life-changing decisions. One of the first is whether to pursue a college degree or some other credential after graduating high school. Twenty years ago this was also an important decision, but today it carries more urgency and complexity.

The cost of college has risen dramatically over the last twenty years¹, and fewer students or their parents have saved for the total cost. Average student debt at graduation in 2020 ranged from \$18,000 in Utah to \$39,000 in Pennsylvania.² In Virginia, 56% of graduates had student loans averaging \$30,574. Though increases in student indebtedness took a welcome pause in 2019, the dislocations caused by the coronavirus pandemic in 2020 has students playing catch-up with their educations and careers. For many graduates, their income after graduation is insufficient to enable them to easily repay their loans. Even worse, too many students drop out before graduation—leaving them with the debt, but not the diploma which offers greater earning power.

Every choice has a cost, however, and the cost of *not* going to college or pursuing another credential is also very high. The average college graduate earns \$1.19 million over the course of his or her career—almost double that of someone with only a high school diploma.³ If a person invests even a fraction of that earnings-difference, the power of compounding interest over time can grow the investment substantially. On average, those with a degree or some other relevant credential beyond high school are also less likely to be unemployed.⁴

Students are often unaware that college isn't the only avenue for education beyond a high school diploma. There are multiple pathways that offer a strong earnings potential, each with varying degrees of cost (e.g. industry credentials, military service, employer-provided programs.)

Finally, when the young decision-maker enters the working world, there are still many decisions to make in order to survive and thrive in our dynamic global economy. Young workers require an understanding of personal finance and economics that life just doesn't provide—but which our schools can, if they are equipped to do so. With education and a solid decision-making framework, students will be better prepared to make prudent choices about education, training, and career. They will better understand the implications of their decisions, be more prepared for the working world, and be more financially responsible.

Teachers can equip their students with these decision-making tools. This is a packet of resources that has been curated to address exactly these issues. In these lessons and activities, students are asked to reflect on their goals, research relevant information to assist them in pursuing these goals, and use decision-making models to become better decision-makers.

This is not intended as a curriculum to be taught straight through, but a flexible bank of teaching resources organized around important topics, with questions and important take-aways clearly marked to guide teachers in instruction. The resources include descriptions so that teachers can easily pick the activities that would be most useful. Most are freely available online, though some (e.g. those in Virtual Economics) must be obtained through a VCEE institute or workshop or purchased online from the Council for Economic Education. We hope and expect this will be a powerful tool for giving students the knowledge and skills they need to navigate their next stage in life. The challenges are great, but their potential is greater.

- 1) [College Board- Trends in Higher Education](https://trends.collegeboard.org/college-pricing/figures-tables/tuition-fees-room-and-board-over-time#Key%20Points). "Between 2008-09 and 2018-19, average published tuition and fee prices rose by \$930 (in 2018 dollars) at public two-year colleges, by \$2,670 at public four-year institutions, and by \$7,390 at private nonprofit four-year colleges and universities.". But the increases in net prices that students actually pay have been smaller. <https://trends.collegeboard.org/college-pricing/figures-tables/tuition-fees-room-and-board-over-time#Key%20Points>
- 2) [The Project on Student Debt](http://www.usnews.com/education/best-colleges/paying-for-college/slideshows/10-student-loan-facts-college-grads-need-to-know), an initiative of [The Institute for College Access & Success](http://www.usnews.com/education/best-colleges/paying-for-college/slideshows/10-student-loan-facts-college-grads-need-to-know). See <http://ticas.org/posd/map-state-data> See also, [US News, May 9, 2016](http://www.usnews.com/education/best-colleges/paying-for-college/slideshows/10-student-loan-facts-college-grads-need-to-know). <http://www.usnews.com/education/best-colleges/paying-for-college/slideshows/10-student-loan-facts-college-grads-need-to-know>.
- 3) [Hamilton Project](http://www.hamiltonproject.org/papers/major_decisions_what_graduates_earn_over_their_lifetimes/), Sept. 29, 2014. http://www.hamiltonproject.org/papers/major_decisions_what_graduates_earn_over_their_lifetimes/
- 4) [Bureau of Labor Statistics](http://www.bls.gov/emp/ep_chart_001.htm) http://www.bls.gov/emp/ep_chart_001.htm

Topic 1

Economic Decision-making: Setting Goals and Making Choices

Questions Addressed

- “What long and short-term goals do I have?”
- “What am I willing to give up in order to meet my goals?”
- “How can I make better choices?”
- “How can I deal with my problems one at a time?”

What Students Will Learn

- Choosing one thing involves giving up something else (opportunity cost)
- It is important to weigh the costs and benefits of your choices before making a decision
- Positive and negative incentives influence your choices
- Incentives are not the same for everyone

