



## **Fostering Financial Literacy for Youth**

### **Workshop Series, Fall 2016**

The Fostering Financial Literacy for Youth workshop series is designed to equip afterschool program staff with the knowledge, tools and resources to teach their youth to become financially savvy and in control of their financial futures.

The workshops in the 4-part series include:

#### **Credit cards, October 5, 2016**

Presented by: Douglas Young, The Wiser Choice

#### **Budgeting and Saving, October 25, 2016**

Presented by: James Gurney and Cameron LeBlanc, Futures and Options

#### **Going to College Debt-Free: Is it Possible?, November 1, 2016**

Presented by: Clemente Diaz

#### **Youth Entrepreneurship, November 29, 2016**

Presented by: Greg Valentine, Council for Economic Education

### **Use of Materials**

These materials are a part of the Fostering Financial Literacy for Youth Series provided by the Partnership for After School Education. They serve as reference materials and can support your work with youth around financial literacy.

**Fostering Financial Literacy for youth is funded by Morgan Stanley.**



**Fostering Financial Literacy for Youth**  
**Going to College Debt-Free: Is it Possible?**

**Resource List**

1. Agenda
2. SMART Goals Worksheet
3. Lesson: College Loan Debt: Is It Worth It?
4. PowerPoint Presentation

**Partnership for After School Education's (PASE)**  
**Fostering Financial Literacy for Youth Program**



**Going to College Debt-Free: Is it Possible?**

**Tuesday, November 1<sup>st</sup>, 2016**

**10am-12pm**

**Presenter:**

Clemente I. Diaz, MA

Associate Director, Baruch College Now

Adjunct Lecturer, Baruch College

**Partnership for After School Education's (PASE)**

**Fostering Financial Literacy for Youth Program**

**Going to College Debt-Free: Is it Possible?**

**Agenda**

**Is Student Debt Really an Issue?**

- Statistics on Student Debt
- Summarizing Debt

**Getting Started**

- Laying the Groundwork
- Why avoid debt?

**College Funding Options**

- Conventional & Unconventional Methods

**Engaging Parents and Students**

- Videos, Activities, etc.

**Final Comments**

- Questions?



**Specific  
Measurable  
Achievable  
Realistic  
Time-bound**

Improving your financial life requires planning, and that starts with setting goals that are Specific, Measurable, Achievable, Realistic and Time-bound (SMART).

Share your goals with a “financial buddy” and set specific dates to check-in on progress. Don’t forget to celebrate your successes!

#### Short-Term Goals (1-3 years)

Example: *I want to save \$200 in an emergency fund every month for the next 12 months. I will report my progress on the last Monday of the month to my financial buddy.*

I want to...	
This amount...	
This often...	
For this long...	
I commit to the following check-in dates with my financial buddy:	

## Medium-Term Goals (3-5 years)

Example: *I want to save \$10,000 over the next three years for a house down payment. I will check in with my financial buddy every three months.*

I want to...	
This amount...	
This often...	
For this long...	
I commit to the following check-in dates with my financial buddy:	

## College Loan Debt: Is It Worth It?

### Lesson Overview

In this lesson, students compare the benefits of a college education (which is primarily increased earning capacity) with the costs of borrowing to pay for that education. By using information about median income for people who have achieved different levels of education and chosen occupations, students determine how long it will take to repay college loans and the amount of annual income required to make those loan payments. Ultimately, they determine whether or not borrowing to finance an education is worth it.

### Lesson Introduction

The generalization is true: people with college educations typically earn more income than those with less education. But, a college education is costly – forgone income for four years, living expenses, and tuition. Add a few dollars for books and transportation, and you've made a major investment in your future. If you borrow money to finance your education, you might graduate with a lot of debt. This lesson looks at the costs and benefits of a college education, specifically, the accumulated debt from borrowing and the increased income your education enables you to earn.

Not earning a high school diploma is very expensive. In 2011, on average, people who did not finish high school earned a median income of \$23,452 per year. That is about \$10,000 a year less than the median income of a high school graduate. High school drop-outs have about a fifty percent greater chance of being unemployed and far more go to prison than high school graduates. Clearly, an investment in completing high school is a good one.

What about college? According to the U.S. Bureau of Labor Statistics (BLS), in the U.S., people with associate's (two-year) degrees earn about \$40,000 and those with bachelor's degrees have a median income of almost \$55,000. Education does pay.<sup>1</sup> Remember, these are median incomes. The BLS defines median income as "the amount which divides the income distribution into two equal groups, half having income above that amount, and half having income below that amount." Some earn much less and some earn far more.

Income is only one factor in the evaluation of the overall benefit of a college education. The other side is the cost. The University of Cincinnati estimates that the total cost for a full-time undergraduate student in 2012-2013 will be almost \$28,000.<sup>2</sup> Someone who graduates from high school but chooses not to go to college could be expected to work 40 hours a week for the thirty-six weeks of the school year (does not include summer). Without any wage or cost increases over four years, a student will spend \$112,000 on college expenses ( $\$28,000 \times 4$ ) and forgo \$92,000 in income ( $\$23,000 \times 4$ ), for a total four-year cost of \$204,000. The driving question... is the benefit of a college education worth the cost (debt)?

<sup>1</sup> U.S. Bureau of Labor Statistics, *Education Pays*, March 23, 2012. [http://www.bls.gov/emp/ep\\_chart\\_001.htm](http://www.bls.gov/emp/ep_chart_001.htm). Cited March 30, 2012.

<sup>2</sup> Student Financial Aid Office, University of Cincinnati, *UC Costs 2012-2013*. <http://financialaid.uc.edu/fees/costs13.html>. Cited March 30, 2012.

## Lesson Objectives

The student will:

1. Generalize about the relationship between educational attainment and income potential.
2. Determine the costs to attend the University of Cincinnati for four years.
3. Determine the starting average annual starting salaries for selected college majors.
4. Determine the cost of repaying federal college loans.

## Key Concepts

- Costs
- Opportunity cost
- Benefits
- Income
- Debt

## Lesson Materials

Handout 1: *Enquirer Article*

Handout/Visual 2: *Education Pays*

Handout/Visual 3: *College Costs*

Handout/Visual 4: *Starting Salaries for Selected College Majors, 2011-2012*

Handout/Visual 5: *How Much Debt Can You Repay?*

## Lesson Preparation

Make copies of Handout 1: Enquirer Article, for each student.

Make copies or prepare transparencies of Handout/Visuals 1-4.

