



Financial Capability Now: Why College Students Can't Wait

Action Plan for Developing a Campus Financial Education Program

WHITEPAPER

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Financial education is focused on improving a student's financial knowledge, cultivating money management skills, increasing confidence around financial decision-making and providing appropriate perspective related to their financial well-being. Together, these components describe a student's financial capability, a characteristic that is sorely lacking on many college campuses.

Today's college students are enrolled during turbulent economic times, resulting in widespread tuition increases, amplified student loan borrowing¹, and a high correlation between money management and stress². With retention and completion objectives mainstays on the list of goals at most colleges and universities, campuses should focus energy and resources toward developing or enhancing effective financial education programs to increase financial capability and support student success.

A recent poll by Student Lending Analytics reveals that nearly half (48%) of institutions surveyed are providing some type of financial education option beyond entrance and exit counseling³. With resources at an all-time low, it is critical to recognize the need for financial education and to learn what the research has to say about how to create or enhance an effective program on campus.

Why is financial education for college students so critical?

Here are some recent facts to illustrate the pressing need for financial education for college students:

- **Today's young adults desperately lack financial skills.** A study by Hartford Financial Services Group shows that only 24% of students feel well prepared to deal with the financial challenges that await them after graduation.
- **College students want help.** Seventy-nine percent of students in an EDSA⁴ study report that their school is not doing enough to meet their needs for financial education. Even more, a recent survey conducted at the University of Arizona⁵ revealed that 95% of students believe financial independence is important and 84% of students in a survey by Sallie Mae⁶ want more information on financial management topics.
- **Stress caused by finances has a negative impact on persistence.** Forty-seven percent of students report that money makes them stressed on a regular basis while 17% of students always or sometimes think about dropping out of school due to financial stress⁷. Another study shows most students leave college because they are working to support themselves while attending school. More than half of those who left their institution said they needed to work to earn money⁸.
- **Cost of attendance and cohort default rates are moving in the same direction.** Nineteen percent of full-time students at public four-year colleges and universities attend institutions that increased their published prices in 2011 by 12% or more⁹ and the three-year cohort default rate for fiscal year 2008 was 13.8%¹⁰.



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- **Students are expected to manage large debts but have little training to do so.** Many students will leave college with a staggering amount of education debt – nearly \$24,000 for students earning a bachelor's degree. When these large debt loads are coupled with a lack of education or understanding about how to manage them, today's college students are already at a disadvantage.

These sobering facts underscore the critical need to teach money management skills to college students. Young adults need financial training in order to make sound choices and avoid mistakes that can compound problems as they proceed throughout college and become tomorrow's professionals.

Developing Your Campus Financial Education Program

Many campuses across the country have recognized the need for financial education and have put time and resources towards developing effective programs. While financial education is by no means one-size-fits-all since every campus' needs are different, the following components are common to established programs around the country that have the rigor to impact awareness, knowledge gain and long-term behavior change.

Create a Multidisciplinary Success Team

The financial success of college students must be seen as a campus-wide issue, rather than the role of one or two offices. Many campus administrators may already recognize the importance of helping students learn financial management skills, while others place it low on the list due to competing priorities and scarce resources. The following table will help determine who the stakeholders are on your campus and how to engage them to improve the financial capability of students.

Stakeholder	Why should they care?
President	A well-rounded education includes a financial education, which in-turn graduates more financially responsible citizens. Additionally, a financial education on campus supports student success and retention efforts.
Admissions Officers	Offering a campus financial education program for students can be a powerful recruiting tool that's attractive to both students and parents.
Enrollment Managers	Students who can manage money are better equipped to stay in school and graduate.
Bursars/Business Office Professionals	Students who can manage their finances are most adept at paying their student accounts and repaying their loans.
Financial Aid Administrators	If students need financial assistance, they often turn to the financial aid office for help.



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Stakeholder	Why should they care?
Student Affairs Professionals	Personal finances often spill over to impact “life outside the classroom.”
Faculty Members who teach finance	Students need practical skills for managing credit and paying their bills on time just as much as they need to understand how the stock market works.
Students and Student Organizations	Students who aren't facing financial stresses have more time for academics and involvement. Organizations may also have funds that can be put toward creating new programs that support student success.
Alumni Affairs Professionals	Financially secure graduates may become successful professionals and generous alumni donors.
Career Services Professionals	Financially adept students have a wider option of career choices due to lower borrowing rates and an understanding of long-term financial planning.
Parent Organizations	Parents have a stake in ensuring their children become savvy money managers so they are prepared for life after college.
Academic Advisors	Financially adept students can spend more time focusing on their academics rather than dealing with stressful financial situations.