Resources for Grades 6–8	Description / Objective
<p><u>Choices and Changes in Life, School and Work: Grades 7–8, Lesson 6: <i>Choices Have Benefits and Costs</i></u> (Council for Economic Education)</p> <p>Resource Type: Lesson Location: Virtual Economics</p>	<p>In a simulation, “What’s in the Box?”, students examine the benefits and costs of alternative choices.</p>
<p><u>Choices and Changes in Life, School and Work: Grades 7–8, Lesson 7: <i>My Choices Are Based on My Preferences</i></u> (Council for Economic Education)</p> <p>Resource Type: Lesson Location: Virtual Economics</p>	<p>Participating in a forced-choice scarcity activity, students learn that choices are based on preferences.</p>
<p><u>Financial Fitness for Life: Grades 6–8, Lesson 2, <i>Making Decisions</i></u> (Council for Economic Education)</p> <p>Resource Type: Lesson Location: Virtual Economics</p>	<p>Students are introduced to two principles of a process of reasoning called the “Economic Way of Thinking:” people must make choices and every choice involves a cost. Through activities, students practice using the PACED decision-making process.</p>
<p><u>Financial Fitness for Life: Grades 6–8, Lesson 3: <i>The Economic Way of Thinking</i></u> (Council for Economic Education)</p> <p>Resource Type: Lesson Location: Virtual Economics</p>	<p>Students are introduced to two principles of the “Economic Way of Thinking”: people’s choices have consequences and people respond to incentives in predictable ways.</p>
<p><u>Securities Industry and Financial Markets Association (SIFMA) Foundation, <i>Crowing About College</i></u> (SIFMA)</p> <p>Resource Type: Article Location: http://www.projectinvested.com/Markets-In-Action/Crowing-About-College/</p>	<p>This article addresses how to tackle a problem little-by-little and apply this to any financial goal, such as having enough money to pay for college or a trade school.</p>

Topic 1

Economic Decision-making: Setting Goals and Making Choices *(Continued)*

Resources for Grades 9–12	Description / Objective
<p><u>Choices and Changes in Life, School and Work: Grades 9–10, Lesson 1: <i>Making Choices</i></u> (Council for Economic Education)</p> <p>Resource Type: Lesson Location: Virtual Economics</p>	<p>This lesson Introduces students to the nature of choice-making by confronting thorny problems individually and in groups.</p>
<p><u>Choices and Changes in Life, School and Work: Grades 9–10, Lesson 2: <i>Choosing Among Alternatives</i></u> (Council for Economic Education)</p> <p>Resource Type: Lesson Location: Virtual Economics</p>	<p>This lesson defines benefits and costs. Students use cost/benefit analysis to arrive at a group decision.</p> <p>(Please note the wording in this activity. Consider how to address students’ privacy issues when assigning this journal exercise.)</p>
<p><u>Financial Fitness for Life: Grades 9–12, Lesson 2: <i>The Economic Way of Thinking</i></u> (Council for Economic Education)</p> <p>Resource Type: Lesson Location: Virtual Economics</p>	<p>This lesson introduces a process of reasoning, that is often referred to as the economic way of thinking, summarized in a six-point primer. Using this primer, students analyze two situations.</p>
<p><u>EconEdLink, <i>College: Where Am I Going to Go?</i></u> (Council for Economic Education)</p> <p>Resource Type: Lesson Location: https://www.econedlink.org/lesson/463/College-where-am-i-going-to-go</p>	<p>This lesson shows students how to use the PACED decision-making model to decide what college to go to. The PACED model is a valuable tool for making many decisions. The lesson can be modified to ask students to consider a broaden or more narrow decision they face in determining their plans after high school.</p>
<p><u>Apprenticeship Finder, <i>Apprenticeship.gov</i></u>. https://www.apprenticeship.gov/apprenticeship-finder</p>	<p>This national database of open apprenticeships can be used to either teach students about what apprenticeships are like, or to actually connect graduating students with one.</p>
<p><u>Certificate programs, <i>Virginia community colleges</i></u>.</p> <ul style="list-style-type: none"> • J. Sergeant Reynolds. http://www.reynolds.edu/onlinecatalog/current/academic-programs/index.aspx#tab-3 • John Tyler Community College. https://catalog.jtcc.edu/content.php?catoid=4&navoid=281 • Northern Virginia Community College. https://admissions.nvcc.edu/programs • Tidewater Community College. https://www.tcc.edu/programs/ • Virginia Highlands Community College. https://www.vhcc.edu/current-students/academic-resources/catalog-and-student-handbook/programs-of-study • Blue Ridge Community College. https://www.brcc.edu/academics/programs/ 	<p>These easy links to one- and two-year degree and certificate programs should be a resource for all graduating students.</p>

Topic 2

Investing in Yourself

Questions Addressed

- “Why do some jobs pay more than others?”
- “How can I get the kind of job that I want?”
- “Who decides wage rates?”

What Students Will Learn

- Your human capital is your health, education, experience, training, skills and values.
- Increasing your human capital increases the range of choices you have for employment and the chances of getting and keeping a job.
- Employment opportunities and salaries are influenced by supply and demand in the labor market.

Resources for Grades 6–8	Description / Objective
<p><u>Choices and Changes in Life, School and Work: Grades 7–8, Lesson 3, <i>People Use Their Human Capital</i></u> (Council for Economic Education)</p> <p>Resource Type: Lesson Location: Virtual Economics</p>	<p>Students take inventory of their own human capital and learn the necessity for acquiring skills and knowledge.</p>
<p><u>Financial Fitness for Life: Grades 6–8, Lesson 4, <i>Why Stay in School?</i></u> (Council for Economic Education)</p> <p>Resource Type: Lesson Location: Virtual Economics</p>	<p>Against a background of information about the relationship between educational attainment, employment, and income levels, students weigh decisions about education in light of costs and benefits.</p>
<p><u>Navigate: Exploring Careers and Colleges, Unit 1, <i>Exploring Careers</i></u> (Federal Reserve Bank of Dallas)</p> <p>Resource Type: Lesson Location: https://www.dallasfed.org/educate/navigate.aspx</p>	<p>Students describe the relationship between education and the development of human capital; describe the required education, the earning potential and the working conditions for a career; and compare the earning potential of workers who have different levels of educational attainment.</p>
<p><u>EconEdLink, <i>Human Capital</i></u> (Council for Economic Education)</p> <p>Resource Type: Video Location: https://www.econedlink.org/resources/human-capital-concept-video/ (2:37 minutes)</p>	<p>(3 minutes) This video teaches the concept of human capital. Human capital refers to the combination of a person's education, knowledge, experience, health, habits, training and talent.</p>

