

Access Your Potential[®]
Financial Literacy

Understanding College Costs

A lesson on paying for post-secondary
education for grades 6–8



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Preview

Lesson description

In this lesson, students will learn that decisions about post-secondary education can be complicated, especially when it comes to how much it might cost. The lesson begins with students considering the various paths young people can take after high school. Students then divide into six groups to conduct a gallery walk in which they encounter various facts, graphs, and information about the cost of college, student debt, and the difference between sticker price and net price. At each station, students respond to a prompt and review the responses of groups who have visited before them. After debriefing, students identify information from the previous activity that they found surprising, interesting, and/or troubling.

Objectives

Students will be able to:

- List factors influencing the cost of college
- Share reasons people choose to go to college
- Describe at least one reason a person might decide not to go to college

Lesson at-a-glance

Section	Purpose	Approximate time
Introduction	Introduce the presenter and the topic of the lesson	5 minutes
Activity: College cost stations	Students work visit stations around the room to consider information and respond to questions or prompts	30–50 minutes
Activity: Surprising, interesting, troubling	Students share information they found surprising, interesting, and troubling from the previous activity	5–15 minutes
Closing	Students are encouraged to make informed decisions about higher education	5 minutes
Total time		45–75 minutes

Prepare

Materials: *Arrive prepared.*

- **College cost stations handout**—one copy of each to post in the room
- **College cost stations responses handout**—six copies to post around the room along with the station description
- Tape
- **Understanding College Costs post assessment**—one for each student (OPTIONAL)

Background: *Understand the topic.*

At the middle school level, students should begin to understand their choices for education beyond high school. This includes pathways such as work, **college**, trades or certificate programs, and the military. Students should start to appreciate that going to college may increase their earning potential over time. However, they should understand that while there is a general correlation between the amount of education a person receives and their lifetime earnings, this is not always guaranteed. There are many good-paying jobs for people with less than a college degree.

In this lesson, students participate in what is called a “gallery walk” to learn new information. The goal of the walk is to have them acquire new information in a way that is engaging rather than through a traditional lecture format. If you are not familiar with a gallery walk, there are online resources such as this video from The Teacher Toolkit (<http://www.theteachertoolkit.com/index.php/tool/gallery-walk>) which can help you to get a feel for what will happen during the lesson.

Vocabulary: *Use grade-appropriate definitions.*

- **College:** A school that people attend after high school which offers 2- and/or 4-year degrees and may offer additional advanced degrees.
- **Financial aid:** Grants, scholarships, work-study programs and other assistance available to students which lowers their cost to attend college.
- **Major:** The area of study a person chooses when in college.
- **Middle skill jobs:** Those which require more than a high school education and less than a college degree, including two-year degrees, certification programs, and training in the trades.
- **Net price:** The actual amount students pay to attend a college or university.
- **Private college or university:** Colleges and universities that do not receive state government support and do not differentiate their tuition based on where people live.
- **Public college or university:** Colleges or universities that is usually associated with a specific state in which money from the state government makes it possible for students who live in that state to pay a lower tuition rate than those who do not.
- **Sticker price:** The price a college or university lists on its website or in other information which does not include the average amount students receive in financial aid.

- **Student loan debt:** Money people owe for college or other education beyond high school.
- **Student loans:** Debt people incur to pay for college. May be taken on by the student and/or parents.
- **Total cost of attendance:** Tuition, housing, meals, living costs, plus transportation costs.
- **Tuition:** The amount paid for taking classes.

Delivery: *Decide on the format.*

This lesson can be conducted with an entire class or in small groups. For each activity, there are several facilitation options provided. Be sure to review the options in advance and determine which one will work best given the setting, number of facilitators, etc. In some cases, the facilitation option you select will influence the number of handouts needed.

Differentiation: *Be aware of your audience.*

When conducting a lesson on paying for post-secondary education, it is important to consider the students and their experiences. Be prepared to acknowledge the range of experiences and backgrounds. Touch base with your classroom teacher in advance to inquire about the student population you will encounter. Below are several examples of situations you may encounter.

- Keep in mind that students may come from very different backgrounds. They may have family members who work in very different jobs and/or have varying levels of education. Be sensitive to these differences.
- Some students' families may have preconceived ideas about what they expect their children to do after high school. Some may expect them to go directly into the workforce and help support the family. Others may expect them to become part of a family business, join the military, or go to college. Family expectations often factor heavily into student decisions but should not be their only consideration.

