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Video

FULL DETAILS AND TRANSCRIPT

Understanding How to Pay for College

Donald E. Heller, Ed.D. • February 2010

Topic: Helping Students Navigate the Path to College
Practice: Assist With College Entry

Highlights

- Low-income and first-generation college-going students do not have an understanding of college costs and generally overestimate the cost of going to college.
- There are three key areas where schools can support students' efforts in applying for financial aid: providing information on what it costs to go to college, explaining the types of financial aid available, and helping students fill out the financial aid application forms.
- Schools can seek out volunteers from businesses in the community, such as tax preparers, to support students in completing the financial aid application process.

About the Interviewee

Donald E. Heller is a professor of education and senior scientist, as well as director of the Center for the Study of Higher Education at The Pennsylvania State University. He teaches and conducts research on higher education economics, public policy, and finance, with a primary focus on issues of college

access and choice for low-income and minority students. He has consulted on higher education policy issues with university systems and policymaking organizations in California, Colorado, Kansas, Massachusetts, Michigan, New Hampshire, Tennessee, Washington, Washington, DC, and West Virginia, and has testified in front of Congressional committees, in state legislatures, and in federal court cases as an expert witness. Dr. Heller earned an Ed.D. in higher education from the Harvard Graduate School of Education and holds an Ed.M. in administration, planning, and social policy from Harvard and a B.A. in economics and political science from Tufts University.

Full Transcript

My name is Donald Heller. I am a professor of education and senior scientist, and I am also director of the Center for the Study of Higher Education here at Pennsylvania State University.

As we think about issues related to college affordability and the cost of college and financial aid, there are lots of challenges that students face when they are in high school and thinking about that transition to college.

One of the things we know from the research we conducted about what factors help to influence whether first-generation or low-income students go to college is that they are extremely price sensitive. And what this means is that they are going to be dissuaded from going to college if they believe it's too expensive and there is not enough financial aid. So high schools have to play a role in getting the information to students about financial aid paying for college to help overcome this what we call "price elasticity" that students face.

There are really three main areas we want to make sure we get information to students and their parents about college going and the cost of going to college. The first part is certainly what does it cost to go to college. And that means providing examples of what different colleges cost. What are their tuition rates? What does it cost if you are going to live on campus for a dormitory and a food plan? What does it likely cost to buy books for your courses?

The second piece of it is financial aid information. What kinds of financial aid programs are available to students? There is assistance from the federal government, most states have a financial aid program, and then institutions also offer scholarships and grants to students. So getting information about the type of financial aid is an important component.

And the third piece of it is, how do you get that aid? How do students apply for financial aid, giving them information about the FAFSA, the Free Application for Federal Student Aid, which is usually the gateway for getting access to state and federal financial aid as well as scholarship assistance from many universities. So filling out the FAFSA, giving students assistance in doing that, what kind of information do they need when they are ready sit down and fill out the FAFSA. Some universities require supplemental information beyond

what's on the FAFSA. So making sure that students and parents understand how to navigate the process of applying for all that financial aid that's out there.

And when we talk about the type of financial aid, we want to make sure that students understand the difference, for example, between grants and loans. These are two very different forms of financial aid, and making sure students understand that, for example, grants don't have to be paid back but loans do have to be paid back, what the difference is between a subsidized loan from the federal government versus a private loan from a bank—all of these kinds of things are important that students understand the difference between these when they are thinking about putting together a financial aid package to help them pay for college.

I think what high schools need to do is to really think outside the box in terms of bringing people in to help out in this effort of getting information about financial aid and how to apply for it. So for example, bring in people who are tax preparers in their professions who might be willing to volunteer some time to work with families of students, since so much of the information needed to apply for financial aid is information that comes out of tax forms. You can get retired guidance counselors, people who perhaps would like to volunteer, come back to the school, have some expertise about going to college and paying for it, could come and help out and do some one-on-ones with students and families to help them fill out the financial aid forms.

There is a great effort on nationally called College Goal Sunday. This is a program that goes into high school gyms and other places, brings in financial aid professionals from colleges and universities, people from tax preparation offices, anybody who is knowledgeable about applying for financial aid, and, again, tries to work with students and their parents on a one-to-one basis to help them fill out those forms, figure out what information is needed to apply for financial aid, and actually walk them through the process of filling out the FAFSA online or on paper. These are all good efforts that high schools could look into and try to expand the resources that they can provide themselves to students and their parents.

One of the things we want to do with high schools is to try to change their culture and get them beyond thinking about success as being just getting students through to high school or graduation or making sure students pass their State Curricular Framework Tests. We want to make sure the schools are really thinking about success for students after high school graduation. And this means helping them to prepare for college and helping them to make that transition from the high school shortly afterwards, hopefully, to a college campus. And information about college costs, information about financial aid, should be part of the mission of high schools and not just an add-on that only some students get. There are resources out there. So for example, the Department of Education has a very good website with information about financial aid [<http://studentaid.ed.gov>]. High schools should be very familiar with that website. Counselors should know about it; they should be providing information to the students to get them to that website. They don't have to do all of this on their own; they should take advantage of those resources and make sure those resources are getting into the hands of students and their parents.