

Students and Money: Empowering Students with Information

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Houston, Texas

Introduction

- American teenagers spend an average of \$84 per week for a total of \$100 billion a year
- College students with their own credit cards carry an average unpaid balance of \$1,039
- The average student who borrows for college graduates with \$20,000 in debt

Financial Education Needs

High School Students

- Working knowledge of financial concepts
 - Inflation
 - Interest
 - Budgets
 - Risk and return
 - Compounding
 - Liquidity and cash flow

Financial Education Needs cont..

- Basics of credit and wise use of credit
- Keeping and using financial records
- Evaluating financial return on higher education
- Acquiring and using basic bank products
 - Demand deposit (checking) account
 - Money market (savings) account

Financial Education Needs cont..

- Undergraduate students
 - Borrowing for higher education/evaluating options and associated costs
 - Developing and adhering to a spending and savings plan
 - Understand insurance (health, life, disability) and risk management
 - Becoming a smart consumer
 - Understanding credit reports and credit scoring

Financial Education Needs cont..

- Graduate Students and beyond
 - Financing graduate school (how the process and programs differ from undergraduate school)
 - Managing personal finances independent of parents
 - Evaluating education loan repayment options (consolidation, income-contingent, standard) and deferment/forbearance options
 - Investing for the future while retiring loan debt

The Seven Step Program

Following these seven steps will ensure you develop and implement a successful financial education program for your high school, or college/university:

Plano Independent School District

1) Identify Framework or Background

- Texas law mandates teaching personal financial literacy to students before they graduate
- Financial education is a critical part of the curriculum in high school
- Learning to read, analyze, manage and communicate about money are important life skills as they help students respond competently in financial situations

The Seven Step Program cont...

2) Articulate Vision/Mission of the Program

- To teach the “theory” of macroeconomics not a course in “how to get rich quick”
- To empower students with information
- To allow students to utilize the information in the course and apply it to current events in the economy

The Seven Step Program cont...

3) Know your audience and assess their information needs

- Freshmen
- Sophomores
- Juniors
- Seniors

The Seven Step Program cont...

4) Identify specific learn objectives so that success can be measured:

- Students will be able to develop a budget using average income of their chosen profession after graduating from college
- Students will know how to prepare a savings program and plan for retirement utilizing four different types of investment options
- Students will be able to distinguish between salary and fringe benefit packages when seeking employment
- Students will understand the various types of insurance and how needs differ during lifetime

The Seven Step Program cont...

5) Develop financial education materials to use or adopt or customize existing materials as needed:

- Levels of Formal Education and Income
- Credit
- Insurance
- Budgeting: Consumers & Savers

The Seven Step Program cont...

6) Determine how, when and where students want to receive information and organize program components:

- Videos
- PowerPoints
- Lectures
- Netcasts
- Engaging outside resources (Texas Workforce Commission, Federal Reserve Bank)

The Seven Step Program cont...

7) Evaluate success of program

- What parts/components worked the best
- What parts need improvement

The Ohio State University

1) Identify Framework or Background

- Low freshman to sophomore retention rate mandate change
- “Spending Habits of OSU Students” quantified need for financial literacy training
- Strategies to improve second year retention (John Gardner, First Year Experience) began with financial literacy
- Defined financial wellness as new component of overall wellness
- Established office and peer mentoring system

The Ohio State University cont...

2) Articulate Vision/Mission of the Program

- Provide full range of financial literacy training
- Use student evaluation. The Seven Step Program continues to determine changes in financial literacy curriculum
- Assess student financial wellness regularly
- Provide services to assist with personal financial management

The Ohio State University cont...

3) Know your audience and assess their information needs

- Use “Spending Habits” data to determine needs
- Use trend data from that report to determine level of needs met

The Ohio State University cont...

- 4) Identify specific learning objectives so that success can be measured
 - Use three goals for each component
 - Assess missed goals from student reflection papers

The Ohio State University cont...

- 5) Develop financial education materials to use or adopt or customize existing materials as needed
 - Review best practices from USA Funds
 - Review Extension service materials
 - Solicit ideas from students

The Ohio State University cont...

- 6) Determine how, when and where students want to receive information and organize program components
 - Gardner determined that third week of first quarter of college is target
 - Theories, but no research, about why he is right

The Ohio State University cont...

7) Evaluate success of the program

- Freshman retention rate
- Reflection paper reviews
- Trends in “Spending Habits” studies

Graduate Financial Aid vs. Undergraduate Financial Aid

Undergraduate Financial Aid

- More grant aid is generally available, Federal grants (Pell), in particular
- Aid is distributed centrally, on most campuses
- Most financial aid is not linked to the academic program of the student
- Parents' data is usually required

Graduate Financial Aid

- More loan aid is available and constitutes the primary source of aid
- Aid is often administered by the graduate schools, i.e. School of law, School of education
- Most non-loan aid is linked to the student's program of study and often involves doing research or teaching
- Parents' data is not usually required

For both undergrad and grad aid, it is important to remember...

- Inquire and apply early
 - Better late than never works in everything except financial aid; in financial aid, late is never! – an OSU student
- Visit the institution's website for financial aid and assistantship(s) information
- Meet all established priority dates and deadlines
- Investigate external funding opportunities
- Research professional organizations affiliated with your program of study for possible aid

Resources

- www.collegeboard.org
- www.usafunds.org
- www.360financialliteracy.org
- www.truthaboutcredit.org
- www.crediteducation.org
- www.afcpe.org
- www.moneymanagementtips.com

Resources cont...

- www.sc.edu/fye
- www.nefe.org/
- www.studentlife.osu.edu/assessment/reports/spending-habits-of-undergraduates-report-03-04