Tips for PwC facilitators: *Make the most of your time in the classroom.*

Before facilitating this lesson for the first time, consider the following:

- Read through the entire lesson in advance.
- Touch base with the classroom teacher to make sure you know when to arrive, the process for entering the building, the room setup, photo release protocol, and any available technology. For example:
 - Where should you park? Where should you enter the building? Will find your own way to the classroom or will someone meet you?
 - What is the room set up (individual desks, tables and chairs, etc.)? Will you have access to a whiteboard?
 - Are you allowed to take photos during the lesson? Remember, you are required to get specific written consent from parents/guardians before taking photos of minors. How will you handle the students whose parents/ guardians have not given consent?
 - If you opt to use the post-assessments, should students take it using paper and pencil or online with school-provided devices? Will the teacher want to collect the assessments and forward the results, or should you collect them?
- If you will be presenting with another facilitator or team, consider each person's strengths when deciding who will lead various sections of the lessons, how students will be organized during the lessons, and who is responsible for preparing the materials.

- Remember that adults in most high schools are addressed formally using their title (Mr./Mrs./Ms.). Plan to address the teacher and any of your colleagues in this manner, even if you would normally call each other by first names.

Educator insights: *Adapt this lesson for your classroom.*

PwC is pleased to offer these lessons for use by classroom teachers to support or augment their financial education efforts. Please recognize that the materials were designed for employees to use as facilitators when visiting a class. Therefore, some sections (such as the introduction) may be unnecessary. Feel free to adapt the materials in whatever way makes the most sense for your classroom including the optional extension activities at the end of the lesson.

Teach

Opening (5 minutes)

- Thank the teacher and **introduce yourself** to the class. Explain to the students that PwC is a professional services firm that is committed to providing all students with financial literacy education through its program, *Access Your Potential*®. In simple terms, explain what you do at PwC and how it relates to what the students will be learning during the lesson.
- Let students know that you are there to help them learn more about **the cost of continuing their education beyond high school**.
- Ask students to raise their hand if they have an idea of **what they want to do after high school**.
- Acknowledge student responses and call on several volunteers to **share their plans**. How did they decide on this path? Are they committed to this path or still considering their options?
- Assure students that in middle school it is **completely okay to not know what they plan to do that far in the future**. Many people take lots of time to decide and some change their minds several times.
- Share with students that most individuals choose one of a few categories of **options after high school**, including:
 - Work
 - College—either a two or four-year program
 - Military
 - Trade or certificate program
- Explain to students that each of these are **worthwhile options with many benefits and tradeoffs to consider**. For the purpose of the lesson, however, you are going to discuss one of these paths—college—and the costs that can be associated with it.

Activity: College cost stations (30–50 minutes)

Set up

- If you haven't already done so, hang or place each sheet from the **College cost stations handout** along with the **College cost stations responses handout** in various places around the room to create six stations.

- Let students know that they will be participating in a **gallery walk**.
- Explain that they will divide into **small groups and visit each of the stations around the room**.
- Divide students into **six groups** and assign a number (one to six) to each group. This will be their group number and indicates the station at which they should begin.

Implementation

- Explain to students that they will **report to their beginning station, read** what is posted, and prepare a **response**. Their response can be an answer to the prompt along with a comment, an observation, a question they have, etc. One student from each group should **write the group's response on the sheet next to the number for their group**. In other words, group two's responses will always be next to number two on each response sheet.
- Let students know that you will tell them when it is time to move to the next station. They will **visit as many stations as time allows**. When they get to a new station, they should also read what the previous group(s) have written and may respond to that in their comments, as well.
- Tell students that before they begin there are a few **vocabulary terms** that they should all know.
 - **Public colleges and universities** are usually associated with a specific state. Money from the state government makes it possible for those colleges to have a lower tuition rate for students that live in that state.
 - **Private colleges and universities** do not receive state government support and do not differentiate their tuition based on where people live.
- Direct students to **report to their beginning station**. Allow enough time for students to discuss and record their responses.
- Let students know when it is **time to move** to the next station. If needed, remind students to read the comments of the previous group.
- **Repeat** as time allows.

