

## Life After High School: Navigating Education, Career and Debt

### Classroom Resources for Middle and High School

Today's 17-year old high school student faces life-changing decisions. The first is whether or not to pursue a college degree or some other education credential. Twenty years ago this was also an important decision, but then it didn't carry the urgency or the complexity that it does today.

The cost of college has risen substantially over this period. For example, the cost at public colleges rose 20% between 2005 and 2010, and another 10% between 2010 and 2015.<sup>1</sup> And fewer students or their parents have saved for the total cost. In 2016, the average college graduate will hold \$37,000 in loans.<sup>2</sup> This year's graduates are the most indebted class ever. For many graduates, the income they earn is not sufficient to enable them to easily repay their loans. Even worse, too many students drop out—leaving them with the debt but not the diploma.

But the cost of *not* going to college or pursuing another credential is also very high. The average college grad earns \$1.19 million over the course of his or her career—almost double that of someone with only a high school diploma.<sup>3</sup> And if a person invests even a fraction of that difference, the earnings over time can be very large. Students need to also recognize that college isn't the only avenue for education beyond a high school diploma. There are multiple pathways which may also offer a higher earnings potential, each with varying degrees of costs (e.g. industry credential, military, employer provided program.) Those with knowledge and skills beyond that required to graduate from high school also enjoy higher levels of employment.

And what about when this young decision-maker hits the working world? There are still many decisions to be made in order to survive, and thrive, in our dynamic global economy. They require an understanding of personal finance and economics that daily life just doesn't provide—but which our schools can, if they are equipped to do so.

This teaching unit is designed for high school with many aspects equally valuable for middle school students. Topics include:

- Economic decision-making: setting goals and making choices. Decision-making models to weigh the costs and benefits and tradeoffs around choices.
- Investing in yourself. How personal choices about education, training, skills and careers impact future earnings.
- Choosing a path post-graduation: college or another education avenue, career, military, and entrepreneurship.
- Choosing a college and a major that is right for you.
- Paying for higher education. Loans, grants and scholarships—what to consider and how to apply.
- Managing money.
- Controlling debt before it controls you.
- Consequences of our choices lie in the future.

Through lessons and activities, students are asked to reflect on their goals, research relevant information to assist them in pursuing their goals, and use decision-making models to become better decision-makers.

There are other economic concepts in the Standards of Learning for the high school Economics and Personal Finance course, and, to a lesser extent, middle school Civics & Economics, which also provide important context for many of the decisions students must make, now and in the future. While not dealt with extensively in this unit, an understanding of the following also increases the likelihood that students will become better decision-makers. These include an understanding of:

- Our market-based economy and the need to have skills and knowledge that are in demand in the labor market.
- The influence that the laws of supply and demand have on wages.
- How credit works. What is required to get it and pay it back?
- The value of saving for education (VA529 and other opportunities) and the “power” of compound interest

With education and a solid decision-making framework, students will be better prepared to make prudent choices about education, training, and career. They will better understand the implications of their decisions, be more prepared for the working world, and will be more financially responsible adults.

Footnotes:

- 1) [College Board](https://trends.collegeboard.org/college-pricing/figures-tables/tuition-and-fees-and-room-and-board-over-time-1975-76-2015-16-selected-years), accessed August 8, 2016. <https://trends.collegeboard.org/college-pricing/figures-tables/tuition-and-fees-and-room-and-board-over-time-1975-76-2015-16-selected-years>
- 2) [US News, May 9, 2016](http://www.usnews.com/education/best-colleges/paying-for-college/slideshows/10-student-loan-facts-college-grads-need-to-know). <http://www.usnews.com/education/best-colleges/paying-for-college/slideshows/10-student-loan-facts-college-grads-need-to-know>
- 3) [Hamilton Project](http://www.hamiltonproject.org/papers/major_decisions_what_graduates_earn_over_their_lifetimes/), Sept. 29, 2014. [http://www.hamiltonproject.org/papers/major\\_decisions\\_what\\_graduates\\_earn\\_over\\_their\\_lifetimes/](http://www.hamiltonproject.org/papers/major_decisions_what_graduates_earn_over_their_lifetimes/)

Visit [www.vcee.org](http://www.vcee.org) for professional development opportunities scheduled for teachers and counselors.