Topic 2

Investing in Yourself *(Continued)*

Resources for Grades 9–12	Description / Objective
<p><u>Choices and Changes in Life, School and Work: Grades 9–10</u>, Lesson 7, <i>Human Capital and Productivity</i> (Council for Economic Education)</p> <p>Resource Type: Lesson Location: Virtual Economics</p>	<p>In a math demonstration, students demonstrate how capital resources and improvements in human capital can increase productivity.</p>
<p><u>Financial Fitness for Life: 9–12</u>, Lesson 6, <i>Why Some Jobs Pay More Than Others</i> (Council for Economic Education)</p> <p>Resource Type: Lesson Location: Virtual Economics</p>	<p>Why do some people earn more income than others? This lesson explores that question. It begins by clarifying what income is, then focuses on the relationship between human capital and income, and culminates with an activity linking levels of education to the fastest-growing occupations.</p>
<p><u>High School Economics</u>, Lesson 13, <i>Who Decides Wage Rates?</i> (Council for Economic Education)</p> <p>Resource Type: Lesson Location: Virtual Economics</p>	<p>In this lesson, students play the role of either buyers or sellers of labor to examine the interconnectedness of individuals and companies in labor markets. Students learn that the demand and supply for labor determine market wage rates and that wages depend, in part, on individual productivity.</p>
<p><u>Learning, Earning, and Investing for a New Generation</u>, Lesson 2: <i>Invest in Yourself</i> (Council for Economic Education)</p> <p>Resource Type: Lesson Location: Virtual Economics</p>	<p>To explore the concept that people invest in themselves through education, students work in two groups and participate in a mathematics game. The game helps students to recognize that improved human capital allows people to produce more in a given amount of time—in this example, more correct answers in the time provided. Next, students identify the human capital required for a variety of jobs. Finally, they learn about the connections among investment in human capital, careers, and earning potential.</p>
<p><u>Making Personal Finance Decisions</u>, Lesson 3A, <i>Invest in Yourself</i> (Federal Reserve Bank of St. Louis)</p> <p>Resource Type: Lesson Location: https://www.stlouisfed.org/~media/Education/Curriculum/pdf/Making-Personal-Finance-Decisions-Lesson-3A.pdf?la=en</p>	<p>Students perform calculations—with half the class given information to make the task easier—to demonstrate the importance of human capital in increasing a person’s productivity. They then look at the wages for various occupations and consider the role of human capital in explaining the differences in those wages.</p>
<p><u>Human Capital Line Activity</u>, (Federal Reserve Bank of Richmond)</p> <p>Resource Type: Lesson Location: https://www.richmondfed.org/education/for_teachers/topics/wn_human_capital_line</p>	<p>This activity examines the relationship between education and income. Students participate in a simulation that visually displays the relationship between education and income, and which gets them moving around the room!</p>

Topic 3

Choosing a Path Post-graduation

Questions Addressed

- “What types of careers are available in my areas of interest and what is the average salary range?”
- “What kind of education do I need to finance the lifestyle I want?”
- “Are good grades enough to get me into college?”
- “If I choose the military, do I still need to think about human capital?”
- “What makes an entrepreneur?”

- The education that you pursue affects the kind of job you can get.
- No matter what kind of path you choose, your human capital will impact your wage and range of future choices.
- Entrepreneurship requires a special kind of human capital: risk-tolerance, and the ability to change ideas into reality.

What Students Will Learn

Resources for Grades 6–8	Description / Objective
<p><u>Choices and Changes: 9-10</u>, Lesson 5: “Which Job Would You Choose?”</p> <p>Resource Type: Lesson Location: Virtual Economics</p>	<p>Given several job options that young people might have, students explore the positive and negative incentives of each. The activity helps young students see that their current choices affect what how they will be spending their days in the near future. Listed for grades 9-10, appropriate for younger students.</p>
<p><u>Financial Fitness for Life: Grades 6–8</u>, Lesson 5, <i>Choosing a Career</i> (Council for Economic Education)</p> <p>Resource Type: Lesson Location: Virtual Economics</p>	<p>Students examine statistics projecting future demand for workers in various occupations. They complete a self-assessment to identify career pathways that match their interests and abilities. After examining a number of job descriptions, they compare each job’s requirements to the skills recommended by SCANS (Secretary’s Commission on Achieving Necessary Skills). Finally, they consider entrepreneurship as a career option.</p>
<p><u>EconEdLink</u>, <i>What Makes an Entrepreneur?</i> (Council for Economic Education)</p> <p>Resource Type: Lesson Location: https://www.econedlink.org/resources/what-makes-an-entrepreneur/</p>	<p>In this lesson students will identify an entrepreneur by recognizing distinguishing characteristics. They will also learn to distinguish an entrepreneur from an intrapreneur, and commercial, social, and lifestyle entrepreneurs.</p>
<p><u>Navigate: Exploring Careers and Colleges</u>, Unit 2: <i>What About College</i> (Federal Reserve Bank of Dallas)</p> <p>Resource Type: Lesson Location: https://www.dallasfed.org/educate/navigate.aspx</p>	<p>In this unit, students examine various careers and educational requirements; evaluate different educational opportunities after high school; identify academic choices and extracurricular activities that will enhance their applications; research the cost of postsecondary education; explore types of financial aid and educational assistance; and, imagine their own path to success.</p>

Topic 3

Choosing a Path Post-graduation (Continued)