Conclusion

- At the last station, call on students to **share their thoughts and/or responses** from that station. Use the information from the **College cost stations facilitation handout** to assist in debriefing the activity:
- Direct students to return to their seats.

Activity: Surprising, interesting, troubling (5–15 minutes)

Set up

- Distribute a copy of the **Surprising, interesting, troubling handout** to each student.

Implementation

- Invite students to work in pairs to **complete the handout** noting one or more things from the previous activity that they found **surprising, interesting, and troubling**.
- Give students an opportunity to **share and debrief** their responses.

Facilitation options:

Choose one of the following ways to debrief:

- Invite pairs to form small groups and share their responses.
- Conduct a full class discussion.
- Collect student responses and read some aloud.

Conclusion

- Inform students that they will have **many choices to make about their future and many factors to weigh**. Remind students that there isn't always one clear answer or choice and that decisions about investing in higher education should be given plenty of time and attention.
- Encourage students to **seek out and talk to adult mentors** who can help them make informed decisions.

Closing (5 minutes)

- (OPTIONAL) Distribute a copy of **Understanding College Costs post assessment** to each student. Direct students to answer the questions. Inform them that they do not need to put their name on the assessment unless the teacher wishes to keep a copy for grading purposes.
- **Thank** the students and the teacher for letting you come and talk to the class about the cost of higher education.

Extend

Teacher-led follow up ideas

Bulleted list of ways the educator can extend the lesson once the facilitator leaves. Each list will include a mention of a corresponding module from the Digital Classroom, such as:

- Use the *Questioning College* module in the intermediate level of the [Earn Your Future® Digital Classroom](https://app.pwcfdnearnyourfuture.org/) (<https://app.pwcfdnearnyourfuture.org/>) to help students learn even more about risk and insurance. This resource made possible by the PwC Charitable Foundation, Inc.®, is designed for students in grades 3–12 and can be delivered in multiple formats (classroom, small group, or individually) and has accompanying educator resource guides to assist in delivery. Students can engage with financial literacy concepts through innovative self-paced modules featuring custom videos, animations, and interactive activities. A free teacher login is required to access the modules.
- Challenge students to create a backwards map (i.e., reverse chronological order) of their future work and education plans. Invite them to consider the income they wish to earn as an adult, research a job that they like which pays that amount, and determine what education is needed to achieve it. Have them create a map that depicts their goal and the path.
- Direct students to research the cost of several colleges and universities of interest. Tell them to be sure to consider the total cost of attendance, which includes tuition, fees, housing, meals, transportation, and living costs.
- Invite former students to talk to your class (either in person or via video chat) to share how their views on their future have changed over time.

Standards correlation

This lesson is correlated to the National Standards for Financial Literacy from the Council for Economic Education available at <http://www.councilforeconed.org/resource/national-standards-for-financial-literacy/>. Standards are classified as primary or secondary. Primary standards are addressed directly and thoroughly. Secondary standards are addressed indirectly or partially.

Primary

Earning income:

- People make many decisions over a lifetime about their education, jobs, and careers that affect their incomes and job opportunities.
- People with less education and fewer job skills tend to earn lower incomes than people with more education and greater job skills.
- Getting more education and learning new job skills can increase a person's human capital and productivity.
- Investment in education and training generally has a positive rate of return in terms of the income that people earn over a lifetime.
- Education, training, and development of job skills have opportunity costs in the form of time, effort, and money.

Using credit:

- People can use credit to finance investments in education and housing. The benefits of using credit in this way are spread out over a period of time and may be large. The large costs of acquiring the education or housing are spread out over time as well. The benefits of using credit to make daily purchases of food or clothing are short-lived and do not accumulate over time.

Secondary

Earning income:

- Careers are based on working at jobs in the same occupation or profession for many years. Different careers require different education and training.

Saving:

- Different people save money for different reasons, including large purchases (such as higher education, autos, and homes), retirement, and unexpected events. People's choices about how much to save and for what to save are based on their tastes and preferences.

Understanding College Costs

College cost stations handout

Station #1

The website for a private Ivy League college shows its total cost of attendance as \$78,872–\$81,322.