Review information about the Bureau of Labor Statistics' "Education Pays" and "Educational Attainment" websites. [http://www.bls.gov/emp/ep\\_chart\\_001.htm](http://www.bls.gov/emp/ep_chart_001.htm)  
<http://www.census.gov/hhes/socdemo/education/about/index.html>

Access and practice calculations with the FinAid! Student Loan Debt Calculator,  
<http://www.finaid.org/calculators/undergradadvisor.shtml>

## Lesson Procedures

1. Introduce the question: Borrowing money to go to college – is it worth it? Generate some student discussion about the possible costs and benefits of going to college and borrowing, in general. Focus the discussion on the costs (bad things) and benefits (good things) about the decision to go to college.

Distribute copies of Handout 1: *Enquirer Article*. Students should read the Cincinnati Enquirer article about student loan debt, by Dr. Julia Heath.

Ask the students for their initial reactions to the article. Discuss how the article introduces the costs and benefits of financing a college education.

2. Define the concept of **benefits** as a monetary or non-monetary gain received because of an action taken or a decision made. Benefits can be money/income or non-monetary, such as prestige, personal well-being, recognition, etc.

Define the concept of **costs** in two ways.

- 1) An amount that must be paid or spent to buy or obtain something (in dollars.)
- 2) The effort, loss or sacrifice necessary to achieve or obtain something (not as easily measured in dollars or an opportunity cost.)

Clarify the concept of **opportunity cost** as the value of the second-best alternative that must be given up when scarce resources are used for one purpose instead of another. For instance, if you only have enough money for one and you choose an apple, you can't have an orange. The orange is what you give-up – your opportunity cost. If you choose to go to college full-time, you give-up the opportunity to work full-time. Working is your opportunity cost.

Explain that in this lesson, the students will look at the benefits and costs of obtaining a college education by borrowing money to pay for tuition, housing, books, etc.

3. Project or distribute copies of Handout/Visual 2: *Education Pays*. Explain that first; you should look at the benefits of obtaining a college degree. Explain the handout. In the center are the several levels of educational attainment. To the right are the median weekly incomes for each educational level. On the left are the average unemployment rates for each educational level in 2011.

*Median: The numerical value separating the higher half of a sample from the lower half. Among the group of values 1, 6, 9, 14, 20, 26, and 27, the value 14 is the median. It is the middle value.*

*Note: The median is not the average.*

Ask the students to generalize about the relationship of educational attainment to income. The relationship is positive – the more education, the higher the income. Remind students that this is a generalization and there will be exceptions, such as pro athletes, entrepreneurs, entertainers, people who are very lucky or highly skilled in some other way.

Note: You may have to define the educational levels and types of college degrees. For more information, go to: <http://www.census.gov/hhes/socdemo/education/about/index.html> .

Students should be able to articulate the general relationship between educational attainment and income. You can also discuss the left side – the average unemployment rates. Those with more education are typically less likely to become unemployed.

4. Ask students to brainstorm a list of the costs of going to college. Tuition, fees, room and board, books and supplies, transportation, healthcare, entertainment, recreation, etc. Be creative and list as many types of “costs” as possible. Don’t forget the costs of having fun.

Project or distribute copies of Handout/Visual 3: *College Costs*. This is the estimate cost to attend the University of Cincinnati to earn a bachelor’s degree in four years. Other college choices will cost more or less, depending on many factors. For more general information about college costs, go to: <http://collegecost.ed.gov/>. You can sort by type of school and tuition level.

The University of Cincinnati Financial Aid website provides more detail about UC costs. <http://financialaid.uc.edu/fees/costs13.html>. The SallieMae College Answer website provides more information about the many types of college costs. <http://www.collegeanswer.com/saving-for-college/college-costs/default.aspx>

5. Most students pay for their college education with some combination of their own funds (savings, parents’ money, gifts), scholarships, and student loans. For example:

To attend the University of Cincinnati for four years and live on campus, you will need \$27,948 per year or a total of almost \$112,000. Distribute or project Handout/Visual 3: *College Costs*. Explain that this page summarizes the estimated cost to attend the University of Cincinnati. To keep the example simple, assume that the annual cost will remain the same for four years. Of course, the cost will actually increase a little each year.

Use this example for students. Ask: How much might you owe for college loans after four years? Assume these percentages for the example:

Total cost (4 years)	100%	\$112,000
Savings and Income	40%	\$44,800
Scholarships	20%	\$22,400
Loans (debt)	40%	\$44,800

On the board or a chart pack, copy the information below. Students should be able to determine how much they will owe after four years.

Total cost (4 years):	100%	\$112,000
Savings and Income:	40%	_____
Scholarships:	20%	_____
Loans (debt):	40%	_____

For more information about the costs to attend other colleges and universities, see the College Costs Website, <http://collegecost.ed.gov/>. For specific cost information for different colleges, go to their websites.

6. After completing step 4, students should assume they will owe \$44,800 for their college loans after graduating. Explain that, in addition, college loans will begin to accumulate interest charges after graduation. Ask: What is the next step? How will they earn the income to repay the debt from the college loans?

This is a good time to further explain the concepts of "debt" and "interest."

Define **debt** as money owed to someone else. It is also the state or condition of owing money (being in debt.) Debt can be individual, corporate or government debt. In the context of this lesson, debt is the amount owed for college loans.

Define **interest** as money paid regularly, at a particular rate, as payment for the use of borrowed money. The interest payment is in addition to the amount (principle) borrowed. In the context of this lesson, interest is the cost of borrowing through college loans.

Project or distribute copies of Handout/Visual 4: *Starting Salaries for Selected College Majors, 2011-2012*. An option is to go to the Pay Scale Inc. website to look at a longer list of potential college majors. (<http://www.payscale.com/best-colleges/degrees.asp>) Remember, these are averages and actual incomes for recent graduates may vary greatly due to a variety of factors.

Review the starting and mid-career incomes for various college majors. This is an opportunity for students to ask questions about the majors or to do some research on their own.

Remind the students that the general guideline is to not owe more than a year's salary and that a person's college loan payments should not be more than 10 percent of their salary.

7. Project or distribute copies of Handout/Visual 5: *How Much Debt Can You Repay?* This page provides sample data about the amount of income required to comfortably repay college loans, assuming loan payments no larger than 10 % of annual income.

Explain: According to these guidelines, you will have to earn about \$60,000 (\$5,000 per month gross pay) in your first year to be able to begin comfortably repaying your \$44,800 student loan debt. If you do not earn at least \$60,000 annually, you will have to give-up some other expenses when you begin to work.