Resources for Grades 9–12	Description / Objective
<p><u>Invest in What's Next</u>, Lesson 1, <i>Exploring My Options</i> (Federal Reserve Bank of Richmond)</p> <p>Resource Type: Interactive Location: www.investinwhatsnext.org</p>	<p>Students explore job interests and desires, identify their income goals and explore what kind of education may be right for them. This interactive uses data from the <u>Occupational Outlook Handbook</u>, U.S. Bureau of Labor Statistics</p>
<p><u>Financial Fitness for Life: Grades 9–12</u>, Lesson 3, <i>Decision-Making</i> (Council for Economic Education)</p> <p>Resource Type: Lesson Location: Virtual Economics</p>	<p>Students learn to use a PACED model for making decisions and apply it to choosing a college and buying a personal computer. The PACED model focuses on explicit identification of problems, alternative possibilities for solving problems, criteria for evaluating those possibilities, and the opportunity cost of decisions arising from the process. The need to make decisions is shown to be based in the condition of scarcity.</p>
<p><u>Financial Fitness for Life: Grades 9–12</u>, Lesson 5, <i>Making Your Own Job</i> (Council for Economic Education)</p> <p>Resource Type: Lesson Location: Virtual Economics</p>	<p>Not everyone works for someone else. Some people make jobs for themselves, they are called entrepreneurs. This lesson identifies characteristics of entrepreneurs, compares advantages and disadvantages of becoming an entrepreneur, and examines potential areas for success through entrepreneurship.</p>
<p><u>EconEdLink</u>, <i>Be All That You Can Be...For Minimum Wage?</i> (Council for Economic Education)</p> <p>Resource Type: Lesson Location: https://www.econedlink.org/resources/be-all-you-can-be-for-minimum-wage/</p>	<p>This lesson shows that education matters in a military career, too. Low-skill military jobs command low pay, while high-skill jobs command higher pay. Students will calculate the percentage change in military strength over the last two decades; hypothesize economic (and non-economic) explanations for these changes; test hypothetical explanations by reading an economic analysis of the military strength issue; and they will calculate military wages and nonwage benefits to determine whether the wages paid to soldiers are greater than the minimum wage.</p>
<p><u>Making Personal Finance Decisions</u>, Lesson 3B, <i>Entrepreneurship: Working for Yourself</i> (Federal Reserve Bank of St. Louis)</p> <p>Resource Type: Lesson Location: https://www.stlouisfed.org/~media/Education/Curriculum/pdf/Making-Personal-Finance-Decisions-Lesson-3B.pdf?la=en</p>	<p>Students are asked to volunteer for a potentially embarrassing task in return for a reward—which they ultimately do not have to perform. This exercise demonstrates a characteristic of entrepreneurs. They then take a personal assessment to discover other important characteristics of entrepreneurs and determine how entrepreneurial they are based on these characteristics.</p>

Topic 3

Choosing a Path Post-graduation *(Continued)*

Resources for Grades 9–12	Description / Objective
<p><u>Next Gen Personal Finance</u>, Unit 9.1, <i>Career Basics</i> (Next Gen)</p> <p>Resource Type: Lessons Location: https://docs.google.com/document/d/1hIrmHQ06mPEKKsN_Y52Jar-alu53-AUbSDdF6H_riE/edit</p>	<p>This 9-lesson unit uses reference materials, a video, current articles, a career interest survey, an interactive glossary, and a project. Students define key terms of employment; explain how their strengths, values and past experiences impact their choice of career; determine what careers might suit them based upon their strengths, values and past experience; and use the Occupational Outlook Handbook to identify the best paying and fastest growing careers.</p>
<p><u>Go College Now</u> (Wells Fargo Bank)</p> <p>Resource Type: Video Location: http://www.gocollegenow.org/</p>	<p>This is a one-hour film plus a longer feature-length version follows the adversity and difficult decisions of four real-life high school students who are trying to be the first in their families to go to college.</p>
<p><u>Occupational Outlook Handbook</u>, U.S. Bureau of Labor Statistics</p> <p>Resource Type: Website Location: https://www.bls.gov/ooh/</p>	<p>This comprehensive website—which includes a teacher’s guide—provides job descriptions, types of training or education required, pay and growth prospects for hundreds of jobs in various industries in the U.S. Includes information on the highest paying and fastest growing jobs in addition to industries where the most new jobs are expected to be in the future.</p>
<p><u>My Next Move</u>, (U. S. Department of Labor)</p> <p>Resource Type: Website Location: https://www.mynextmove.org/</p>	<p>This resource allows students to search for careers with keywords, browse careers by industry and provides guidance for students who may not be sure what career they want to pursue.</p>

Topic 4

Choosing a College and a Major that is Right for You

Questions Addressed

- “How do I choose a college major?”
- “What sort of things should I consider when thinking about a major?”
- “Which majors pay the most? (And is that what matters to me?)”

What Students Will Learn

- The major that you choose affects the kind of job you can get and the range of choices you will have in the future.
- You may choose a major for any number of reasons: to get a dream job, to earn a lot of money, or simply because you are interested in the subject matter. But it’s important to know what you’re getting into.

