How Families Can Talk About Paying for College

There's almost too much information available about students finding a college with the right "fit" academically and socially, but what about the right financial fit? What's the difference between a college's "sticker price" and the actual cost of attendance? How much debt is ok? And when should families begin talking about paying for college? In this frank and pragmatic conversation, Jayne Caflin Fonash, president of NACAC; Tracy Jackson, supervisor of school counseling services in the Loudoun County Public Schools in Ashburn, Virginia; and Megan Coval, vice president for policy and advocacy at the National Association of Student Financial Aid Administrators in Washington, D.C., reveal the essential steps to take and discuss exactly what information is vital in the process. NACAC's Mary Stegmeir moderates the conversation.

Jayne Caflin Fonash:

Hello, and welcome to the College Admissions Decoded Podcast, an occasional series from the National Association for College Admission Counseling, or NACAC. NACAC is an association of more than 15,000 professionals at high schools, colleges, universities, and nonprofit organizations, as well as independent counselors who support and advise students and families through the college admission process. I'm Jayne Caflin Fonash, president of NACAC and an independent college counselor in Potomac Falls, Virginia. I was also a public school counselor for over 24 years in Loudoun County, Virginia.

Joining me today is my colleague and fellow NACAC member, Tracy Jackson, supervisor of school counseling services in the Loudoun County Public Schools in Ashburn, Virginia.

Tracy Jackson: Hi. Thank you for having me.

Caflin Fonash: Thanks, Tracy. And Megan Coval, vice president for policy and advocacy at the National Association of Student Financial Aid Administrators in Washington, D.C.

Megan Coval: Hi. It's good to be with you today.

Caflin Fonash: Thanks, Megan. Choosing to pursue postsecondary education is one of the most important decisions a young person can make. More and more, in addition to the questions about which college I should attend and where I might be accepted, students are asking, “Can I afford it?” While students and their families have wrestled these issues for years, and years, and years, and years, the current skyrocketing college costs, as well as fears about out of control student debt, have given the issue of college affordability new urgency.
Today, we are going to talk about paying for college, financial aid, and some tips and advice from some professionals who have spent their careers working on these issues. Moderating our discussion is Mary Stegmeir, from NACAC’s communication department, a former journalist and award-winning reporter who spent a decade covering education and related issues for the Des Moines Register and other newspapers in the Midwest. Mary, we are pleased to turn things over to you.

Mary Stegmeir:

Thank you, Jayne. It is good to be with you all, and let’s get started. This is such an important topic, and such a... This is a perfect time of the year to be speaking about these things, too. Before we jump into talking about the cost of college, I wanted to touch on the value of college. And so, give me your thoughts. A college degree, is it worth it? And if yes, what makes it worth it?

Coval: I’ll start by saying unequivocally yes, in my opinion, and I think there’s certainly an economic piece to that, right? So, we know, data show us that college graduates make on average more than those who don’t have a college degree. But also sort of there’s that non-monetary aspect, too, of more civic engagement, a better-educated populace. I think all around, yes.

Stegmeir: But I know we all kind of smiled and said yes, it’s worth it, but this is a real conversation that families are having, so Tracy, when you talk with students, or when other counselors at your school talk with students and families, are there still concerns out there about whether college is still a affordable option for everyone?

Jackson: Yes, there sure is conversation about which career path students should try to be steered to upon graduation, so college is still very much in the forefront of a lot of families’ conversation, however, the cost is now a factor, especially with the student debt, as we mentioned earlier, being a great divider, I would say for a lot of families, in terms of where they can afford to send their students, and for possibly how long will they be able to send them there if they don’t have a secure amount of monies waiting to pay that tuition, which most families do not these days.

