

Lesson 4: Back to School

Part 2: Evaluating Postsecondary Opportunities

Lesson Description

In this lesson, students look at the financial lessons that a teen and her family learned while they were displaced from their home and community following Hurricane Katrina. The lesson content examines postsecondary education as a key to greater financial well-being and the costs associated with a postsecondary education.

The PowerPoint-based lesson is designed for personal finance and other related classes.

Time Required

One 50- to 55-minute class period for entire lesson.

Concepts

Careers, career goals	Postsecondary education
Free Application for Federal Student Aid (FAFSA)	Scholarships
Grants	Student loans
Human capital	Unemployment rate
Opportunity cost	Work study programs

Objectives

The students will be able to:

- Evaluate the opportunities and expenses associated with postsecondary education.
 - Explain and use the vocabulary associated with postsecondary education.
 - Identify postsecondary institutions that offer specific programs of study.
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Materials

- **Presentation:** *Katrina’s Classroom* Lesson 4, Part 2 —PowerPoint presentation
- **Infographic:** *Developing Human Capital* (<https://www.frbatlanta.org/education/katrinas-classroom/lesson4/infographic.aspx>), which may already be displayed as part of Lesson 4, Part 1
- **Handout 1:** One copy per student
- **Handout 2:** One to two copies total, depending on number of students

National Curriculum Standards

COMMON CORE STANDARDS

Grades 6–8 students	Grades 9–10 students	Grades 11–12 students
College and Career Readiness Anchor Standards for Reading Key Ideas and Details		
1. Read closely to determine what the text says explicitly and to make logical inferences from it; cite specific textual evidence with writing or speaking to support conclusions drawn from the text.		
College and Career Readiness Anchor Standards for Reading Integration of Knowledge and Ideas		
7. Integrate and evaluate content presented in diverse media and formats, including visually and quantitatively, as well as in words.		
College and Career Readiness Anchor Standards for Writing Production and Distribution of Writing		
1. Produce clear and coherent writing in which the development, organization, and style are appropriate to task, purpose, and audience.		
College and Career Readiness Anchor Standards for Writing Research to Build and Present Knowledge		
8. Gather relevant information from multiple print and digital sources, assess the credibility and accuracy of each source, and integrate the information while avoiding plagiarism.		
College and Career Readiness Anchor Standards for Writing Research to Build and Present Knowledge		
9. Draw evidence from literary or informational texts to support analysis, reflection, and research.		
College and Career Readiness Anchor Standards for Speaking and Listening Presentation of Knowledge and Ideas		
4. Present information, findings, and supporting evidence such that listeners can follow the line of reasoning and the organization, development, and style are appropriate to task, purpose, and audience.		

National Curriculum Standards (continued)

JUMP\$TART NATIONAL PERSONAL FINANCE STANDARDS

8 th Grade Students Additional Expectations	12 th Grade Students Additional Expectations
Income and Careers	
Standard 1: Explore career options.	
<ul style="list-style-type: none"> ▪ Give an example of how education and training can affect lifetime income. ▪ Identify online and printed sources of information about jobs, careers, and entrepreneurship. ▪ Compare personal skills and interests to various career options. ▪ Describe the educational or training requirements, income potential, and primary duties of at least two jobs of interest. ▪ Identify individuals who can provide a positive job reference. 	<ul style="list-style-type: none"> ▪ Identify a career goal and develop a plan and timetable for achieving it, including educational or training requirements, costs, and possible debt.
<ul style="list-style-type: none"> ▪ 	<ul style="list-style-type: none"> ▪

Lesson Procedures

Specific instructions for PowerPoint are highlighted with a dotted border.

SLIDE 1. TITLE SLIDE

This lesson focuses on evaluating postsecondary opportunities and related expenses as well as presenting various strategies for financing postsecondary education.

SLIDE 2. LESSON OBJECTIVES

In this lesson, we evaluate postsecondary education opportunities and consider associated expenses, explain and use the vocabulary associated with postsecondary education, and identify postsecondary institutions that offer specific programs of study.