Resources for Grades 6–8	Description / Objective
<p><u>Navigate: Exploring Careers and Colleges</u>, Unit 3, <i>How Do I Get In?</i> (Federal Reserve Bank of Dallas)</p> <p>Resource Type: Lesson Location: https://www.dallasfed.org/educate/navigate.aspx</p>	<p>Students complete a graphic organizer during an interactive presentation about the factors that colleges consider during the admission process. Following the presentation, students outline individual action items that will improve the likelihood of success in the college process.</p>

Resources for Grades 9–12	Description / Objective
<p><u>Princeton Review</u>, <i>Guide to Choosing College Majors</i></p> <p>Resource Type: Article Location: http://www.princetonreview.com/college-advice/choosing-college-majors</p>	<p>This short article includes some rules of thumb for thinking about choosing a major.</p>
<p><u>Invest in What’s Next</u> Lesson 1, <i>Exploring My Options</i> (Federal Reserve Bank of Richmond)</p> <p>Resource Type: Interactive Location: www.investinwhatsnext.org</p>	<p>Students explore job interests and desires, identify their income goals and explore what kind of education may be right for them. This interactive uses data from the <u>Occupational Outlook Handbook</u>, U.S. Bureau of Labor Statistics</p>
<p><u>Globalization, Robots, and You</u>, (Marginal Revolution University)</p> <p>Resource Type: Curriculum with lesson plans Location: https://learn.mru.org/robots/</p>	<p>This curriculum explores – using a multimedia format – the changing labor market that students will soon be entering, with a focus on automation and globalization.</p>

Topic 4

Choosing a College and a Major that is Right for You *(Continued)*

Resources for Grades 9–12	Description / Objective
<p><u>Next Gen Personal Finance</u>, Unit 5C, <i>Case Study: Which College Should I Attend</i> (Next Gen)</p> <p>Resource Type: Lesson Location: https://docs.google.com/document/d/1LdKdS72xfihMEvrS69Yh3S_ZXKZN3qWWM8RK5o3wxbc/edit</p>	<p>Students assume the role of guidance counselor to help other students clear their misconceptions about the sticker price of college and other important factors they should consider when choosing a school.</p>
<p><u>Choosing a College</u> (Federal Reserve Bank of St. Louis)</p> <p>Resource Type: Video Location: https://www.stlouisfed.org/education/personal-finance-101-conversations</p>	<p>(5 minutes) Part of a series of short videos related to timely financial topics for students and consumers in their teens and 20s, this video helps students develop a perspective and a framework for making a decision about which type of college and major is right for them.</p>
<p><u>Apprenticeship Finder</u>, <i>Apprenticeship.gov</i>. https://www.apprenticeship.gov/apprenticeship-finder</p>	<p>This national database of open apprenticeships can be used to either teach students about what apprenticeships are like, or to actually connect graduating students with one.</p>
<p><u>Certificate programs</u>, <i>Virginia community colleges</i>.</p> <ul style="list-style-type: none"> • J. Sergeant Reynolds. http://www.reynolds.edu/onlinecatalog/current/academic-programs/index.aspx#tab-3 • John Tyler Community College. https://catalog.jtcc.edu/content.php?catoid=4&navoid=281 • Northern Virginia Community College. https://admissions.nvcc.edu/programs • Tidewater Community College. https://www.tcc.edu/programs/ • Virginia Highlands Community College. https://www.vhcc.edu/current-students/academic-resources/catalog-and-student-handbook/programs-of-study • Blue Ridge Community College. https://www.brcc.edu/academics/programs/ 	<p>These easy links to one- and two-year degree and certificate programs should be a resource for all graduating students.</p>

Topic 5

Paying for Education: Managing Money and Controlling Debt

Questions Addressed

- “What options are there for paying for college or other education programs?”
- “What do I need to do to be debt-free?”
- “What kind of education financing is best?”
- “What does it mean to live within my means?”
- “How can I plan my finances to spend less than I earn?”

- Saving for college allows you to take advantage of compound interest. But it’s essential to start saving as early as possible.
- Loans can be a viable option to cover some education expenses, but it’s important to remember that they must be repaid—and with interest. Before taking out loans it is important to consider the required monthly payments after graduation.
- The “sticker price,” or published price of college is different than the net price—what students actually pay.
- Working during school allows you to avoid excessive debt. But working can delay graduation, and delaying graduation can lead to non-completion of the degree/certification.
- Some students drop out of school and leave with the debt but not the diploma.

What Students Will Learn

- There are many ways to pay for college or other education programs: savings, working during college, summer jobs, grants, scholarships, and loans. Each option comes with costs and benefits.

Resources for Grades 6–8	Description / Objective
<p><u>Budget Game: Living On a 20-Square Salary</u>, State Treasurer of Ohio</p> <p>Resource Type: Activity Location: http://ohiotreasurer.gov/Documents/CMS/BudgetGame8%205x11.pdf</p>	<p>A very simply yet effective way to practice budgeting. Students are given a number of “boxes” to spend on their budget. A very easy way to teach budgeting, without using too much classroom time on figuring out exact dollar values.</p>
<p><u>Financial Fitness for Life: Grades 6–8, Lesson 7, <i>Managing Cash</i></u> (Council for Economic Education)</p> <p>Resource Type: Lesson Subtopic: Budgeting Location: Virtual Economics</p>	<p>Although most middle school students don’t have full-time jobs, many do have money to spend from an allowance or a part-time job. This lesson challenges students to create a reasonable spending plan based on an appropriate allocation of income in a number of categories, such as clothing, entertainment, and food.</p>
<p><u>Financial Fitness for Life: Grades 6–8, Lesson 10, <i>Why Save?</i></u> (Council for Economic Education)</p> <p>Resource Type: Lesson Location: Virtual Economics</p>	<p>Students learn about saving and investing, and consider the importance of setting short-term, medium-term, and long-term savings goals. They use math skills to solve problems and play a game emphasizing the importance of setting and working goals. A family activity is included.</p>
<p><u>Financial Fitness for Life: Grades 6–8, Lesson 12, <i>Types of Savings Plans and Investments</i></u> (Council for Economic Education)</p> <p>Resource Type: Lesson Location: Virtual Economics</p>	<p>Students learn about various types of government-insured savings instruments and the advantages and disadvantages of each. They learn that these instruments carry various types of risk, including inflation risk, interest rate risk, and financial risk. They also learn that risk must be measured against reward.</p>