In reality, though, the table below shows an estimate of how much the average student pays based on their family's income in a recent year. **What do you think about the difference?**

Family income	Average cost
\$0-\$30,000	\$5,311
\$30,001-\$48,000	\$10,383
\$48,001-\$75,000	\$11,372
\$75,001-\$110,000	\$19,829
\$110,001+	\$46,118

Sources: Amherst College tuition 2019–2020 (<https://www.amherst.edu/tuition>) and the U.S. Department of Education's College Scorecard 2019 (<https://collegescorecard.ed.gov/school/?164465-Amherst-College>)

Understanding College Costs

College cost stations handout

Station #2

Below are the costs listed on a large public university's website for students who live in the state (residents) and those who live outside the state (non-residents).

What do you notice?

Residents:

Tuition and fees	\$12,080
Typical residence hall	\$6,278
Typical 7-day meal plan	\$4,036
Estimated books, supplies, and living expenses	\$5,056

Non-residents:

Tuition and fees	\$31,120
Typical residence hall	\$6,278
Typical 7-day meal plan	\$4,036
Estimated books, supplies, and living expenses	\$5,702

Source: University of George, Office of Student Financial Aid, 2019-2020
(<https://www.admissions.uga.edu/afford/>)

Understanding College Costs

College cost stations handout

Station #3

Colleges and universities have what is called a sticker price and a net price. They work kind of like what is called the MSRP or manufacturer's suggested retail price at a store. The sticker price is higher and what some people pay. The net price is what people actually pay. At a store, people might negotiate a better price with a salesperson, have a coupon or a discount code, or get the item on sale.

What do you think impacts how much a student will pay to attend college?

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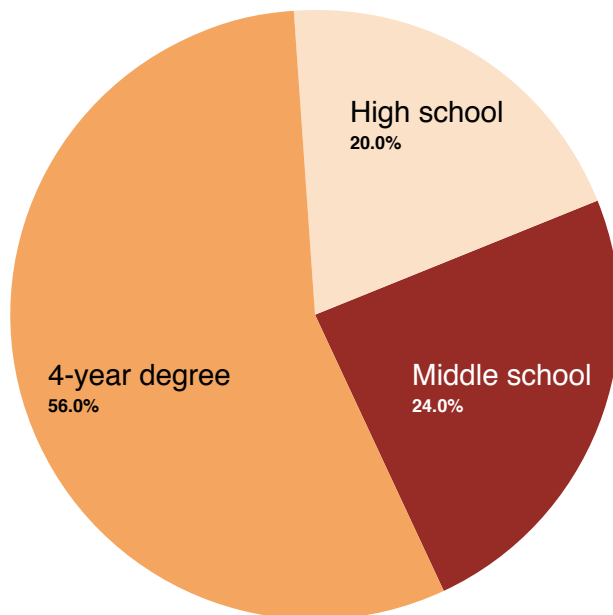
College cost stations handout

Station #4

Researchers took a look at what they considered “good jobs” which they defined as jobs that paid workers 25–44 years old \$35,000 or more and workers 45–64 \$45,000 or more. In addition, the median earning had to be \$56,000 for all workers with less than a 4-year college degree and \$65,000 when including those with a 4-year college degree.

Below is part of what they found. **If you were writing a news headline for this report, what would it be?**

Percent of "good jobs" by education level



Source: Georgetown University Center on Education and the Workforce, *The Educational Pathways to Good Jobs* (<https://cew.georgetown.edu/cew-reports/3pathways/>)

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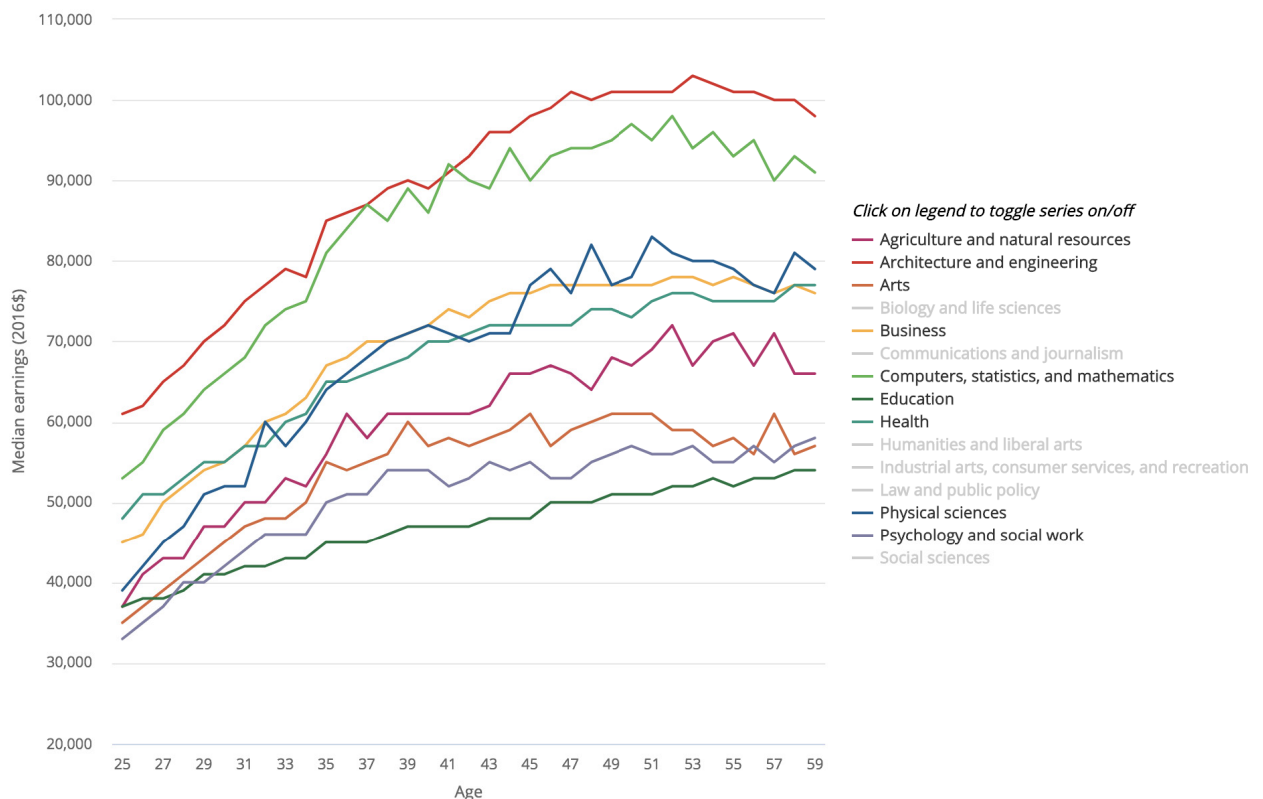
College cost stations handout

Station #5

Some people claim that everyone who goes to college and earns a degree will earn more than people who do not. Others claim that what matters most is the major or program of study a person picks.

Analyze the graph below and share what you notice.

Median earnings by major



Source: Georgetown University Center on Education and the Workforce, *Five Rules of the College and Career Game* (<https://cew.georgetown.edu/cew-reports/5rules/>)

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College cost stations handout

Station #6

Some people worry about how much debt many college students have when they graduate. Review the following statistics then answer this question: **Do you think the nation is facing a student loan crisis?**

1. Total student loan debt: \$1.56 trillion
2. Total U.S. borrowers with student loan debt: 44.7 million
3. Borrowers in the class of 2017, on average, owed \$28,650. Of those graduates who are currently making student loan payments, the average monthly payment is between \$200 and \$300.
4. About half of the students who went to college in 2018 borrowed some money to pay for it.
5. In 2019, the average new vehicle loan hit a record high of \$31,099. For used autos, the average loan rose to a record of \$19,589. In 2019, the average monthly payment for a new vehicle loan hit an all-time high of \$515. The average used auto loan payment was \$371 per month, also a record.

Sources: Forbes, [Student Loan Debt Statistics In 2019: A \\$1.5 Trillion Crisis](#); CNBC, [Here's how much the average student loan borrower owes when they graduate](#); CNBC, [Americans borrow record amounts for auto loans even as interest rates rise](#)

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College cost stations responses

Directions: Share your responses and comments next to your group number.

1.

2.

3.

4.

5.

6.