SLIDE 3. EVALUATING POSTSECONDARY OPPORTUNITIES

Tell students that an important part of their futures will include deciding what they will do after high school. Today's lesson will help them better understand how to further evaluate postsecondary opportunities.

SLIDE 4. EDUCATION PAYS... BUT IT ALSO COSTS

ASK THE STUDENTS

From the previous lesson and the infographic, do you remember the average unemployment rate for individuals with a bachelor's degree?

Answer: 3.5 percent

What about for those without a high school diploma?

Answer: 9.0 percent

Education, which is one part of human capital, is a form of insurance that can help protect against unemployment. Having that protection also positively affects salaries. Clearly, education is important and can help us to be better off, but there is a cost associated with that education.

According to the College Board, the average annual cost of tuition and fees at a four-year public college is \$10,556. When you multiply this amount by four years, you get \$42,224. This number does not include other living expenses such as food, apartment rent or dorm fees, transportation, or textbooks.

Click the picture to go to a College Board video on college costs (bigfuture.collegeboard.org/pay-for-college/college-costs/college-costs-faqs).

Tell students that the Project on Student Debt reports that 69 percent of college seniors graduated with an average student loan debt of \$28,950. To learn more about college debt by state, visit the Project on Student Debt (projectonstudentdebt.org/state_by_state-data.php).

SLIDE 5. STUDENT LOAN RULE OF THUMB

Explain that a suggested rule of thumb related to student loans is for students not to borrow more for all years of postsecondary education than they anticipate making in the first year of employment. For example, a public relations manager, a job that requires a bachelor's degree, has an estimated median entry-level salary of \$40,862. This means that total student loans for this degree should not exceed \$40,862. Students should also consider their personal money values regarding taking on large amounts of debt before even starting their career. The good news is that the 2014 median salary for a public relations manager is \$101,510, so there is the potential for upward salary mobility. Students can find information about careers and salaries in the BLS Occupational Outlook Handbook (www.bls.gov/ooh/).

Although student loans allow many people to get a postsecondary education, students should realize that student loan debt can affect their purchasing power in the future. With increasing student loan debt and postsecondary expenses, many people are delaying home and car purchases either because they can't fit the extra expenses into their budgets or they are declined for credit. The concept of opportunity cost is relevant in this situation. **Opportunity cost** is the foregone next best alternative when making a decision. By choosing to acquire debt, a student's opportunity cost might be foregone future purchasing power.

ASK THE STUDENTS

What would be the opportunity cost of your time for going to the movie on Friday night?

Possible responses: Going to the mall; doing homework.

Remind students that even though they may all have different responses, each of them will have only one opportunity cost since it is the next best alternative, something they would have selected had they not made their specific choice.

SLIDE 6. PAYING FOR COLLEGE: DO YOUR HOMEWORK

There are a variety of options for paying for college. It is the responsibility of the student to seek out and apply for these options. Students and their families should complete the **Free Application for Federal Student Aid (FAFSA)** to learn what they might be eligible for. Information and the form are available on the website of the Department of Education's Federal Student Aid office: www.fafsa.ed.gov/.

Students should also be aware that there are a number of scams related to financial aid. Financial aid scams include paying money for help finding financial aid as well as identity theft.

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Students and their families should be careful about to whom they give personal information and take other measures to reduce their risk. Federal Student Aid provides information about student aid scams (studentaid.ed.gov/types/scams).

Here are some financial aid options:

Students are awarded **scholarships** according to certain criteria. Scholarships are often merit-based and do not have to be repaid. Schools, employers, private companies, communities, and civic, professional, and social organizations may offer scholarships. Many scholarships require high academic achievement, but others are based on community service, involvement in a specific organization, college major, place of residence, hobby, religious affiliation, or some other requirement. Students can find information about many scholarships on the U.S. Department of Education's Federal Student Aid office website (studentaid.ed.gov/types/grants-scholarships/finding-scholarships).