Topic 5

Paying for Education: Managing Money and Controlling Debt *(Continued)*

Resources for Grades 6–8	Description / Objective
<p><u>Financial Fitness for Life: Grades 6–8, Lesson 13, <i>Who Pays and Who Receives?</i></u> (Council for Economic Education)</p> <p>Resource Type: Lesson Location: Virtual Economics</p>	<p>Students discover that three factors affect how money grows in savings accounts: the amount deposited, the interest rate, and the length of time the money is held on deposit. Students calculate interest and formulate a generalization about the difference between simple and compound interest.</p>
<p><u>Navigate: Exploring Careers and Colleges, Unit 4, <i>How Much Does College Cost?</i></u> (Federal Reserve Bank of Dallas)</p> <p>Resource Type: Lesson Location: https://www.dallasfed.org/educate/navigate.aspx</p>	<p>Students learn about different categories of college costs and conduct research to determine costs for a variety of types of colleges. As part of the research project, students create circle graphs (or pie charts) and compare data. The lesson finishes with a budget activity and a discussion of how student choices affect college costs.</p>
<p><u>Navigate: Exploring Careers and Colleges, Unit 5, <i>Paying for College?</i></u> (Federal Reserve Bank of Dallas)</p> <p>Resource Type: Lesson Location: https://www.dallasfed.org/educate/navigate.aspx</p>	<p>Students are introduced to the major types of financial aid in an independent reading. While reading, students create an information web about paying for college. The types of aid are reviewed in a quiz game, with students competing in teams to earn “financial aid” that will help them in the college process</p>
<p><u>Navigate: Exploring Careers and Colleges, Unit 6, <i>Future Paths</i></u> (Federal Reserve Bank of Dallas)</p> <p>Resource Type: Lesson Location: https://www.dallasfed.org/educate/navigate.aspx</p>	<p>As a culminating lesson in a six-unit series, students review key concepts, including career exploration, college choice, the application process, the cost of college and financial aid. Following the brief review, students are given a career card and asked to write a possible success story for that career.</p>

Resources for Grades 9–12	Description / Objective
<p><u>The 10 best sites to look for scholarships</u> <u>10 Sites to Kick Off Your Scholarship Search</u></p> <p>Resource Type: Articles Location: http://college.usatoday.com/2016/01/06/best-scholarship-resources/ https://www.usnews.com/education/best-colleges/paying-for-college/articles/2017-09-14/10-sites-to-kick-off-your-scholarship-search</p>	<p>One article (as of January 2016) and one (as of September 2017) list the 10 best sites that students can use to search for scholarships.</p>

Topic 5

Paying for Education: Managing Money and Controlling Debt *(Continued)*

Resources for Grades 9–12	Description / Objective
<p><u>U.S. News</u>, <i>Undergrads Blow it With Student Loan Refunds</i></p> <p>Resource Type: Article Location: http://www.usnews.com/education/best-colleges/paying-for-college/articles/2013/07/24/undergrads-blow-it-with-student-loan-refunds</p>	<p>This article focuses on the fact that loans are not “free money.” It includes with examples of situations in which students did not carefully consider the consequences of using college loans for a lavish lifestyle in college.</p>
<p><u>Credit Karma Debt Repayment Calculator</u></p> <p>Resource Type: Calculator Location: https://www.creditkarma.com/calculators/debtrepayment</p>	<p>This easy-to-use calculator helps teach the implications of debt on life spending habits.</p>
<p><u>FinAid! The Smart Student Guide to Financial Aid</u></p> <p>Resource Type: Calculator Location: http://www.finaid.org/calculators/loanpayments.phtml</p>	<p>This loan payment calculator computes an estimate of the size of your monthly loan payments and the annual salary required to manage it reasonably. It can be used with federal education loans (Stafford, Perkins and PLUS) and most private student loans. (This student loan calculator can also be used as an auto loan calculator or to calculate your mortgage payments.)</p>
<p><u>Jump\$tart Reality Check</u> (Jump\$tart)</p> <p>Resource Type: Calculator Location: http://www.jumpstart.org/reality-check.html</p>	<p>This calculator helps students to calculate how much income they will need to support their desired lifestyle.</p>
<p><u>Invest in What’s Next</u>, Lesson 2, <i>Budgeting for My Future</i> (Federal Reserve Bank of Richmond)</p> <p>Resource Type: Interactive Location: https://www.investinwhatsnext.org/</p>	<p>Students examine their education funding options, manage student loans, and balance their desired lifestyle with their expected future income.</p>
<p>Super FAFSA Project Virginia</p> <p>Resource Type: Program at your school Location: http://www.schev.edu/index/students-and-parents/resources/123go!/SFP</p>	<p>The State Council of Higher Education for Virginia and Educational Credit Management Corp. partner with high schools to host events at which high school seniors and their families receive free, professional, hands-on assistance completing the Free Application for Federal Student Aid (FAFSA).</p>
<p><u>Learning, Earning, and Investing for a New Generation</u>, Lesson 1, <i>Why Save?</i> (Council for Economic Education)</p> <p>Resource Type: Lesson Location: Virtual Economics</p>	<p>After introducing saving, students discuss the idea of paying yourself first and the reasons to save. Students simulate the accumulation of simple and compound interest and conclude by calculating simple interest and the amount of time it takes to double a saved amount when interest is compounded using the Rule of 72.</p>