Ask students what they might give-up if they had to pay off their students loans. How might it affect their lifestyles after college if their loan payments are \$500 per month?

### **Lesson Conclusion**

Restate the conclusion of Handout/Visual 5, *How Much Debt Can You Repay?*, "With a 6.8% interest rate and a balance of \$44,800, your payments will be \$515.56 per month for a total repayment of \$61,867 over ten years."

Ask the students to revisit Handout/Visual 2, Education Pays. Ask: What is the most important thing you should consider when deciding to borrow to finance your college education? Students should conclude that the benefits (future income) should outweigh the cost of borrowing (repaying the loan.)

### **Lesson Assessment**

Use Handout 5: *Student Loan Decision-Making Checklist*, as a review of the lesson and for students to summarize the main ideas from the lesson. Students should be able to articulate their understanding of the decision about borrowing to finance a college education?

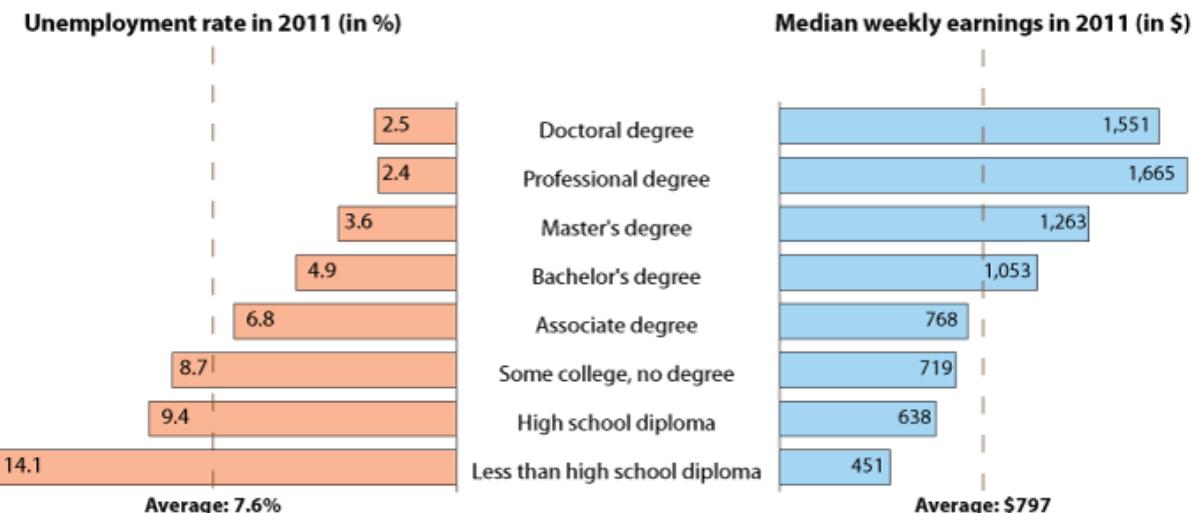
*[Students should be able to generally identify at least two benefits and two costs of a college education, including the effects of accumulating college loan debt.]*

## Handout/Visual 1

### Education Pays

Education pays in higher earnings and lower unemployment rates. The levels of educational attainment are listed in the center column, from a high school drop-out to a doctoral degree. Median weekly earnings\* for each group in 2011 are listed on the right side. The average 2011 unemployment rates for each group are listed on the left side.

### Education Pays



Source: Bureau of Labor Statistics, Current Population Survey

**Note:** This data is for persons age 25 and over, full-time wage and salary workers.

**Source:** U.S. Bureau of Labor Statistics, Current Population Survey, March 23, 2012.  
[http://www.bls.gov/emp/ep\\_chart\\_001.htm](http://www.bls.gov/emp/ep_chart_001.htm)

\*The median is the amount which divides a series of numbers into two equal groups, with half more than that amount, and half less than that amount. In the series \$1, \$4, \$9, \$17, \$29, \$43, and \$55 - \$17 is the median.

## Handout/Visual 2

**College Costs  
University of Cincinnati  
Estimated Tuition, Housing, Food, and Incidental Expenses 2012-2013**

The projected 2012-2013 University of Cincinnati total cost for a full-time undergraduate student living in a residence hall is \$27,948.

Estimated student expenses for 2012-2013 are:

Full-time Undergraduate Tuition	\$10,784
College Program Fees <sup>1</sup>	\$125 to 300
Residence Hall with Meal Plan <sup>1</sup>	\$10,170 to \$11,494
Student Health Insurance <sup>1</sup>	\$1,588
Books and Supplies <sup>2</sup>	\$1,540
Transportation <sup>2</sup>	\$532 to \$1,086
Personal Expenses <sup>2</sup>	\$3,960 to \$6,936

<sup>1</sup> UC Financial Aid estimates for 2012-2013

<sup>2</sup> Average estimates for 2012-2013

Comments from the UC Financial Aid website: "The cost of attending UC consists of direct and indirect costs. Direct costs on your quarterly bill are [tuition \(instructional, general, technology, campus life, and program fees\)](#), [room and board](#) (for students residing on campus), and [health insurance](#) (if insurance coverage is not documented). Attending college also includes indirect costs. Items such as books and supplies, transportation and parking, personal expenses, and off-campus rent are part of your budget though they will not be billed by the university."

"In addition to the direct fees detailed above, we recommend you budget \$1,540 for books and supplies, \$532 to \$1086 for transportation, and between \$3,960 and \$6,936 for personal expenses per academic year. The total amount we budget for an on-campus, full-time undergraduate, Ohio resident is \$27,948."

Source: <http://financialaid.uc.edu/fees/costs13.html>

Note: Annual out-of-state tuition for 2012-2013 is \$25,816.

## Handout/Visual 3

### Starting Salaries for Selected College Majors, 2011-2012

Major	Starting <u>Median Pay</u>	Mid-Career* <u>Median Pay</u>
Chemical Engineering	\$64,500	\$109,000
Computer Science	\$56,600	\$97,900
Economics	\$47,300	\$94,700
Construction Management	\$50,200	\$85,200
International Business	\$41,600	\$83,700
Computer Information Systems	\$47,900	\$83,100
Political Science	\$39,900	\$80,100
American Studies	\$43,400	\$78,600
Information Technology (IT)	\$48,300	\$78,500
Urban Planning	\$41,500	\$78,000
Marketing & Communications	\$38,200	\$73,500
Fashion Design	\$36,300	\$72,400
Environmental Science	\$40,200	\$71,200
Business	\$41,000	\$70,500
Nursing	\$52,700	\$69,300
Communications	\$38,000	\$66,900
Sports Management	\$35,400	\$65,100
Liberal Arts	\$37,800	\$63,200
Health Care Administration	\$36,700	\$60,900
Criminal Justice	\$35,300	\$58,900
Education	\$36,800	\$54,700
Multimedia and Web Design	\$40,400	\$53,900
Athletic Training	\$34,600	\$50,200
Culinary Arts	\$29,900	\$46,800
Social Work	\$32,200	\$44,300

\* Mid-career is 15 years of work experience.