Grants also do not have to be repaid, and are often financial need-based. The federal government and some private institutions provide grants. Being eligible for a grant one year does not guarantee that the student will receive it again, especially if the student's financial situation changes. Conversely, if the student was turned down one year, he or she may become eligible later.

College **work study** programs provide part-time jobs that can help students pay for part or all of the tuition and fee expenses.

Using **savings** is another method of financing postsecondary education. Students can save for college with a traditional savings account at a financial institution or through a 529 college savings plan. A 529 plan is a tax-advantaged savings plan that encourages saving now to help offset future college expenses. States and state agencies or educational institutions generally sponsor these plans. The Securities and Exchange Commission provides information about 529 college savings plans (sec.gov/investor/pubs/intro529.htm).

Student loans are borrowed funds that must be paid back along with interest and any related fees. Several student loan options with many interest rate levels are out there, so students should research all the details. Information about student loans is available on the U.S. Department of Education's Federal Student Aid office website (studentaid.ed.gov/types/loans).

Click the picture on the slide to go the Consumer Financial Protection Bureau's Paying for College website (consumerfinance.gov/paying-for-college/) for lots more information about paying for college.

SLIDE 7. PLANNING FOR POSTSECONDARY EDUCATION

Students should also research others areas to make the transition to postsecondary education and their future career. Some people know from a very early age what they want to do when they grow up while others are still exploring. A tool that can help students match their interests and skills with their future career is an *interest inventory*. Several interest inventories and personality profile tools are available online. Although these tools can't tell anyone specifically what their specific career should be, they can provide some direction about areas to explore. They can help students identify career paths that they may otherwise have missed.

My Next Move, which is a partner of the American Job Center network, provides an interest inventory (www.mynextmove.org/explore/ip).

When students have a good understanding of their interests, they can then explore some career options, set career goals, and identify appropriate degree programs.

You might want to review Katrina’s Classroom Lesson 1 for the discussion on short-, intermediate-, and long-term goals. ASK THE STUDENTS

What is an example of a short-term goal related to postsecondary education?

Possible responses: Complete an interest inventory; participate in a job shadow to learn more about a specific career; complete admissions application.

What is an example of an intermediate-term goal related to postsecondary education?

Possible responses: Volunteer a certain number of hours to gain experience in a particular career field; save enough money for the first year of college.

What is an example of a long-term goal related to postsecondary education or your career?

Possible responses: Graduate from college; start a business; obtain a specific job.

Students should research degrees and postsecondary institutions to find a match between the two. The College Navigator provides information about postsecondary institutions (nces.ed.gov/collegenavigator/).

The application process varies by postsecondary institution, but generally you will need to include your school transcript so the school can verify that you meet grade point average and academic requirements. You will also need to include your ACT or SAT scores and an application fee. In some cases, postsecondary institutions may also require applicants to provide details about community and school activities, awards, and special talents or skills as well as a personal statement or essay and letters of recommendation.

As previously mentioned, students have many choices for paying for a postsecondary education, but financial aid requires research and planning.

SLIDE 8. EVALUATING POSTSECONDARY OPPORTUNITIES AND EXPENSES

Tell students that they will work collaboratively to evaluate postsecondary opportunities for given scenarios.

ACTIVITY INSTRUCTION

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Read the following scenario to the students:

You are exploring options for attending college next year to pursue the necessary bachelor's degree for your chosen career, as shown on the career card, which you will receive shortly. Cost is a major factor in your decision. You may have scholarships and your parents will help with tuition, but you will have to cover half of the total cost of your four-year education with student loans. You have already decided that you will attend school in your home state. You have not yet decided whether to live on or off campus so you'll have both options to consider.

Distribute Handout 1 (Postsecondary Education Cost Comparison Worksheet) to the students.

Tell students that there are several online tools on the worksheet to help them compare the costs of obtaining the degree from three different colleges or universities in their home state.

After they complete the chart, they should answer questions about each option and then select the best one. Have them report their findings, decisions, and reasons for their decisions to the rest.

