

Paying for Education and Training Beyond High School

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Deciding whether or not to pursue education or training beyond high school requires students, and their families, to make several decisions. The big decisions to be made when it comes to education beyond high school typically include: what to study, where to study, and how to pay for it.

First, students and families need to identify the options available to them. Then, they have to choose the best combination for their situation from among those options. It can be a stressful time for all involved!

Recently there has been much discussion in the media and among policy makers about the use of student loans to pay for education or training. Often these discussions seem to suggest that student loans are the single or primary way to pay for higher education. That is simply not the case. In fact, for 2013-14, the percentage of undergraduate students receiving federal student loans was 39.6% (IPEDS Trend Generator, n.d.).

Ways to Pay

When calculating how to pay for college there are three general types of funding to consider. One way to describe them is as free money, your money, and their money (NEFE HSFPP, 2016). Many students will access all three types by the time they graduate.

Scholarships and Grants

Perhaps the most desirable way to pay for college is with scholarships and grants. That is because this is essentially “free money” since there is no expectation of repayment. Some scholarships and grants are available without any requirements. More common are scholarships or grants that require

students to meet certain conditions to receive and retain them. After the funds are awarded, if the conditions are no longer met, the funds are lost or some other penalty may apply. There may also be a penalty for failing to conform to expectations of the funder.

There are many sources of information about how to find and apply for scholarships and grants. A good place to start is <https://bigfuture.collegeboard.org/>.

Savings, Work-Study, or a Job

Another way to pay for college is with savings, through work study programs, or a job. This is “your money.”

As with scholarships and grants, these funds don’t need to be repaid but they do require time and effort in exchange for the money earned. In the case of savings, delayed or deferred gratification and planning by students, parents, and/or grandparents may also be needed.

There are a variety of college savings products. It is important to understand the specifics of a plan before investing money. Some of them are [tax-advantaged investment products](#). Some plans are limited to residents of the states in which they are sold.

Students planning to participate in federal work study or obtain a job will want to consider the realities of balancing their class load and their work commitments. It may take more than one attempt to find that balance.

Student Loans

If students and their families are not able to pay for the full cost of post-secondary education with scholarships and grants or savings, work-study, and jobs, federal and private student loans can cover the gap. Always keep in mind, this is “their money” and must ultimately be repaid with interest.

There are many different types of loans. Applying for and deciding among student loan options can be intimidating. It is important to understand the differences between federal student loans and private student loans. The “Types of Student Loans” factsheet in this series describes each type of loan as well as their unique characteristics.

Unanticipated Costs

As with many large purchases, it can be difficult to anticipate the full, final cost of a year of education, let alone the total cost to complete a degree or obtain a certification. Some of the costs may relate to changes in major, need for remediation classes, unpaid internships, or international study. Other costs may relate to student activities and travel such as organization memberships and travel related to their area of study.

It All Adds Up

On one hand, the cost to attend college or obtain other training beyond high school is significant. Deciding how to pay for it can be frustrating and stressful. Most students will use a combination of sources including scholarships and grants, savings and earnings from work study or a job, and student loans.

On the other hand, earning a college degree or other credential can pay off in more than increased earnings and wealth. Better health and closer family relationships are other examples of benefits experienced by college graduates and their families.

Resources

IPEDS Trend Generator (n.d.) What is the percent of undergraduate students receiving federal student loans? Available at

<https://nces.ed.gov/ipeds/trendgenerator/>

National Endowment for Financial Education.

(2016). Paying for college. Available at

<http://www.hsfpp.org/blog/article/59/prioritizing-options-to-pay-for-college-infographic.aspx>

Saving for College

<http://www.savingforcollege.com/>