Identify the Topics that are Relevant to Your Students

Established programs on campuses throughout the country tackle issues from budgeting and credit to major purchase planning and paying for college. Each campus and student population is different in their needs and those needs may change as students progress through their education. Focus groups and baseline surveys can be helpful in determining what financial issues are most relevant on your campus and when students are most compelled to learn about them. Suggested topics include:

Budgeting	Credit Reports and Credit Cards
Buying a Home or Car	Insurance and Taxes
Banking Basics	Paying for College
Identity Theft	Debt and Borrowing
Savings and Investing	Financial Goal-Setting



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Select a Delivery Method

Institutions of higher education that have existing programs are using several methods to effectively deliver financial education to students, including one-on-one sessions with peer or professional counselors, group education workshops and online modules. Goetz, et al. (2011) suggests that these three methods experience high demand from students and may be complimentary when used together. With scarce resources available, including staff time, it is important to identify the best and most accessible strategy for your campus. Below is a look at what is known about the various methods:

Delivery Method	Highlights
One-on-One Sessions	Students with especially sensitive financial issues to discuss are best served through one-on-one sessions because they are highly customizable. Using peer educators can be a cost-effective way to provide one-on-one opportunities.
Group Education Workshops	This method may result in increased awareness and lead students confidently seek out sources of financial education throughout their lifetimes. Group workshops have not been shown to have a long-term impact on knowledge gain.
Online Education	Students are increasingly comfortable with this method and tend to prefer interactive vs. passive learning. This method often provides easy reporting and is often very accessible through campus computing sites.

Promoting a Financial Education Program

While research has shown that students want more assistance when it comes to their finances¹¹, promotion is necessary to let students know about available options. There are several ways to inexpensively and effectively promote financial education offerings to college students:

- Social media (i.e. Facebook, Twitter, etc.). Members of Generation Y spend at least 2 hours online every day¹², making this a free and effective way to deliver marketing messages to today's college students.
- Build into existing programming. Programs such as First Year Experience, Residence Life and Greek Life often already have a captive audience for educational workshops. Work with stakeholders in these existing frameworks on campus.



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- Educate your colleagues. Other professionals around campus may be in the best position to identify a student's need for financial education. Work to educate colleagues in career services, academic advising, counseling and mental health services and housing to familiarize them with programs and services offered to address financial capability.
- Word-of-mouth. Often the most powerful source of referral is word-of-mouth. As your program expands, encourage current users to refer their friends and colleagues.

Assessing the Impact of Financial Education

Many existing financial education programs on college campuses are not doing enough to assess the impact of their work. It is important to gather data related to programs and services to highlight the impact on financial capability and support the need for continued resources moving forward.

Many programs collect data related to numbers served, demographics and referral sources to identify who is using the service and how they found out about it. A next step would be to collect qualitative data – what students say about their financial issues and their candid appraisal of programs and services offered to increase their financial capability. These data stories can often provide a strong rationale for continued or increased support of programs.

Simple satisfaction surveys can be used to gather data that will suggest necessary changes to programs and services based on students' needs and perceptions. Consistent use of satisfaction surveys can allow for a program to remain relevant as the economic environment and students' needs shift.

Finally, leverage expertise across campus by collaborating with faculty, graduate students and assessment office professionals to develop more rigorous ways of gathering data and assessing the impact of financial education programs.

Financial Education Resources from NSLP

NSLP's staff of Certified Personal Financial Managers and Accredited Financial Counselors has created a comprehensive list of evidence-based resources to help campuses develop financial education programs:

- On-campus Personal Money Management Seminars. Designed and tailored specifically for your students, NSLP's team members provide money management seminars that cover a variety of topics, including budgeting, using credit cards, preventing identity theft, financing a college education and more.
- Online Financial Education Courses. NSLP's online money management program, Financial Avenue (financialavenue.org), helps students, employees and clients gain important knowledge about the basics of personal finances. Financial Avenue provides a variety of courses that are evidence-based with learning objectives and real-time reports including information on completion and knowledge gained.



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- Personal Financial Management Certification. This program is designed to equip higher education professionals and peer financial counselors with the tools, resources, and confidence they need to create dynamic and robust financial education programs on their campuses. Developed in collaboration with authors and faculty from East Carolina University's nationally recognized College of Business, the self-paced course provides a rich foundation across a broad spectrum of financial principles.

About NSLP

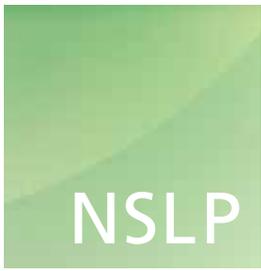
For a quarter-century, NSLP has been serving the financial aid industry—setting a standard for innovative products and services that make a difference. NSLP has a rich heritage as a trusted guarantor within the financial aid and higher education community; however, changes in the financial aid arena have resulted in a transformation of NSLP. The emphasis has shifted from being a top guarantor of new student loans to providing student and financial aid related solutions to the higher education industry.

The NSLP team has worked with more than 5,000 schools and has positively impacted more than two million borrowers. NSLP has earned a respected reputation from financial aid staff and students alike for offering results-based programs that motivate users to take positive action. The NSLP team is passionate about their job and aim to inspire that kind of commitment in schools, too.

NSLP offers a full complement of services schools are looking for today and will need in the future. Offerings include default aversion services, student outreach counseling, financial aid administration services and financial capability education—each accompanied by the unparalleled expert advice and insight NSLP is known for. The approach is customized to each school's needs and challenges. Together, NSLP and Schools can develop a success plan that will help schools manage default rates, stay on top of regulations and requirements and, most importantly, keep students on a path to success.

About the Author

Kate Trombitas, NSLP's vice president for financial education previously served as the associate director of The Ohio State University Student Wellness Center, where she founded Scarlet & Gray Financial, a peer-to-peer financial education program. Her expert financial advice for college students was recently featured in the 9th edition of Gardner, Jewler, and Barefoot's *Your College Experience: Strategies for Success*.



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