This chart is based on the PayScale, Inc., Salary Survey data for full-time employees in the United States who possess a Bachelor's degree and no higher degrees and have majored in the subjects listed above. Salary is the sum of compensation from base salary, bonuses, profit sharing, commissions, and overtime, if applicable. Salary does not include equity (stock) compensation.

Source: Pay Scale, Inc., "Best Undergrad College Degrees By Salary - Full List." (2011-2012)  
<http://www.payscale.com/best-colleges/degrees.asp> Cited April 1, 2012.

## Handout/Visual 4

### **How Much Debt Can You Repay?**

How much income is required to pay-off a college loan? It depends on how much you owe and the interest rate. For this example, your college loan will have an interest rate of 6.8%.

<b>If you owe:</b>	<b>Minimum annual income requirement</b>
Less than \$5,000	\$6,905
\$5,000 to \$9,999	\$13,810
\$10,000 to \$24,999	\$33,143
\$46,000	\$63,525

The standard student loan repayment schedule is 120 months (10 years).

With a 6.8% interest rate and a balance of \$44,800, your payments will be \$515.56 per month for a total repayment of \$61,867 over ten years.\*

Can you afford \$515.56 per month on your starting salary?

This example is from "Start Here, Go Further: Federal Student Aid" website, U.S. Department of Education. <http://www2.ed.gov/offices/OSFAP/DirectLoan/RepayCalc/dlentry1.html> Cited April 2, 2012.

You can calculate the repayment schedule for any student loan balance using the *Start Here, Go Further: Federal Student Aid* loan calculator.

## Handout 5

Name \_\_\_\_\_

# Student Loan Decision-Making Checklist

Check-off each item you completed in the *College Loan Debt: Is It Worth It? Lesson*.

- Have you explored the relationship between levels of educational attainment and income?
- Have you explored the costs of a four-year college education?
- Have you explored the starting income you can anticipate with a bachelor's degree in the college major of your choice
- Have you learned how to determine what it will cost to repay a college loan?

**Your thoughts?** What decision will you have to make about borrowing to finance your college education?

# FOSTERING FINANCIAL LITERACY FOR YOUTH PROGRAM



## GOING TO COLLEGE DEBT-FREE: IS IT POSSIBLE?

Clemente I. Diaz  
Associate Director, College Now  
Baruch College  
 @Clem\_Diaz

## Agenda

- Statistics on Student Debt
- Summarizing Debt
- Laying the Groundwork
- Conventional & Unconventional College Funding Options
- Engaging Parents & Students
- Final Comments



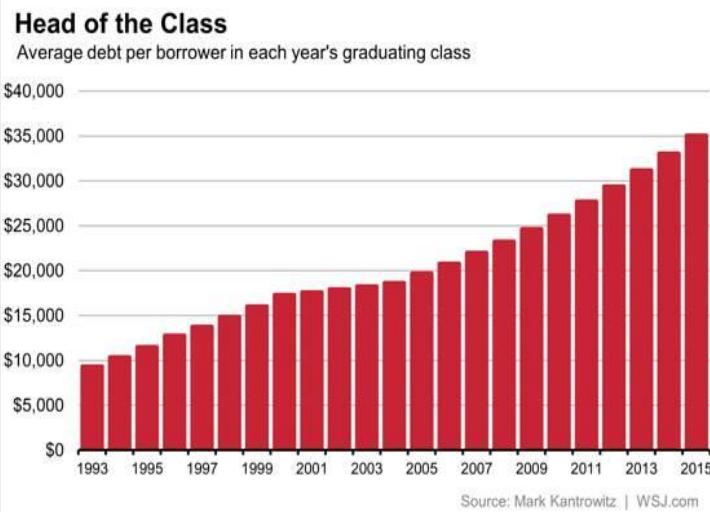
# Student Loan Debt. Is it Really an Issue?

## National Student Loan Debt

- **National student loan debt: \$1.2 trillion dollars**
  - Student loans have increased 84% since the recession
  - Only type of consumer debt not decreasing
  - 39% of students are in deferment, the period during which payments are not obligatory (\$417 billion)
  - 61% of students are in repayment (\$727 billion)

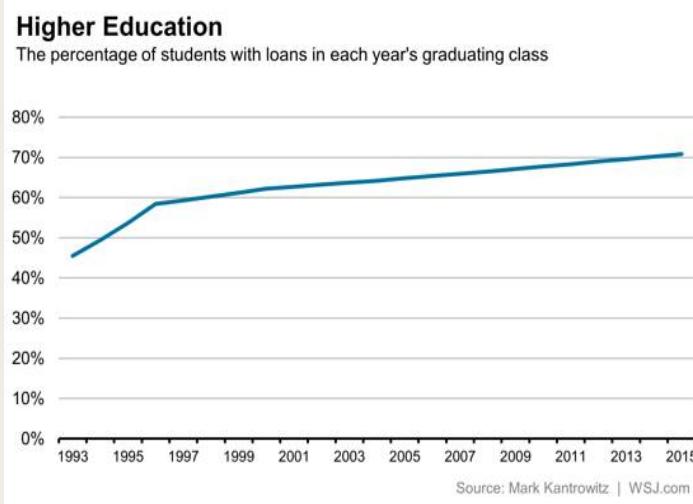
Source: Nicholas Rayfield (Apr. 8, 2015). National student loan debt reaches a bonkers \$1.2 Trillion. USA Today.