Although they are working as a group to gather the information, each student should complete the worksheet because they will use it in another project.

Divide students into groups of two or three. Distribute one of the cards from Handout 2 (Career Option cards) to each group.

If you think it's necessary, give the students an overview of the websites they will use to complete the worksheet. You can find information about these on slides 9–12.

SLIDE 9. BUREAU OF LABOR STATISTICS OCCUPATIONAL OUTLOOK HANDBOOK

The Occupational Outlook Handbook profiles hundreds of occupations. Each occupation profile also includes the BLS's employment projections for the 2014–24 decade.

Show students that they can search for the career on their card at either of the yellow circles labeled with a "1." Both of these will provide the same information, but they are two different search options.

Click the picture to go to BLS Statistics Occupational Outlook Handbook (www.bls.gov/ooh/home.htm).

SLIDE 10. BUREAU OF LABOR STATISTICS OCCUPATIONAL OUTLOOK HANDBOOK CAREER PROFILE

All the careers have a tabbed profile that provides detailed information about the career.

The yellow circles labeled "1–4" provide the information students need to complete the first part of the worksheet.

Click the picture to go to the BLS Occupational Outlook Handbook and get information about the sample career (www.bls.gov/ooh/architecture-and-engineering/civil-engineers.htm).

SLIDE 11. NATIONAL CENTER FOR EDUCATION STATISTICS COLLEGE NAVIGATOR

To learn about the in-state colleges and universities that offer programs related to your career field, use the College Navigator. Click the picture to go to the National Center for Education Statistics College Navigator (nces.ed.gov/collegenavigator/).

The yellow circles labeled “1–6” provide the information students need to complete the second part of the worksheet.

1. Select your home state from the States list or from the map.
2. Click the check box next to the degree level you want (in this case, click **Bachelor’s**).
3. Click the **Browse for Programs** button to open a box listing programs and majors.
4. To narrow your selection, type the career name in the Programs/Majors field, then click the **Add** button next to the correct career.
5. Close the box (upper right corner).
6. Click **Show Results**.

A listing of schools with majors related to your career appears.

SLIDE 12. FINAID STUDENT LOAN PAYMENT CALCULATOR

The Student Loan Payment Calculator computes an estimate of the size of your monthly loan payments and the annual salary required to manage them.

The yellow circles labeled “1–2” provide the information the student needs to complete the first part of the worksheet. Click the picture to go to the FinAid Student Loan Payment Calculator (www.finaid.org/calculators/loanpayments.phtml).

1. Scroll down the page to the calculator.
2. Type the loan balance found in part 2 into the **Loan Balance** field.
3. Click **Compute Payment and Cost**.

SLIDE 13. EVALUATING POSTSECONDARY OPPORTUNITIES AND EXPENSES DEBRIEFING

When the groups have completed the worksheets, ask each group to share their findings. Ask them the following questions.

- What career option did you evaluate?

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- What school was selected as the best alternative for this career and why?
- What is the opportunity cost of this decision?
- Will the entry-level salary support the estimated student loan payment? Why or why not?
- What are some strategies to reduce the amount borrowed to finance postsecondary education?

Suggested alternative instructions for this activity:

Have the students complete the worksheet individually using their own career and school options. If possible, have the students complete an interest inventory to help them identify some career options. **My Next Move**, which is a partner of the American Job Center network, provides an interest inventory (www.mynextmove.org/explore/ip).

SLIDE 14. IN SUMMARY

PowerPoint instructions

Click the **Enter** key (or the advance button) to reveal the summary.

In this lesson, we learned that:

- Planning for postsecondary education includes considering career goals, postsecondary options, financing strategies, and necessary documentation.

Handout 1: Postsecondary Education Cost Comparison Worksheet

Scenario

You are exploring options for attending college next year to pursue the necessary bachelor's degree for your chosen career, as shown on the career card, which you will receive shortly. Cost is a major factor in your decision. You may have scholarships and your parents will assist with tuition, but you will have to cover half of the total cost of your four-year education with student loans. You have already decided that you will attend school in your home state. You have not yet decided whether to live on or off campus so you'll have both options to consider.