Caflin Fonash: I think one of the thoughts I would to it, in addition to the financial benefit from attending college, the ability to becoming a responsible, tax-paying citizen, and give back in terms of forming the tax base for future students in the areas where the current students live. There’s also tremendous growth in college in terms of critical thinking skills, and it's likely that these students are heading off to college now, are going to have more jobs in their lifetime than I can count. There are gonna be changes due to artificial intelligence. There’ll be shifts in job markets. And the ability to think critically, and synthesize information, and transition maybe from an intended career field into something else, really requires those strong critical thinking skills that you enhance while you’re a college student.
Jackson: Correct, and I also would want to add that just the social skills that our young adults learn while being in college, and learning how to be independent, and making independent decisions for themselves, and learning how to organize, and advocate, so all those things are a great byproduct of attending college.

Coval: And I think one other point there is it’s... When we say college, and value, and talk about it, it’s not always just a four-year degree. There’s lots of research that show that any attendance of postsecondary education, whether it’s maybe just a year and you end up not completing, I mean certainly we hope that students complete, but if they don’t, there is benefit to having gone. Whether it’s a two-year school, four-year school, a trade school, so I just, I want to make that point that we’re talking broadly about postsecondary education, and not just that four-year degree.

Stegmeir: And I think this is probably a whole other topic, but once families are invested in this idea that college is worth it, or a postsecondary of some kind, that’s a goal for their child, for their family. What needs to happen next when we talk about college costs? What sort of conversations should families be having as they plan for college, and when should those conversations start?

Jackson: As early as possible, for the general answer.

Caflin Fonash: I would agree with Tracy. I think to some extent, it depends on the student and the family. Early enough that students can be part of it, but not so soon as to raise their already heightened anxiety.

Jackson: And I would also add that we have to remember that our high school students are introduced to the college admissions process, or just college culture, as soon as they hit ninth grade year. They’re in that high school with seniors, there’s a lot of activities that happen school wide, that they observe, that they see the other students participating in. While they may not necessarily have that direct access or conversation with reps, or financial aid personnel that come to the school to help out, they are embedded in that culture.

So, perhaps for parents, freshman year needs to be the year when maybe parents start thinking about it a little bit more. To echo what Jayne said, not too soon, but the students are already being exposed, so to wait till junior year really is a little too late to start having those conversations, at least for the parents.

Stegmeir: And Megan, what are some of the things, what are some of the basics that family should know about as they go into that process? Say they’re talking with a freshman in high school, or even family conversations, what do they need to know about in terms of the FAFSA is a huge term that is thrown around in the process. Can you explain a little bit about what that is and maybe some of the other terminology they may run into?

Coval: Yeah. I think financial aid can be quite complex, and the reason is is that there are different types of financial aid, but they also come from different sources, so those are sort of the two ways you need to think about it. So, if we break it down
broadly, the types of financial aid, they come in the form of grants or scholarships, so money that you don’t have to pay back; loans, money of course that you borrow and will have to have an obligation to repay once you leave school; and then there’s also some different programs, like a work study program, where you work to earn funds to put towards your college education.

But those three different types of financial aid can come from the federal government, from the states, from the institutions themselves, and also from private or local donors, so understanding I think that there’s sort of free money, money that you borrow, and then other sort of ways to kind of work through I think are kind of the building blocks there, and then really working to educate yourself or find someone, a counselor, who can help you understand what might be available from a particular institution, what kind of institutional aid or scholarship programs they have, what’s available from your local community.

And you mentioned the FAFSA. I’m happy to go into that, too, so that sort of is a way that you kick off the financial aid process, and we encourage every student family to fill out the FAFSA, their free application for federal student aid. One thing that we hear a lot is that folks won’t fill it out because they feel like they won’t be eligible for financial aid, which does at this point, at the federal level, go to very needy families. However, you do have to fill out the FAFSA to even get a student loan, and many institutions also use information from the FAFSA to award their own institutional scholarships or loans, so it’s a really important part of the process and becomes available on October 1, and we are very encouraging of students and families filling it out as soon as possible.