## National Student Loan Debt, cont'd



Source: Jeffrey Sparshott (May 8, 2015), Congratulations, Class of 2015. You're the Most Indebted Ever (For Now). The Wall Street Journal

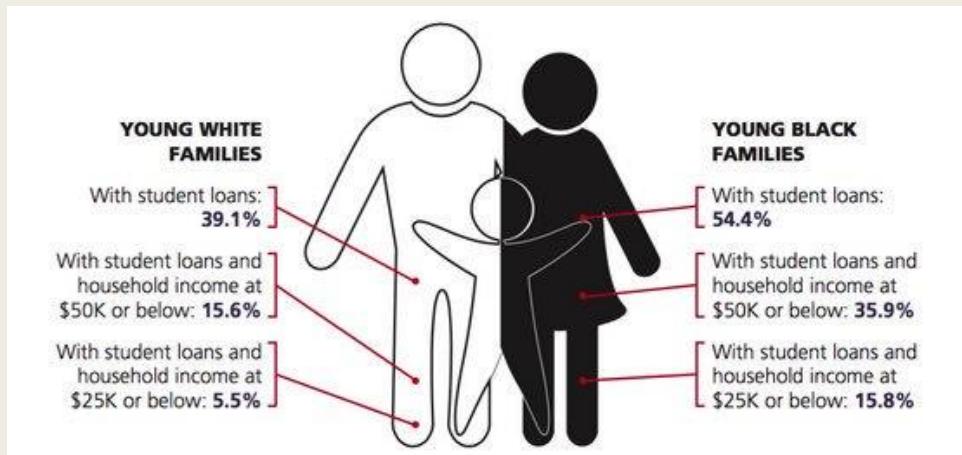
## National Student Loan Debt, cont'd



Almost 71% of bachelor's degree recipients will graduate with a student loan, compared with less than half two decades ago.

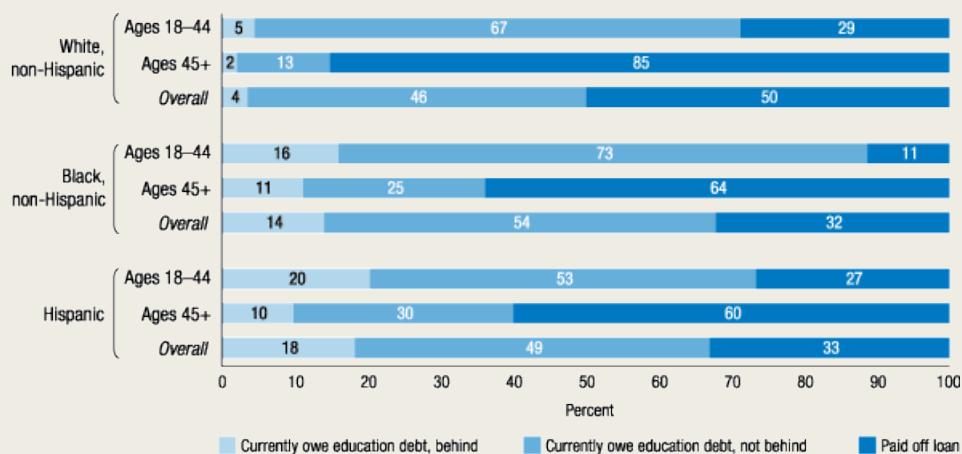
Source: Jeffrey Sparshott (May 8, 2015), Congratulations, Class of 2015. You're the Most Indebted Ever (For Now). The Wall Street Journal

## National Student Loan Debt, cont'd



Source: Mary Ellen Flannery (Jan. 21, 2016). The Color of Student Debt. National Education Association Today.

## National Student Loan Debt, cont'd



Source: Federal Reserve Report on the Economic Well-Being of U.S. Households in 2014.

# Credit Card Debt

- In 2015, 78% of college students had at least one credit card
  - 13% had credit card debt between \$3,000 – \$7,000
  - 9% had credit card debt greater than \$7,000
- Students who had college loans, the number with credit card debt rose to 48%



Source: Consolidated Credit (2016) - [www.consolidatedcredit.org/personal-finances/college/credit-on-campus](http://www.consolidatedcredit.org/personal-finances/college/credit-on-campus)

# Personal Finance

- Generally society has done a poor job at making students financially literate
  - 24% of Millennials demonstrate **basic** financial knowledge
  - 42% of Millennials have used an Alternative Financial Services product, such as payday loans and pawnshops
  - 81% of college-educated Millennials have at least one long-term debt
- Thus far, Millennials bear the greatest student loan debt of any generation
- “Personal finance is 80% BEHAVIOR & 20% head knowledge” – Dave Ramsey, CEO of the Lampo Group

Source: PricewaterhouseCoopers (2015). Millennials & Financial Literacy-The Struggle With Personal Finance.

# Getting Started



## Getting Started

- Students need to start making decisions with the mindset that debt is NOT an option
  - *A lie told often enough becomes truth* – Vladimir Lenin
  - *The borrower is slave to the lender* – Proverbs 22:7
- We have to instill critical and long term thinking
  - The decisions you make today effect tomorrow
  - Delayed gratification

KEEP  
CALM  
AND  
DELAY  
GRATIFICATION

# Why is Avoiding Debt Important?

[Voices of Debt – The Student Loan Crisis: Don’t Major in Debt](#)

See more student debt stories and other videos by The Field  
at <http://vimeo.com/thefield>

# Why is Avoiding Debt Important?

“Student loans have basically ruined my life. I never see myself owning a home or vehicle and maybe not even getting married.” - Tanya Carter, University of Toledo, 2008

“It is going to be hard to buy a house and start a family with our debt. **We joke and say that our baby is Sallie Mae, but it is true!** Education is invaluable, but I was not wise in my early 20s and did not make the right decisions when it came to my private loans.” - April Flores, San Diego State, 2008

“If I had the knowledge then that I do now, I would have paid as I went (yes, it would have most definitely taken longer but at least I would have graduated with my diploma and debt free),” - Amber Riffey, Saint Mary-of-the-Woods College, 2005

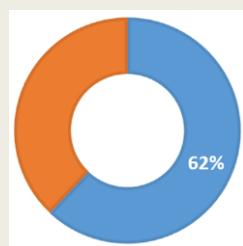
# Why is Avoiding Debt Important?

- Paying tuition with loans results in paying a higher price for one's education
- How much will a student actually pay if they have a \$30,000 student loans?
  - *Example: 6% interest rate*
  - *At this interest rate the monthly payment would be \$333*
  - *The total interest paid over the course of the loan would be \$9,967*
  - *Amount paid for degree \$39,967*

Source: Jimmy Karnezis (Jun. 10, 2016). How much will you actually pay for \$30K in student loans? Credible Labs, Inc.