**TOPICS COVERED AND AVAILABLE RESOURCES TO USE WITH STUDENTS**

**Background Information and Some Things to Think About** – a power point that summarizes some key data on both the value and cost of education and provides an overview of ways to fund it.

[Crowding About College](#) – An article with some good information about tackling a problem little by little and applying this to any financial goal, such as having enough money to pay for college or a trade school. Published by the SIFMA Foundation in 2016.

<http://www.projectinvested.com/Markets-In-Action/Crowding-About-College/>

<b>Topic: Economic decision-making: setting goals and making choices</b>		
Resources	Essential questions	Essential understandings
Setting your goals: divide a piece of paper into four sections; draw a picture of four <i>goals</i> or <i>wants</i> that you have. One catch: they have to be goals that you can make a choice about. Debrief: do some goals come into conflict with other goals? (Yes; short-term goals, such as the desire to go out to eat, will reduce your ability to reach long-term goals, like opening a business after college.)  Choices and Changes Lesson 1: “Making Choices” (found on Virtual Economics)  Choices and Changes Lesson 2: “Choosing Between Alternatives” (found on Virtual Economics)  Choices and Changes Lesson 4: “What Influences Incentives?” (found on Virtual Economics)	“What goals do I have for the long term? For the short term?”  “What am I willing to give up in order to meet my goals?”  “How can I make better choices?”  “How can I deal with my problems one at a time...when they won’t get into line?”	Choosing one thing involves giving up something else (opportunity cost)  It is important to weight the costs and benefits of your choices before making a decision  Positive and negative incentives influence your choices  Incentives are not the same for everyone

<b>Topic: Investing in yourself</b>		
Resources	Essential questions	Essential understandings
“Human Capital Concept Video.” EconEdLink and Virtual Economics. <a href="http://www.econedlink.org/tool/230/Human-Capital-Concept-Video%20(3%20minutes)">http://www.econedlink.org/tool/230/Human-Capital-Concept-Video (3 minutes)</a>  Financial Fitness for Life, Lesson 6:	“Why do some jobs pay more than others?”  “How can I get the kind of job that I want?”  “Who decides wage	Increasing your human capital increases not only your salary, but the range of choices you have  Increasing your human capital increases your

<p>“Why Some Jobs Pay More Than Others.” (found on Virtual Economics)</p> <p>High School Economics, Lesson 13: “Who Decides Wage Rates?” (found on Virtual Economics)</p> <p>Choices and Changes (9-10), Lesson 7, “Human Capital and Productivity.”</p> <p>Gen-I Revolution, Mission 3: “Investing in Human Capital – Education.”  <a href="http://www.genirevolution.org/">http://www.genirevolution.org/</a>                  students help Matt determine whether to continue formal education after he graduates</p>	<p>rates?”</p>	<p>chances of getting and keeping a job</p> <p>Human capital is about “making yourself scarce;” that is, having skills that not everyone else has.</p> <p>Salaries are influenced by supply and demand.</p>
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<b>Topic: Choosing a path post-graduation: college, industry credential, career, military, and entrepreneurship</b>		
Resources	Essential questions	Essential understandings
<p>Students can explore the different pathways associated with career clusters and select an area(s) of interest.  <a href="http://www.doe.virginia.gov/instruction/career_technical/career_clusters/index.shtml">http://www.doe.virginia.gov/instruction/career_technical/career_clusters/index.shtml</a></p> <p>Invest in What’s Next (Richmond Fed) Lesson 1 Exploring My Options. Students identify their income goals and explore what kind of education may be right for them.  <a href="http://www.investinwhatsnext.org">www.investinwhatsnext.org</a></p> <p>Go College Now (Wells Fargo). Watch either a one-hour film or a feature-length film which follows the adversity and difficult decisions of four real-life high school students who are trying to be the first in their families to go to college. <a href="http://www.gocollegenow.org/">http://www.gocollegenow.org/</a></p> <p>Financial Fitness for Life (9-12), Lesson 3: “Decision-Making.” (found on Virtual</p>	<p>“What type of careers are available in areas that interest me and what is the average salary range?”</p> <p>“What kind of education do I need to finance the lifestyle I want?”</p> <p>“Is getting good grades enough to get me to college?”</p> <p>“If I choose the military, do I still need to think about human capital?”</p> <p>“What makes an Entrepreneur?”</p>	<p>The education that you pursue affects the kind of job you can get.</p> <p>No matter what kind of path you choose, your human capital will impact your wage and range of future choices.</p> <p>Entrepreneurship requires a special kind of human capital: risk-tolerance, and the ability to change ideas into reality</p>

