

Iowa State University
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Financial Literacy on Campus

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Financial Literacy on Campus

Abstract

This is a study of the desire among Iowa State University students for a financial literacy program on campus. The results of this study will allow the Office of Student Financial Aid to improve its current financial literacy efforts and provide the impetus to pursue new initiatives in collaboration with other student affairs and academic units for future program development.

Program

The Office of Student Financial Aid (OSFA) provides Iowa State University students, through academic courses by request of professor or instructor or through student organizations by request of the organization, with financial literacy education sessions that present students with the basics of budgeting, credit card usage, financing a college education, and student loan debt and repayment.

Executive Summary

Purpose

This study was conducted to determine if Iowa State University's Office of Student Financial Aid should develop a formal financial literacy education program to serve students of the university, and if so, how it should be administered. The OSFA currently provides financial literacy sessions when requested by professors, instructors, and student organizations. This study will help determine if the current efforts are sufficient considering increasing student loan debt, student credit card debt, and staff observations that many students either lack basic budgeting skills or do not maintain a budget. Prior to modifying or expanding the current program, it was decided to gauge the interest and desire of students that may be served by this program. The results of the survey will be considered when making decisions about the future of financial literacy education efforts of the OSFA.

Methodology

This study utilized a student survey, Financial Literacy on Campus, conducted during the Spring semester of 2006. The survey was administered to Iowa State University students that 1) were enrolled in classes in which a financial literacy session has previously been requested or was requested during the study term, 2) were members of student organizations in which a financial literacy session has previously been requested or was requested during the study term, or 3) attended an open financial literacy session during the study term. The survey consisted of 50 questions inquiring about student preferences for a financial literacy education program, students' current level of personal finance knowledge, students' personal finance histories and credit usage, and demographics. A total of 429 students completed the survey.

Findings

This study found that students do desire to have a financial literacy education program on campus. Over 70 percent of survey respondents indicated that they would likely attend a financial literacy program if offered to ISU students (see Table 1). A majority of student respondents prefer a financial literacy program to be provided through a course offered for credit over other options, but would also be somewhat likely to attend free workshops. Students also overwhelmingly indicated that they would like to receive financial literacy education from a financial advisor or a financial aid counselor rather than from a professor, peer, or parent.

Table 1: Desire for a Financial Literacy Education Program by Program Type

	% likely or very likely to attend
Free stand-alone workshop	30.52%
Free workshop series	23.00%
Fee-based workshop series	9.20%
Non-credit course	9.72%
Course with credit towards graduation	59.15%
Course with credit towards specific requirement	54.12%
At least one of the above session types	70.63%

The survey results further show that there is a lack of understanding on a number of personal finance topics of which the respondents find important. These survey results, as well as other criteria, were used to determine that a number of specific personal finance topics should be included in a financial literacy program. These topics include financing a college education, student loan consolidation, debt management and avoidance, budgeting, credit, credit cards, investing, retirement planning, and understanding and comparing job offers. The survey results varied based on the demographics of the survey respondents particularly across age, gender, colleges, and receipt of financial aid.

Discussion and Recommendations

This study demonstrates a desire for financial literacy education among Iowa State University students. The survey results provide valuable information about the desire of the student respondents for a program, how the program should be structured, and the topics that should be included in the program. This information will be utilized as the Office of Student Financial Aid examines its current financial literacy efforts and what these efforts should look like in the future.

The study first points to a need for the OSFA to continue, and likely expand, its current efforts. While survey respondents prefer a program offered through a course for credit, this is not an option currently available to students. Therefore, the OSFA should continue to provide sessions through existing academic courses and student organizations. This service should be advertised to academic departments, more specifically instructors, to increase its exposure and usage. The OSFA should also develop partnerships with the instructors of a number of courses to design a financial literacy curriculum to be included as a regular part of their courses. These efforts should be continued until a widely available life skills course that includes a financial literacy component is developed.

The program to be developed by the OSFA should be organized into three sections. The first section should educate students about financing a college education including the basics of financial aid, debt avoidance and management, and living within their financial means. The second section should educate students about the basics of personal finance (e.g. budgeting, credit, and credit cards). The third section should educate students near graduation on topics that will be important to them as they begin their post-graduation lives (e.g. investing, retirement planning, and debt management).

Finally, the OSFA should build partnerships with individuals from a variety of campus units to develop a coordinated financial literacy campaign and program. These partnerships will allow the OSFA to utilize existing knowledge and resources within the university community to serve students in the most productive and effective way possible. Iowa State University has an opportunity to provide its students with essential life skills that are valuable, not only for their college careers, but for life beyond this campus, and this study demonstrates the desire among students to be provided with such an education.