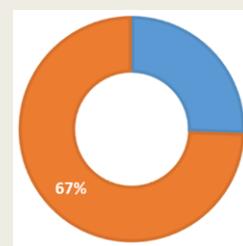
# Talking about College Costs

STUDENTS WHO EXPECT  
PARENTS TO COVER COLLEGE



\*\*35% of parents say they  
will be able to cover most  
college related costs\*\*

STUDENTS WHO SAY PARENTS  
ARE SAVING FOR COLLEGE



\*\*23% of the 67% have  
parents that indicated they  
aren't saving for college\*\*

Source: T. Rowe Price (2016). Parents, Kids & Money Survey Results -College Related Findings  
<https://corporate.troweprice.com/Money-Confident-Kids/Site/Media/Resources/Articles/2016-pkm-survey-results-summary>

## Talking about College Costs, cont'd

- Parents should speak to their kid(s) about their finances, as they pertain to college
  - *Explain how much they are willing / able to spend*
  - *Talk about college costs (private vs. public, staying home, etc.)*
- An honest conversation about family finances will make this entire process easier
  - *The sooner this happens the better (9<sup>th</sup> grade the latest)*



Source: Nicole Sforza (May 2016). How to talk to kids about college costs. Real Simple Magazine.

## Budgeting

- Students need to learn how to budget their money!
  - *Zero-Based budget (giving every dollar a job)*
- Living on less than they make
  - *Students don't need a fancy apartment and/or restaurant food every night to survive in college*

**You Need  
A Budget.**

 everydollar

# Conventional & Unconventional Funding Options



## AP & Dual Enrollment

- Students should take advantage of Advanced Placement (AP) & Dual Enrollment courses
  - AP courses can possibly lead to college credits (usually a score of 5)
  - Dual Enrollment programs allow students to earn college credits while in high school
    - CUNY College Now (free program)
    - St. Joseph's College Experience Program (\$150 plus textbooks)
- Taking AP and college courses can assist students in getting into college



## AP & Dual Enrollment, cont'd

### Atlanta teen graduates college two years before she finishes high school

- *"I was just taking college classes the first semester. Like I didn't plan on graduating at all," she said. "Then my mom started looking into and she was like 'wait a second you like taking these classes you might as well just like get your degree.' I'm like 'oh my goodness that's such a good idea!"*



Source: Fox News Atlanta (May 10, 2016)

## Scholarships

- High school students should make scholarship hunting a part-time job!
  - Academic, Athletics, Need Based, Career-Specific, College Specific and "Special Groups"
  - **\$46 billion** in grants and scholarship money is awarded annually by the U.S. Department of Education and various colleges/universities
  - **\$3.3 billion** in gift aid is awarded annually by private sources
  - **\$100 million** in scholarships go unused annually
- Easy Accessibility & Immediacy



Sources: Cecilia Barr (2016). Scholarships & Grants for College Students. Debt.org / Anne Fischer (Apr. 22, 2015). Looking for money for college? Check out this app. Fortune.

# Scholarships, cont'd

## Company Sponsored:

- Some companies offer scholarships to dependents of their employees
- Home Depot's Orange Scholarship (\$2,500)
- Burger King Scholars Program (up to \$50K)

## College Sponsored:

- Some colleges award full rides or specific scholarships to their students
- <http://blog.prepscholar.com/79-colleges-with-full-ride-scholarships>

## Scholarship Websites:

- [www.careeronestop.org/toolkit/training/find-scholarships.aspx](http://www.careeronestop.org/toolkit/training/find-scholarships.aspx)
- [www.fastweb.com](http://www.fastweb.com)
- [www.scholarships.com](http://www.scholarships.com)
- [www.scholarshipamerica.org](http://www.scholarshipamerica.org)
- [www.thescholarshipcenter.com](http://www.thescholarshipcenter.com)
- [www.scholarshipguidance.com](http://www.scholarshipguidance.com)

# Federal & State Student Aid

- **Federal Pell Grants**
  - *Maximum annual award is \$5,815*
- **Federal Supplemental Educational Opportunity Grant (FSEOG)**
  - *Annual award is between \$100 and \$4,000*
  - *Funds are based on school availability*
- **The New York State Tuition Assistance Program (TAP)**
  - *Maximum award is \$5,165 for eligible NY residents at approved schools*
- **Federal Work-Study**
  - *No annual minimum or maximum amounts. Funds are based on school availability.*
- **In 2014, \$2.9 billion** of federal grant money was left unclaimed by eligible students

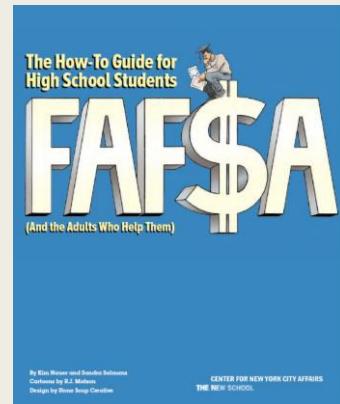


Source: Medha Imam (Jan. 20, 2015). \$2.9 billion unused federal grant awards in last academic year. USA Today College.

## Federal & State Student Aid, cont'd



[www.StudentAid.ed.gov](http://www.StudentAid.ed.gov)



[www.understandingfafsa.org](http://www.understandingfafsa.org)

## College Choice

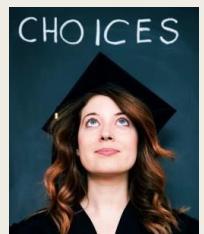
- *The biggest factor in college affordability*
  - *Public vs. Private*
  - *In-state vs. Out-of-State*
  - *Community College vs. 4 year College*
    - Tuition: CUNY 2 Year (\$4,800) vs. CUNY 4 year (\$6,330) vs. NYU (\$47,000), etc.
    - Above does not include room and board, books, transportation, etc.
  - *Staying Home vs. Residence Hall vs. Renting*
- Colleges/Universities have varying “sticker prices” and varying forms of financial aid and/or scholarships



Sources: Susannah Snider (Sept. 9, 2015). Why Public School May Not Be the Cheapest College Option. US News Education.  
The Chronicle of Higher Education (2016). Tuition and Fees, 1998-99 Through 2015-16

## College Choice, cont'd

- College specific programs which financially aid students:
  - *Honors Programs*
    - For academically superior students
    - Acceptance usually comes with free tuition
  - *SEEK/College Discovery and EOP/HEOP*
    - Economically disadvantaged students (financial need and academic performance)
  - *CUNY Accelerated Study in Associate Programs (ASAP)*
  - *John Jay College Accelerate, Complete and Engage (ACE) program*



## College Choice, cont'd

### CUNY ASAP: [www1.cuny.edu/sites/asap](http://www1.cuny.edu/sites/asap)

- *Must be accepted into a CUNY College with ASAP program*
- *Be eligible for NYC/NYS resident tuition*
- *Plan to study full-time with one of the eligible majors*

### Benefits:

- A free monthly MetroCard
- A textbook voucher
- A tuition gap waiver (for students in receipt of Pell or TAP)
- Opportunity to take winter/summer courses for free

### John Jay College ACE Program:

[www.jjay.cuny.edu/about-john-jay-ace](http://www.jjay.cuny.edu/about-john-jay-ace)

- *Must be in financial need*
- *Be an incoming freshman*
- *Plan to study full-time with one of the eligible majors*

## College Choice, cont'd

### Guttman Transfer Scholarship:

[www2.cuny.edu/financial-aid/scholarships/guttman-transfer-scholarship/](http://www2.cuny.edu/financial-aid/scholarships/guttman-transfer-scholarship/)

- Offers benefits for outstanding CUNY community college students who transfer to an eligible CUNY senior college (Brooklyn, City, Hunter, Lehman, and Queens)
- Guttman Scholars receive up to \$4,000 paid over two years



## Credit Overload

- Once in college students can take more credits per semester than required
  - *Generally, the full-time tuition rate is based on a student taking 12 credits per semester*
  - *Students can take 12+ credits per semester at the same full-time tuition rate*
  - *NOT for everyone*

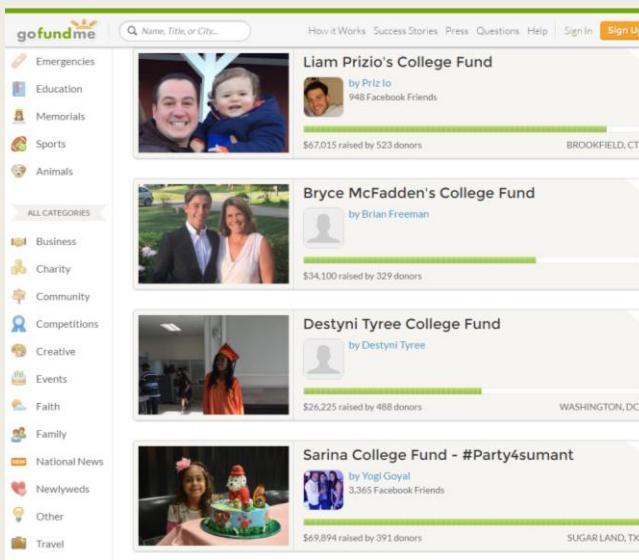


# Crowdfunding & Fundraising

- “Crowdfunding presents an appealing alternative of securing the funding ahead of time and eliminates the possible consequences of thousands in student loans...” - Steven Smith, CEO of Finicity
- Before committing to a site students should read the fine print about any associated fees
- Most popular sites:
  - [www.Gofundme.com](http://www.Gofundme.com)
  - [www.Upstart.com](http://www.Upstart.com)
  - [www.Indiegogo.com](http://www.Indiegogo.com)
  - [www.isow.com](http://www.isow.com)

Source: Emily Driscoll (Aug. 26, 2013). How to Use Crowd Funding for College. Fox Business News.

## Crowdfunding & Fundraising, cont'd



The screenshot shows the gofundme website interface with four campaign cards displayed:

- Liam Prizio's College Fund** by Priz Io: \$67,015 raised by 523 donors. (Brookfield, CT)
- Bryce McFadden's College Fund** by Brian Freeman: \$34,100 raised by 329 donors.
- Destyni Tyree College Fund** by Destyni Tyree: \$26,225 raised by 488 donors. (Washington, DC)
- Sarina College Fund - #Party4sumann** by Yogi Goyal: \$69,894 raised by 391 donors. (Sugar Land, TX)

# Employment

- Students can obtain a job while in high school
  - *Summer Youth, Saturday job, etc.*
- **Teen sells newspapers for 5 years, earns enough money to pay for college**
  - *Started selling newspapers at age 12 with one goal in mind: earn enough money to pay for college*
  - *Has earned enough money to pay for his tuition (Tennessee State University) in its entirety*



Source: Tribune Media Wire (Jun. 3, 2016).

## Employment, cont'd

- Some colleges have payment plans which work well with cash flowing one's education
  - *Not the same as a loan*
  - *Students can pay monthly bill throughout the semester instead of one lump sum at the beginning*
- Once in college students should find a job
  - *Not only helps them pay for school, but allows them to gain necessary workplace skills for postgraduate employment*

## Employment, cont'd

- Students can delay going to college until they save up “enough money”
- If a student delays entering college they might want to participate in a program where they can earn money as well as keep their momentum going
- Possible Options:
  - *Year Up*
  - *City Year*

## Employment, cont'd



- **Year Up:** [www.yearup.org](http://www.yearup.org)
  - *Combines hands-on skill development, college credits, and corporate internships to prepare students for success in professional careers and higher education*
  - *Earn up to 31 college credits and a stipend*
- **Eligibility:**
  - *18-24 years old*
  - *High school graduate or GED recipient*
  - *Of low to moderate income*
  - *U.S. Citizen, permanent resident, or have an employment authorization card*
  - *Available 5 days a week for the full year of the program*

## Employment, cont'd



- **City Year:** [www.cityyear.org](http://www.cityyear.org)

- *Students gain valuable leadership and career skills*
    - Receive an education award (\$5,775)
    - Eligible to receive scholarships exclusively for City Year alumni
    - Compensated through a living stipend and health insurance benefits

- **Eligibility:**

- *Have a high school diploma, GED, some college, or a college degree*
  - *Commit to 11 months to full-time service*
  - *18-25 years old*
  - *U.S. citizen or legal permanent resident alien*

## Undocumented Students

- **Federal & State Financial Aid –**

- *Undocumented students are not eligible for federal financial aid*
  - *NYC students can receive in-state tuition*

- **College Specific Aid**

- *Some colleges have special funds available.*
  - *Students should check with the admission or financial aid office at each college you are interested in to find out its requirements.*

# Undocumented Students, cont'd

- CUNY College Now program
  - Accepts qualified high school students regardless of immigration status
- Scholarships
  - Becas Univision (\$5,000)
  - Ascend Educational Fund Scholarship (\$2,500 - \$20,000)
  - CUNY Becas Scholarship Program at Lehman College (\$4,500 - \$6,030)
  - Colombian Education Fund (varies)
  - The Dream.US Scholarship (up to \$80,000)
  - The New York State Youth Leadership Council (\$500 - 1,500)

Sources: New York Immigration Coalition - [www.thenyic.org/blog/scholarships\\_1.30.15](http://www.thenyic.org/blog/scholarships_1.30.15)

Big future: <https://bigfuture.collegeboard.org/get-started/for-undocumented-students/questions-and-answers-about-paying-for-college>

## How do We Engage Parents?



# Engaging Parents

- What are you currently doing?