<p>Economics)</p> <p>“Be All That You Can Be...For Minimum Wage?” This lesson shows that education matters in a military career, too. Low-skill military jobs command low pay, while high-skill jobs command higher pay. EconEdLink. <a href="http://www.econedlink.org/teacher-lesson/94/Be-All-You-Can-Be-Minimum-Wage">http://www.econedlink.org/teacher-lesson/94/Be-All-You-Can-Be-Minimum-Wage</a></p> <p>“What Makes an Entrepreneur?” EconEdLink. <a href="http://www.econedlink.org/teacher-lesson/228/What-Makes-Entrepreneur">http://www.econedlink.org/teacher-lesson/228/What-Makes-Entrepreneur</a></p>		
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<b>Topic: Choosing a college and a major that is right for you</b>		
Resources	Essential questions	Essential understandings
<p>Invest in What’s Next (Richmond Fed). Lesson 1 Exploring My Options <a href="http://www.investinwhatsnext.org">www.investinwhatsnext.org</a></p> <p>St Louis Fed video on Choosing a College (5 minutes) <a href="https://www.stlouisfed.org/education/personal-finance-101-conversations">https://www.stlouisfed.org/education/personal-finance-101-conversations</a></p> <p>The Student’s Guide to Choosing a Major. Articles, statistics, and graphics that provide information about how to choose a major <a href="http://www.bestcolleges.com/resources/choosing-a-major/">http://www.bestcolleges.com/resources/choosing-a-major/</a></p> <p>Guide to Choosing College Majors: Princeton Review. This short article includes some rules of thumb for thinking about choosing a major. <a href="http://www.princetonreview.com/college-advice/choosing-college-majors">http://www.princetonreview.com/college-advice/choosing-college-majors</a></p>	<p>“How do I choose a college major?”</p> <p>“What sort of things should I consider when thinking about a major?”</p> <p>Which majors pay the most? (And is that what matters to me?)”</p>	<p>The major that you choose affects the kind of job you can get and the range of choices you will have in the future.</p> <p>You may choose a major for any number of reasons: to get a dream job, to earn a lot of money, or simply because you are interested in the subject matter. But it’s important to know what you’re getting into.</p>
<b>Topic: Paying for education – managing money and controlling debt</b>		
Resources	Essential questions	Essential understandings