Stegmeir: For our counselors on the panel, can you talk a little bit about maybe some of the questions or some of the issues that are common for families to run into? Things that anyone listening here could perhaps use your tips to avoid doing themselves?

Caflin Fonash: With regard to the FAFSA?

Stegmeir: Mm-hmm (affirmative).

Caflin Fonash: One of the suggestions I would have for families, there is a FAFSA calculator, a FAFSA estimator on the website, and I would encourage families, parents, to fill that out early, just to get an idea of what they may qualify for their student in terms of need-based aid. You can even do that in middle school, if you wanted to start to think about what ability you might have to save some money if you’re fortunate enough to be able to do that as your child grows, but doing that estimator early on gives you a clear number of what you would qualify for, and then parents can make other decisions and do other research about other sources of loans and grants based on that number. Take some of the surprise out of it.

Jackson: Right, and for those families that may need assistance in terms of understanding the FAFSA, or help filling it out, they should always turn to their school counseling offices. If there is not a college counselor there in the office, there are school counselors that should be able to help, and I would say the majority of schools
have some kind of financial aid night. A lot of times they partner with the local community colleges, and someone from that financial aid office will come to the school to give a presentation, and possibly even be able to help them walk through the form or walk through the form with them.

Stegmeir: Now that we’ve talked a little bit about the process of filing for financial aid, wanted to also make sure we touch on the cost of college itself, and Jayne, you talked about this, about some students ending up with perhaps a dream school that really is a dream for them financially. What things do families need to look at when they’re looking at college? Can you talk a little bit about the difference between sticker price and actual price?

Caflin Fonash: Actually, it’s important to talk about the difference between the sticker price and the actual price. There are a couple of layers to that, and I’m actually going to ask Megan to cover part of that, because you’re our financial aid guru in the room, and I think that would be helpful to families.

Coval: Yeah, sure. So, the sticker price is sort of the big number that you see, which represents a school’s cost of attendance, which is basically just pulling together not just tuition and fees, but room, board, other things that you may have to pay for, sort of the whole package, so that’s the big number that you see. But what we really want students and families to focus on is the net price, so what you’ll basically have to pay out of pocket, and the most general way I can say that schools calculate that is they take that big sticker price number, and then they subtract any grants and scholarships that you might get. That might be grants from the federal government, it might be scholarships from the institution. So, we mentioned tuition discounting. That often comes in the forms of usually annual scholarships, sometimes in very large, nice amounts.

So, a school will add up that money that you don’t have to pay back, and then the number that you see that’s leftover is what you’ll have to finance, either out of pocket, or through the borrowing of student loans, and even parent loans that would be available.

Caflin Fonash: So, reading in between the lines, too, I think again, with the help of our counselor, or as a family, to be able to go and do some research on schools, to see what percentage of the students who attend that school receive how much on average in terms of financial aid, and if you see something like 85% of the students at that school pay $20,000 a year in tuition rather than $35,000, there’s some data in there. There’s a message that that school is well endowed enough that they can provide significant financial support to incoming students, and that’s a key piece of information, because then you can say, “Oh, so maybe it wouldn’t cost me whatever, $40,000 to go there. Maybe it would only cost me $20,000, and then I’ll see what kind of aid I get.” That really changes a family’s perspective, and using that solid data, they’re well informed about what to expect moving forward.

Coval: Yeah, and I think when... It just made me think, too, that one really good follow-up question would be about whether those scholarships are going to be available
every year, right? So, sometimes there are scholarships that are offered to students from the institution that are just for that first year, so a really good follow-up question is just is this something that I can expect every year, or are there any terms or conditions associated with this? So, I have to maintain a certain GPA, or maintain a certain enrollment status, just to make sure that you won’t be caught in a surprise in your second, third, and fourth years out.

Caflin Fonash: And then I don’t want to forget about the group of kids who might be the first generation in their family to go to college, or who are in underserved groups, and Tracy sees that every day in Loudoun County.