## Engaging Parents, cont'd

- Focus efforts on developing trusting and respectful relationships
  - Communication is key and so is understanding your audience
  - Especially for low-income and immigrant families
- Ensure that parents and staff understand that a child's education is a collaborative effort.
- Provide information and materials to other community based organizations in their neighborhood
  - Refer parents to specific individuals
  - Help parents know what questions to ask and how to ask them

Source: Expanding Learning - [www.expandinglearning.org/expandingminds/article/effective-strategies-engaging-parents-real-life-experiences-make-difference](http://www.expandinglearning.org/expandingminds/article/effective-strategies-engaging-parents-real-life-experiences-make-difference)

## Engaging Parents, cont'd

- Create initiatives that support families in the college process.
  - Informative and practical workshops
    - FAFSA 411, College Costs & Funding 101, etc.
  - Panels
    - Experts, parents, community partners, etc.
  - College Nights
  - Evening and weekend programs
  - Develop and train parent leaders
    - Work one on one with other parents
      - *Help submitting documents, follow ups, etc.*
    - Train other parents
    - Make home visits



Source: Expanding Learning - [www.expandinglearning.org/expandingminds/article/effective-strategies-engaging-parents-real-life-experiences-make-difference](http://www.expandinglearning.org/expandingminds/article/effective-strategies-engaging-parents-real-life-experiences-make-difference)

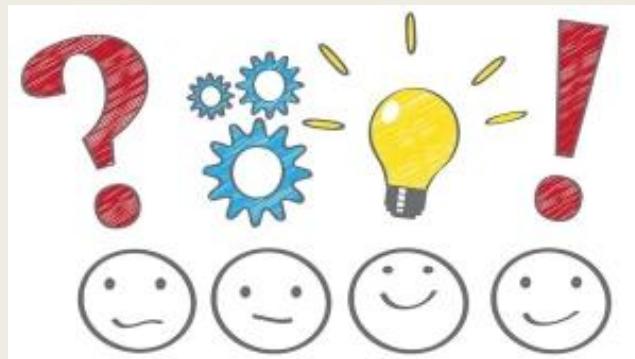
## How do We Engage Students?

*"Ask any teenager if he wants money, and you'll get a resounding yes! Ask any teenager if he wants to learn about money, and you may get a blank stare."*

*- Dave Ramsey*

# Engaging Students

- What are you currently doing?



## Engaging Students, cont'd

- Provide information and counseling/coaching
  - *Social Media*
- Have open discussions about college and debt
  - *What do they know?*
  - *Share your experiences*
  - *Relate personal finance to other topics*
- Testimonials from students
  - *Alumni / student panels*
  - *Videos: [Dee 1-Sallie Mae Back](#), [America's Student Debt Crisis: Consumer Reports](#)*
  - *Audio: [Dave Ramsey Show #8300 – College Grads Who Avoided Debt](#)*
- Incorporate Activities



## Engaging Students, cont'd

- Activity - College Loan Debt: Is It Worth It?:  
[www.economicscenter.org/media/431190/lesson.pdf](http://www.economicscenter.org/media/431190/lesson.pdf)
  1. Understand the relationship between educational attainment and income potential
  2. Determine the costs to attend a specific college for four years
    - Tuition, textbooks, room and board, etc.
  3. Determine the starting average annual salaries for selected college majors
  4. Determine the cost of repaying college loans

Source: University of Cincinnati Economics Center

## Engaging Students, cont'd

- Activity - Student Loans Financial Education Test:  
[www.financialeducatorscouncil.org/student-loans-financial-education-test/](http://www.financialeducatorscouncil.org/student-loans-financial-education-test/)
- This test measures a student's capability to make responsible student loan decisions.
  - *Tests covers student loan qualification, repayment, sources and default*
  - *Debt-free college bound student, college students considering loans and indebted college students should take this exam*

Source: National Financial Educators Council.

# Engaging Students, cont'd

- Activity – Loan Calculator: [www.finaid.org/calculators/loanpayments.phtml](http://www.finaid.org/calculators/loanpayments.phtml)

# Engaging Students, cont'd

- Activity - Reality Check: [www.jumpstart.org/reality-check.html](http://www.jumpstart.org/reality-check.html)
  - Can you afford the life you want?*
  - Will you own a car?*
  - Where will you live?*
  - How will you earn a living?*
- See if you can afford your dream life. You might be surprised at how much that life will cost.



Source: Jump\$tart Coalition for Personal Finance Literacy.

## Engaging Students, cont'd

- Activity – Worksheets: [www.smartaboutmoney.org/Tools/Worksheets](http://www.smartaboutmoney.org/Tools/Worksheets)



The image shows a worksheet titled "SMART Goals Worksheet" from the "SMART ABOUT MONEY" program. The worksheet features a lightbulb icon and defines the SMART acronym: Specific, Measurable, Achievable, Realistic, and Time-bound. It includes a section for "Short-Term Goals (1-3 years)" with an example: "I want to save \$200 in an emergency fund every month for the next 12 months. I will report my progress on the last Monday of the month to my financial buddy." There is a space for writing goals.

Source: National Endowment for Financial Education.

## Engaging Students, cont'd

- Being genuinely interested
  - “BMOC do not trust many providers of the available resources, because they don't really know the people behind the services”



Source: Heard, Not Judged (2016). Insights into the Talents, Realities and Needs of Young Men of Color. <http://heardnotjudged.com/report/>

# Conclusion

- Going to college debt free is possible!
- Not one thing alone will make it happen, but a combination of different tactics will
- Students should:
  1. *Start Early – the earlier the better*
  2. *Understand that it may not be easy*
  3. *Be proactive and make a plan*
  4. *Research their options*
  5. *Be diligent and work hard*

For the moment  
all discipline seems painful  
rather than pleasant,  
**BUT LATER**  
*it yields the peaceful fruit of  
righteousness to those who  
have been trained by it.*  
Hebrews 12:11

# Contact

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