Directions

As a group, complete the following charts using the information found on the websites provided for each chart. After completing each chart, answer any questions that follow it and be prepared as a group to report your findings to the class when the activity is complete. Each student should complete the worksheet based on the information found by the group members because this will be used in a future project.

Career option (from career card) _____

For this section, go to the BLS Occupational Outlook Handbook (www.bls.gov/ooh/home.htm).

In the **Search Handbook** field, enter your assigned career option and click **GO**, or scroll down to locate the career in the **A to Z Index** list.

Using the Summary information and the information on the other tabs, answer the following questions:

1. What does a person in this career do?
2. What college degree is necessary for this job?
3. What does "median annual wage" mean?
4. What is the median annual wage for this job?
5. What is the annual wage for the lowest 10 percent of workers in this job? (Note: The salary for the lowest 10 percent of workers is the entry-level salary for many positions.)

Handout 1 (continued)

For this section, go to the Career and College/University information at nces.ed.gov/collegenavigator/.

How to use the Navigator for this activity:
 Select your home state; click **Browse for Programs**, enter the career name in the **Programs/Majors** box, click **Add**. Click **Close**, then click **Show Results**.

Select three schools from the list. Open the information for each school and explore the tab **Tuition, Fees, and Estimated Student Expenses**. Fill in the chart below.

	IN STATE College/University Option 1	IN STATE College/University Option 2	IN STATE College/University Option 3
School name, city, and state			
Estimate of annual expenses for in state college/university, either on or off campus Annual tuition + housing + fees			
Estimate of total expenses for 4 years. Hint: Multiply by 4 or use the multiyear tuition calculator button.			
Amount of student loans to equal 50 percent of total estimated expenses for four years			

Handout 1 (continued)

<p>For this section, go to the Student Loan Payment calculator at mappingyourfuture.org/paying/standardcalculator.htm.</p> <p>How to use the calculator for this activity: Enter the amount of your student loans as calculated in the chart above. Click Compute Payment and Cost.</p>			
Monthly payment for 10-year (120 months) student loan at 6.8 percent APR			
Minimum annual salary to handle these payments			

Using the information collected in the preceding chart, answer the following questions:

1. Rank the schools as the best alternative for pursuing the necessary degree (with number 1 being the best option).

2. What factors led you to rank your number 1 choice school as the best?

3. What would your opportunity cost be for attending the top-ranked school? As a reminder, opportunity cost is the foregone next best alternative.

Handout 1 (continued)

4. Remember that an entry-level salary is usually the amount earned by the lowest 10 percent of wage earners in a particular job (see question 4 on the first page of Handout 4). Will the estimated entry salary for this position be enough to make the student loan payments? Why or why not?

5. What are some strategies that you could use to reduce the total amount you borrow to attend any of the schools on your list?

Handout 2: Career Option

Teacher Directions

Copy and cut apart the cards. You will randomly distribute one card to each group. Depending on the size of your class, you may have to copy more than one set of cards.

<p>Civil Engineer</p> <p>1</p>	<p>Social Worker</p> <p>2</p>	<p>Registered Nurse</p> <p>3</p>
<p>Financial Analyst</p> <p>4</p>	<p>Librarian</p> <p>5</p>	<p>Urban Planner</p> <p>6</p>
<p>Physical Therapist</p> <p>7</p>	<p>Elementary School Teacher</p> <p>8</p>	<p>High School Teacher</p> <p>9</p>
<p>Accountant</p> <p>10</p>	<p>Computer Programmer</p> <p>11</p>	<p>Athletic Trainer</p> <p>12</p>

Katrina's Classroom was developed by a team of senior economic and financial education specialists at the Federal Reserve Bank of Atlanta.

Claire Loup, New Orleans Branch • Julie Kornegay, Birmingham Branch • Jackie Morgan, Nashville Branch

For additional classroom resources and professional development opportunities, please visit www.frbatlanta.org/education