Jackson: Right, so we also need to be aware of the hidden costs of college at times, so it’s great that you get your financial aid package, and then you decide this is where we can afford to send our child, but you also have to remember that there are breaks where they need to get home, there are just everyday expenses, health and beauty aids, snacks and meals on the weekends, regular spending money, like some kind of allowance, and then there’s clothes, so all the expenses that one would have while living in their parents’ home, they still need that added on with the books and the other incidentals that may occur. So, families can’t forget that, especially when it comes to dropping off and picking up their children, breaks, holidays, all of those things factor into the cost, as well.

Stegmeir: How willing are colleges to work with families if they feel like they need more assistance through the process, or they need more aid to make that college a reality? Have either of you seen situations where a call, a letter, an email has made a difference?

Caflin Fonash: I certainly think it can. I do believe that college admission and financial aid officers are in this profession because they want to provide opportunities for students to go to college and be successful. Their limitations would be how that fits into the mission and the goals of the school for that particular year, and how much funding they still have available to provide financial support to students. It’s been my experience when admission and financial aid officers are able to review a situation and able to provide funds, they will. They have regulations to follow, both federal and institutional, so there are a number of caveats about it, but I think in their heart and soul, people who do this work do it because they want to provide opportunities for students.

I sometimes think families are afraid or reticent to ask, but I would encourage a family or a student to reach out. Any polite and respectful question or inquiry I think would be responded to on the other side of the desk, and hopefully there could be a plan in place to make education more affordable for that student.

Stegmeir: Of course, a lot of families that are making these decisions, before they send their students off to college, are really thinking a lot about what comes after graduation, and what sort of the debt load will be, and I know that there is a bit of a debate about how severe the student debt crisis really is, but more importantly, is
borrowing bad? Is borrowing for school bad? And how much debt is too much debt?

Coval: I don’t think that borrowing is bad, but there are a lot of caveats to that statement, right? So, I think borrowing is an important tool. I think it’s one that most students, regardless of income, have to use today. At least a little bit. I think the question is how much debt is too much, and that of course is very individual, based on the specific family’s circumstance. Big picture, I’ll say that we know the most recent data that we have, I think from… Let’s see here. Award year 2017-18, is that the average four-year degree recipient took out $29,000. So, that I would say is not bad for an investment in your education of a four-year degree on let’s just say a 10-year standard repayment program.

So, I don’t think there’s a crisis. No. Based on those numbers. But there are lots of other little caveats.

Stegmeir: And I know at NACAC we always talk about there’s a college for everyone and finding your right fit, but I think increasingly, as students think about those tough decisions, they also have to look at financial fit. What are some things that families or students should consider in that conversation, specifically about financial fit?

Coval: Let’s just talk about a traditional student for a minute, and we know there are many other non-traditional students, but I think at 18 years old, to know what you’re going to be doing when you get out of college, but I think you made the point before, Jayne, about trying to think a little bit about at least what you want to study, and what the average starting salary might be, is sort of a good way to kind of back out what type of debt might be reasonable, and to me, I think the fit piece is really just kind of being able to estimate a little bit about what your overall debt might be. Yeah.

Caflin Fonash: You know, you mentioned traditional students, and I think I’d feel remiss if we didn’t at least talk a little bit about some non-traditional students. Students who are adults returning to college after a break that could have occurred for many different reasons, but then you’re looking at a situation where someone as an adult is supporting themselves. What is the financial fit for that person would be, “How many hours a week do I still need to work to support myself while paying tuition to attend this four-year school, or this two-year school?” And that’s a slightly different picture, but I think there are increasing numbers of students in this country who are hopefully considering returning to school to finish their education, and they will also need support in terms of financial fit.