Topic 5

Paying for Education: Managing Money and Controlling Debt *(Continued)*

Resources for Grades 9–12	Description / Objective
<p>Financial Fitness for Life: Grades 9–12, Lesson 20, <i>What's the Cost of Spending and Saving?</i> (Council for Economic Education)</p> <p>Resource Type: Lesson Location: Virtual Economics</p>	<p>This lesson examines the benefits and opportunity cost of spending and saving. Students learn how compound interest makes savings grow and provides an incentive to save and invest early.</p>
<p>EconEdLink, <i>How Will I Pay for College?</i> (Council for Economic Education)</p> <p>Resource Type: Lesson Location: https://www.econedlink.org/resources/how-will-i-pay-for-college/</p>	<p>Students learn about current trends in student borrowing and determine a reasonable debt load for hypothetical students.</p>
<p>EconEdLink, <i>The Hidden Costs of College</i> (Council for Economic Education)</p> <p>Resource Type: Lesson Location: https://www.econedlink.org/resources/the-hidden-costs-of-college/</p>	<p>Students research the cost of attending two colleges of their choice and learn about hidden costs that are often overlooked when preparing a budget for college.</p> <p>(Note the handout: <i>Beware of the Hidden College Costs</i> checklist)</p>
<p>Next Gen Personal Finance, Unit 5.1, <i>Paying for College Basics</i> (Next Gen)</p> <p>Resource Type: Lesson Location: https://docs.google.com/document/d/1ldAJZffDr91aHdWlMQVmgLAJjiGcqK_mvENJoZbDmus/edit</p>	<p>This 9-lesson unit uses activities, graphs, videos, current articles, and an interactive glossary. Students explain the potential quantitative and qualitative value of a college education, describe the costs of a college education, distinguish between the sticker and net price when it comes to college costs, and outline the pros and cons of various methods of paying for college.</p>
<p>Next Gen Personal Finance, Unit 5.2, <i>FAFSA: Gateway to Financial Aid</i> (Next Gen)</p> <p>Resource Type: Lesson Location: https://docs.google.com/document/d/1uN6_rD1hE9rANmr uug4v8e92PpKvORMCN8PN7JLG6o/edit</p>	<p>This 9-lesson unit uses activities, an infographic, videos, current articles, and an interactive glossary. Students explain the purpose of the FAFSA in securing financial aid, list the items required to file the FAFSA, analyze a Student Aid Report (SAR) and determine their Expected Family Contribution (EFC), and examine the potential hurdles to filing the FAFSA and how to overcome them.</p>
<p>Next Gen Personal Finance, Unit 5.3, <i>Student Loans: Friend or Foe?</i> (Next Gen)</p> <p>Resource Type: Lesson Location: https://docs.google.com/document/d/1riF4IFeVwlukxGyYHwOG0LOlWuY128K-MQChGuEdT14/edit</p>	<p>This 10-lesson unit uses activities, an infographic, videos, data analysis, current articles, a project, and an interactive glossary. Students examine the current trend of increasing student loan debt and its impact on students, identify the basic features and differences between federal and private student loans, research average student loan debt at colleges and compare it to potential first year salaries, and calculate payoff time.</p>

Topic 5

Paying for Education: Managing Money and Controlling Debt *(Continued)*

Resources for Grades 9–12	Description / Objective
<p><u>Next Gen Personal Finance</u>, Unit 3.6, <i>Types of Credit: Student Loans</i> (Next Gen)</p> <p>Resource Type: Lesson Location: https://docs.google.com/document/d/13IF1DdX9LZyEhMFZwta_gRVZ71Irvn0wOHBYtUWRiTQ/edit</p>	<p>This 11-lesson unit uses an interactive quiz, current articles, activities, videos, a graphic, and an interactive glossary. Students make informed decisions about student loan debt based on college costs and projected salary upon graduation; explain the difference between private and Federal loans, and the various types of Federal loans, and when to use each. They also look at repayment options and learn strategies for avoiding default.</p>
<p><u>Next Gen Personal Finance</u>, Unit 5.5, <i>Budgeting for College</i> (Next Gen) and Unit 6.6, <i>Manage Your Educational Investments</i> (Next Gen)</p> <p>Resource Type: Lesson Location: https://docs.google.com/document/d/1bfZIZs7ZL8VMm4Q5emgT0ai5s_1zWADwj9tL-JU7QAU/edit https://docs.google.com/document/d/1bnPI7O041O7qXNSjTRRsdwaSJcHNcCvuLxAkrhomDfE/edit</p>	<p>This 9-lesson unit includes videos, current articles, activities, an interactive glossary, 11-land a project. Students describe possible funding options when their initial aid package is less than the cost of attendance and make thoughtful decisions about day-to-day spending while in college to minimize debt.</p> <p>In Unit 6.6., students examine the basics of student loan repayment, including grace periods, interest, and loan status; determine the link between monthly payment size and overall cost of the loan when choosing a repayment option; and explain the consequences of delinquency or default with regard to student loans.</p>
<p><u>Federal Student Aid website</u> (U.S. Dept. of Education)</p> <p>Resource Type: Website Location: https://studentaid.ed.gov/sa/types/grants-scholarships</p>	<p>This website provides information about what kinds of federal grants and scholarships are available, how to obtain them, why you might have to repay all or part of a federal grant, and how to repay a grant overpayment.</p>
<p><u>Completing the FAFSA</u> (Federal Reserve Bank of St. Louis)</p> <p>Resource Type: Video Location: https://www.stlouisfed.org/education/personal-finance-101-conversations</p>	<p>(8 minutes) One of a series of short videos related to timely financial topics for students and consumers in their teens and 20s. This video steps through each screen of the online FAFSA, demonstrating how to quickly and accurately complete the application.</p>
<p><u>Paying for College</u> (Federal Reserve Bank of St. Louis)</p> <p>Resource Type: Video Location: https://www.stlouisfed.org/education/personal-finance-101-conversations</p>	<p>(8 minutes) This video helps students to get their bearings in a seemingly endless sea of financial-aid options (grants, scholarships, and loans).</p>
<p><u>St. Louis Fed Continuing Feducation Series, Saving for College, Episode 2</u> (Federal Reserve Bank of St. Louis)</p> <p>Resource Type: Video Location: https://www.stlouisfed.org/education/continuing-feducation-video-series/episode-2-saving-for-college</p>	<p>(6 minutes) The second episode in a series, this video follows high school student, Martina, as she learns about the basics: investing in human capital, factors to consider when choosing a college, and ways to fund higher education. Teachers can register their class through an instructor management panel if they want to provide students with online questions following each video.</p>