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College cost stations | Facilitation handout

<p>Station 1</p> <p>Sticker price and net price paid by family income are shown for a private Ivy League college. <i>What do you think about the difference?</i></p> <ul style="list-style-type: none">• The price shown on a college or university's website (the sticker price) is often different from the amount many students actually pay (called the net price).• Many students qualify for financial aid—help paying for higher education—based on their families' income. This means that students whose families earn less, often qualify for more financial aid. Their net price is typically lower as a result.	<p>Station 2</p> <p>The cost to attend a public college as both a resident and a non-resident are shown. <i>What do you notice?</i></p> <ul style="list-style-type: none">• The primary difference in price is the tuition (what you pay to take classes).• Public colleges charge less to residents because they are supported by taxpayers in that state.• There are fees and charges in addition to paying tuition. When comparing costs, students should consider the total cost of attendance.• Even though public schools may seem to be less expensive, they often offer less financial aid.
<p>Station 3</p> <p>Students learn the terms sticker price and net price. <i>What do you think impacts how much a student will pay to attend college?</i></p> <ul style="list-style-type: none">• Students who have visited station 1 may answer this question differently than those who have not.• Point out various factors including family income, academic achievement, athletic talent, and special circumstances which might qualify a person for financial aid.	<p>Station 4</p> <p>A pie chart shows the percent of people with each education level who have “good jobs.” <i>If you were writing a news headline for this report, what would it be?</i></p> <ul style="list-style-type: none">• There are people with varying levels of education who have “good jobs.”• Middle skill means education such as a 2-year degree, training in the trades, or a certification program.• Many of the people with high school degrees and “good jobs” have moved into managerial roles in jobs that do not require further education, such as construction, manufacturing, and retail.

Understanding College Costs

College cost stations | Facilitation handout

Station 5

The median earnings of individuals with majors in eight different areas are shown. *Analyze the graph below and share what you notice.*

- Not all college graduates can expect to earn the same amount. The field in which a person studies (their **major**) makes a difference in how much they will earn.
- Graduates who majored in architecture and engineering have the highest median earnings followed by computers, statistics, and mathematics. Those in education as well as psychology and social work have the lowest.

Station 6

Statistics about student loans are juxtaposed with ones for car loans. *Do you think the nation is facing a student loan crisis?*

- Many people who attend college borrow money called **student loans** to help them pay for it.
- Borrowing money for education is often considered a good investment because people with more education tend to have higher incomes.
- Whether or not student loan debt is a crisis depends on your outlook. Some people think it is a huge concern. Others compare them to car loans and think education is “better” debt than a car loan because of the value it adds to most people over the long term.

Understanding College Costs

Post-assessment

Section 1: Please select the correct answer for each of the following questions.

1. People who earn a 4-year college degree _____ earn more than people with no formal education beyond high school.
 - a. always
 - b. sometimes
 - c. never
2. Which of the following is NOT a traditional choice people make after high school?
 - a. College
 - b. Military
 - c. Internship
 - d. Trades or certificate program
3. Which of the following should you know before deciding to go to college? Select all that apply.
 - a. Alumni price
 - b. Sticker price
 - c. Net price
 - d. Discount price
4. Which of the following statements are TRUE? Select all that apply.
 - a. Public colleges always cost less than private ones.
 - b. There are many factors people should consider when deciding on their future job.
 - c. Paying for college is about more than just what the college says it will cost on its website.
 - d. Going to the same college can cost some students less than others.

Section 2: Please choose the number on the scale that best indicates how strongly you agree or disagree with the following statements:

	Strongly disagree				Strongly agree
I understand factors people should consider when deciding to buy insurance.	1	2	3	4	5
I feel confident making decisions about insurance.	1	2	3	4	5
I am interested in learning more about risk and insurance.	1	2	3	4	5

Section 3: Circle your grade level.

K 1 2 3 4 5 6 7 8 9 10 11 12

Understanding College Costs

Post-assessment | Answer key

Section 1: Please select the correct answer for each of the following questions.

1. People who earn a 4-year college degree _____ earn more than people with no formal education beyond high school.
 - a. always
 - b. **sometimes**
 - c. never
2. Which of the following is NOT a traditional choice people make after high school?
 - a. College
 - b. Military
 - c. **Internship**
 - d. Trades or certificate program
3. Which of the following should you know before deciding to go to college? Select all that apply.
 - a. Alumni price
 - b. **Sticker price**
 - c. **Net price**
 - d. Discount price
4. Which of the following statements are TRUE? Select all that apply.
 - a. Public colleges always cost less than private ones.
 - b. **There are many factors people should consider when deciding on their future job.**
 - c. **Paying for college is about more than just what the college says it will cost on its website.**
 - d. **Going to the same college can cost some students less than others.**

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