Jackson: Right. And also in terms of fit, letting students know that there is the community college route, so they can go there for two years, transfer to a four-year university, and continue that education with a degree from that four-year that they may not necessarily have all the moneys to go to for four straight years. So, just educating families about the opportunities and the benefits of going to a community college first.
Stegmeir: Now, whether we’re talking traditional students, non-traditional students, they’re going to find out a little bit about their financial aid package in a financial aid award letter, and those can be very confusing. When you, Jayne, when you work with students, Tracy, when you work with students, what are some of the big parts, when you look at a letter with them, what do you want them to look for?

Jackson: Basically, the bottom line. What can the parent contribute? What’s the family’s responsibility to the cost? And then I think from there, you can start having all of these conversations that we’ve kind of alluded to in terms of the fit, and loans, and grants, and scholarships, and all of those other things.

Caflin Fonash: That’s right. What do I need to pay back? What is a gift to me that is free and clear, I don’t have to worry about it? I think the letters sometimes, some schools send letters that are articulate and easy to read, and others are not, so simply encouraging students to sit down with a counselor, or a trusted family member, or someone they know who happens to work in the field, who can explain to them line by line if there are any hidden costs in there that are not jumping out, because the letter might be a little bit confusing.

Stegmeir: We want to talk about savings a little bit, so when should families start saving for college? I did have one financial aid person that when I stopped paying for daycare, keep writing out the check to the college fund.

Coval: That’s what I’ve been told, too.

Caflin Fonash: That’s great advice. I saw… I hope I get this statistic right. I think if you save $100 or $150 a month for 18 years, and put it in a 529 plan, you could have as much as $40,000 to $50,000 at the end of 18 years, which… I’m not sure how much it will cover 18 years from now, but it is a start. Saving in small amounts from a very early age is certainly a great idea.

Stegmeir: And for those who aren’t familiar, can you explain, Megan or Jayne, the 529 plan?

Coval: Yeah, I mean the kind of easiest big picture way to say is that they’re just a tax-advantaged savings plans that are usually sponsored by the states, or state agencies, to put money in. A good deal related to taxes, and you can put money in, you can open them up as early as a child is born, and continue to have the money accrue in there, and then use it for... They all have different terms and conditions, but generally it’s used for educational expenses.

Stegmeir: And finally, we also want to touch on scholarships. We know there are thousands of student scholarships available. What are some of the best ways that you’ve seen students take advantage of this, and are there certain places that you encourage students or families to go in search of scholarships, or certain types of things that they should research before they start?

Jackson: Right. I would say the number one place would be to go to the school counseling office for, especially for your local scholarships. Organizations send them to schools all the time. They post them. They have their own internal process. Every
school’s a little bit different, but that would be the first place I would send families and students to look for scholarships. There’s also organizations and foundations, they have platforms, and they have portals now that house scholarships, where you can review them online with a simple click, and you can see all the different types that there are.

I think more importantly is getting our students motivated to complete them. You know, they do require an essay. They do require letters of recommendation. Sometimes transcripts. Maybe some other accompanying document. There is some work and preparation that go into scholarships. It’s not easy as, “Let me just fill this out within five minutes and then I’m done.”

Caflin Fonash: One of the other places students can go to, there are a number of resources on the NACAC website under the knowledge base that are specifically about paying for college, and there are some listings there I believe of some of the references Tracy made to various platforms. Maybe one of the most important pieces of advice to families is don’t ever continue working on a site where they’re asking you to pay a fee to look for a scholarship.


Jackson: Exactly.

Caflin Fonash: And certainly rule that out.

Stegmeir: I think that is a good conversation. Thank you all.

Caflin Fonash: Thank you Mary, Tracy, and Megan, for a terrific conversation, and thank you for listening. Thanks for joining us for this episode. Please leave a review and rate us on iTunes, as your feedback helps shape the show. College Admissions Decoded is a podcast from NACAC, the National Association for College Admission Counseling. It is produced by Lantigua Williams and Co. Cedric Wilson is our mixer. Emma Forbes is the show’s assistant producer. If you would like to learn more about NACAC’s guests, our organization, and the college admission process, visit our website at www.nacacnet.org.

CITATION: