

Improving College Student Financial Literacy

Joyce A. Cantrell, Kansas State University¹

Jodi L. Kaus, Kansas State University²

Esther M. Maddux, Kansas State University³

The need for financial literacy has received well-documented attention in the last few years. Former U.S. President George W. Bush recognized the need for improved financial literacy among U.S. citizens and established by Executive Order on January 22, 2008, an Advisory Council on Financial Literacy for the purpose of promoting financial literacy among its people (Federal Register, January 24, 2008). Providing college students with multiple educational opportunities to increase their financial knowledge is important in improving financial literacy. Kansas State University has chosen to face this challenge by implementing two new educational opportunities in addition to the current undergraduate and graduate programs in personal financial planning.

The student governing body recognized the need for financial counseling services and supported this effort by allocating a portion of student fees to assist in funding a student financial counseling center on campus effective August 2009. Additional start-up support has been provided by external donor funding. The new center has been created and named Powercat Financial Counseling. Direct counseling services are provided free to students who are experiencing a financial crisis or who just have questions about finances. In addition, the Center is also providing workshops to various residential groups on campus as well as other student groups who are interested in receiving financial education.

The next phase of outreach for Powercat Financial Counseling is the development of student Peer Financial Counselors who will volunteer in the Center and provide individual counseling and financial presentations. Peer Counselors will receive in-depth training on the delivery of services for the Center. In addition, Powercat Financial Counseling intends to develop Residential Financial Specialists in each of the university residential units to act as a liaison to the Center. The Residential Financial Specialist will be educated on the services of the Center, and the signs of financial stress that might occur amongst their peers. Their role will be to connect those peers in their residential unit with financial stress or questions to Powercat Financial Counseling for further assistance with their financial concerns.

A one-credit hour, online personal finance course with the goal of assisting freshmen and sophomore college students in improving their financial knowledge on their own time schedule was proposed in October 2008. Formal approval through the university system was received in May 2009. A needs assessment utilizing student focus groups to determine the content and best practices to use in creating a course to reach the target audience was conducted. With increased use of technology, traditional personal finance content may no longer be relevant or as relevant as it was in previous generations. Utilizing student focus groups of approximately forty to fifty students from the on-campus beginning personal finance course who voluntarily met in small groups of four to five students helped determine the actual financial habits of college students and helped determine the educational needs of the audience. Student focus groups also assisted in ascertaining the most effective delivery methods, i.e., podcasts, blogs, videos, etc. After receiving the feedback from the student focus groups, course content and delivery methods were developed. The course, Money 101, is a basic introduction to personal finance and includes topics related to financial values and goal setting, budgeting, debt management and investing. Throughout the delivery of the course, students will have the opportunity to examine their motivations for spending and saving. The ultimate goal would be that by increasing the students' financial knowledge, a change in financial practices will occur and an interest in lifelong learning about financial matters will develop.

The pilot offering of Money 101 was delivered as a short course in the May 2009 intersession with an enrollment of 39 students. The course lasted for three weeks. A pre-test of financial knowledge was administered at the beginning of the course, and a post-test of financial knowledge was delivered at the end of the course. Adjustments to the content, assignments and assessment surveys were made at the end of course. Kansas State University has a licensing agreement with the website CashCourse, and the materials found at CashCourse were used as the readings material for Money 101. CashCourse was created by [The National Endowment for Financial Education](#)® (NEFE®) which is an independent, nonprofit foundation committed to educating Americans on a broad range of financial topics and empowering them to make positive and sound decisions to reach their financial

goals. Subsequent offerings of Money 101 also used the web site LoveYourMoney.org, developed by the FINRA College Student Investor Education project from the FINRA Investor Education Foundation.

Initial program impact for the financial counseling center will be measured by the number of participants receiving counseling services and by program evaluation through research surveys. The number of projected participants who have received counseling services is estimated at 115 for the first year and to date total 125. All additional contacts made related to the Center, which includes media contacts, and other student-related contacts are estimated to reach a little over 175,000 contacts. these impact totals far exceed initial projected outcomes for the center. Initial data collected from the Money 101 students who responded to a post-course survey indicated that they were more aware of their spending habits and that they are practicing more positive financial behaviors. Pre- and post-tests over financial knowledge as well as financial behavior questions will continue to be collected each time the course is offered. Survey questions were used and adapted from NEFE Financial Education Evaluation Online Toolkit®. Interestingly enough, demographic data collected from the students reveal that the main audience for the course is students who are nearing completion of their college days instead of students who are just beginning college, which may indicate a self-selection bias. Students who are the most interested in managing their money are more likely to enroll in Money 101. The next phase of the project will be to propose making the course a requirement for all freshmen at Kansas State University. Additionally, another course will be developed focusing on money management immediately following college with graduating seniors as the target audience.

Support for course development utilizing technology appropriate for an online platform was provided by a mini-grant received from the Kansas State University's Division of Continuing Education Online Program Development project. In addition, creation of this course was made possible by assistance from a generous grant from the FINRA Investor Education Foundation which allowed funding to create the course in an online platform.

References

Federal Register, Executive Order 13455—Establishing the President's Advisory Council on Financial Literacy, January 24, 2008.

Endnotes

¹ Instructor, School of Family Studies and Human Services, Kansas State University, Manhattan, KS 66505

² Program Manager, Powercat Counseling, School of Family Studies and Human Services, Kansas State University, Manhattan, KS 66505

³ Professor and Extension Specialist, School of Family Studies and Human Services, Kansas State University, Manhattan, KS 66505