Additional Resources

Resources	Description / Objective
<p><u>SCHEV Economics Opportunity Metrics</u></p> <p>Resource Type: Infographics and data Location: https://secure.schev.edu/infographics/rdPage.aspx?rdReport=Default</p>	<p>Up-to-date data on wages, debt, and economic opportunity for Virginians who attended some kind of college. Interactive charts and graphs that Virginia teachers and students can use to investigate options close to home. From the State Council of Higher Education for Virginia (SCHEV).</p>
<p><u>Investing in a College Education (EconEdLink)</u></p> <p>Resource Type: Lessons Location: http://www.econedlink.org/topics/12</p>	<p>In this 6-lesson module, students learn how to weigh the costs and benefits of attending college. They go through the decision-making process as they consider which school to attend and options for financing their education.</p>
<p><u>Great Advice for Parents (Inceptia)</u></p> <p>Resource Type: Resource Document Location: https://www.inceptia.org/PDF/Inceptia_Eguide_Fall2016.pdf?utm_source=Bitly&utm_medium=email&utm_campaign=Great%20Advice%20for%20Parents</p>	<p>This resource released in the Fall of 2016 gives parents timely advice on what they should know leading up to the college enrollment process, as well as steps to take now to help their teen be financially prepared.</p>
<p><u>Career Clusters: Pathways to College and Career Readiness</u></p> <p>Location: http://www.doe.virginia.gov/instruction/career_technical/career_clusters/index.shtml</p>	<p>Students can explore the different pathways associated with career clusters and select an area(s) of interest.</p>
<p>TeachingMoneyVA.org</p> <p>Location: http://www.teachingmoneyva.org/</p>	<p>Classroom resources identified to assist Virginia teachers in teaching Economics & Personal Finance</p>
<p><u>My Classroom Economy</u></p> <p>Resource Type: Ongoing classroom simulation Location: https://www.myclassroomeconomy.org</p>	<p>My Classroom Economy is a program that enables any educator to teach children financial responsibility through experiential learning.</p> <p>It's a simple classroom economic system based on the idea that students need to earn school "dollars" so that they can rent their own desks. By bringing real-world scenarios into the classroom, students see the impact of their decisions to save, spend, and budget.</p>

Sample Unit

Although the topics outlined in this document are best addressed beginning in middle school, teachers might find themselves introducing these concepts for the first time to high school students nearing graduation. If looking for a short-list of resources that can be quickly integrated, below is a sample unit highlighting one lesson from each topic area.

Topic	Resource
<p><u>Topic 1</u> Economic Decision-making: Setting Goals and Making Choices</p>	<p><u>Financial Fitness for Life: Grades 9–12, Lesson 2: <i>The Economic Way of Thinking</i></u> (Council for Economic Education)</p> <p>Resource Type: Lesson Location: Virtual Economics</p>
<p><u>Topic 2</u> Investing in Yourself</p>	<p><u>Making Personal Finance Decisions, Lesson 3A, <i>Invest in Yourself</i></u> (Federal Reserve Bank of St. Louis)</p> <p>Resource Type: Lesson Location: https://www.stlouisfed.org/~media/Education/Curriculum/pdf/Making-Personal-Finance-Decisions-Lesson-3A.pdf?la=en</p>
<p><u>Topic 3</u> Choosing a Path Post-graduation</p>	<p><u>Next Gen Personal Finance, Unit 9.1, <i>Career Basics</i></u> (Next Gen)</p> <p>Resource Type: Lessons Location: https://docs.google.com/document/d/1hIrmHQ06mPEKKsN_Y52Jar-alu53-AUbSDdF6H_riE/edit</p>
<p><u>Topic 4</u> Choosing a College and a Major that is Right for You</p>	<p><u>Next Gen Personal Finance, Unit 5C, <i>Case Study: Which College Should I Attend</i></u> (Next Gen)</p> <p>Resource Type: Lesson Location: https://docs.google.com/document/d/1LdKdS72xfihMEvrS69Yh3S_ZXKZN3qWWM8RK5o3wxbc/edit</p>
<p><u>Topic 5</u> Paying for Education: Managing Money and Controlling Debt</p>	<p><u>Financial Fitness for Life: Grades 9–12, Lesson 20, <i>What's the Cost of Spending and Saving?</i></u> (Council for Economic Education)</p> <p>Resource Type: Lesson Location: Virtual Economics</p>
<p><u>Application</u> Invest in What's Next</p>	<p><u>Invest in What's Next, Lesson 1, <i>Exploring My Options</i></u> (Federal Reserve Bank of Richmond)</p> <p>Resource Type: Online self-paced interactive Location: www.investinwhatsnext.org</p>

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