<p>Invest in What’s Next (Richmond Fed) Lesson 2: Budgeting for My Future. Students examine their education funding options, manage student loans, and balance their desired lifestyle with their expected future income.  <a href="https://www.investinwhatsnext.org/">https://www.investinwhatsnext.org/</a></p> <p>CNN Money Debt Calculator. This easy-to-use calculator helps teach the implications for debt for life spending habits.  <a href="http://money.cnn.com/calculator/pf/debt-free/">http://money.cnn.com/calculator/pf/debt-free/</a></p> <p>“How Will I Pay for College?” EconEdLink.  <a href="http://www.econedlink.org/teacher-lesson/1297/How-Will-I-Pay-College">http://www.econedlink.org/teacher-lesson/1297/How-Will-I-Pay-College</a></p> <p>Federal Student Aid website (U.S. Dept. of Education).  <a href="https://studentaid.ed.gov/sa/types/grants-scholarships">https://studentaid.ed.gov/sa/types/grants-scholarships</a></p> <p>St Louis Fed videos on Completing the FAFSA, (8 minutes) and Paying for College (8 minutes)  <a href="https://www.stlouisfed.org/education/personal-finance-101-conversations">https://www.stlouisfed.org/education/personal-finance-101-conversations</a></p> <p>Tuition Funding Sources a website to help students search for scholarships  <a href="http://www.tuitionfundingsources.com/registration/">http://www.tuitionfundingsources.com/registration/</a></p> <p>“The Hidden Costs of College.” EconEdLink.  <a href="http://www.econedlink.org/teacher-lesson/1296/Hidden-Costs-College">http://www.econedlink.org/teacher-lesson/1296/Hidden-Costs-College</a></p> <p>St Louis Fed Continuing Feducation Video Series, Episode 2, Saving for College  <a href="https://www.stlouisfed.org/education/continuing-feducation-video-">https://www.stlouisfed.org/education/continuing-feducation-video-</a></p>	<p>“What options are there for paying for college or other education programs?”</p> <p>“What do I need to do to be debt-free?”</p> <p>“What kind of education financing is best?”</p> <p>“What does it mean to live within my means?”</p> <p>“How can I plan my finances to spend less than I earn?”</p>	<p>There are many ways to pay for college or other education programs: savings, working during college, summer jobs, grants, scholarships, and loans. Each option comes with costs and benefits.</p> <p>Saving for college allows you to take advantage of compound interest. But it’s essential to start saving as early as possible.</p> <p>Loans can be a viable option to cover some education expenses, but it’s important to remember that they must be repaid—and with interest. Before taking out loans it is important to consider the required monthly payments after graduation.</p> <p>Working during school allows you to avoid excessive debt. But working can delay graduation, and delaying graduation can lead to non-completion of the degree/certification.</p> <p>Some students drop out of school, and leave with the debt but not the diploma. Thus, they have none of the gain, but debt that will be even more challenging to payoff.</p>
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<p><a href="#">series/episode-2-saving-for-college</a></p> <p>Loans are not “free money.”              Unfortunately there are many examples where students did not carefully consider what the situation might be when paying them back when using loans for a lavish lifestyle in college.  <a href="http://www.usnews.com/education/best-colleges/paying-for-college/articles/2013/07/24/undergrads-blow-it-with-student-loan-refunds">http://www.usnews.com/education/best-colleges/paying-for-college/articles/2013/07/24/undergrads-blow-it-with-student-loan-refunds</a></p> <p>Financial Fitness for Life (6-8), Lesson 7: “Managing Cash” (found on Virtual Economics)</p> <p>Learning, Earning, and Investing for a New Generation, Lesson1: Why Save? (found on Virtual Economics)</p>		
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<b>Additional Resources</b>	
Resource	Description
<p><a href="#">Great Advice for Parents</a> Fall 2016 provided by Inceptia and written by NerdWallet</p> <p><a href="https://www.inceptia.org/PDF/Inceptia_Eguide_Fall2016.pdf?utm_source=Bitly&amp;utm_medium=email&amp;utm_campaign=Great%20Advice%20for%20Parents">https://www.inceptia.org/PDF/Inceptia_Eguide_Fall2016.pdf?utm_source=Bitly&amp;utm_medium=email&amp;utm_campaign=Great%20Advice%20for%20Parents</a></p>	<p>Gives parents timely advice on what they should know leading up to the college enrollment process, as well as steps to take now to help their teen be financially prepared.</p>
<p>Investing In a College Education (EconEdLink)  <a href="http://www.econedlink.org/topics/12">http://www.econedlink.org/topics/12</a></p>	<p>A collection of lessons and videos</p>
<p>Dallas Fed materials for middle school  <a href="http://www.dallasfed.org/educate/navigate/index.cfm">http://www.dallasfed.org/educate/navigate/index.cfm</a></p>	
<p>Atlanta Fed’s Katrina Classroom, Lesson 4, Back to School  <a href="https://frbatlanta.org/education/katrina-classroom/lesson4.aspx">https://frbatlanta.org/education/katrina-classroom/lesson4.aspx</a></p>	
<p><a href="http://TeachingMoneyVa.org">TeachingMoneyVa.org</a></p>	<p>Classroom resources identified to assist Virginia teachers in teaching Economics &amp; Personal Finance</p>