

White Paper



# Snapshot of Financial Education Programming: How Schools Approach Student Success

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## Executive Summary

Increased college costs have led to more student loan borrowers and higher debt loads. According to the Federal Reserve Bank of New York, the outstanding student loan balance is now at about \$870 billion, surpassing the total credit card balance (\$693 billion) and the total auto loan balance (\$730 billion).

Students and their parents have expressed a need for more financial education. A National Foundation for Credit Counseling 2009 survey revealed that 41 percent of U.S. adults, or more than 92 million people living in America, gave themselves a grade of C, D or F on their knowledge of personal finance.

While schools are doing the best they can, more financial education in multiple forms is needed to reverse the skyrocketing rise of student loan debt.

In a national survey of nearly 200 higher-education institutions, Inceptia found the majority of colleges and universities are placing more emphasis on financial education for students. The survey also revealed that schools are lacking much-needed funding and resources to adequately prepare students for future financial challenges, including the management and repayment of student loan debt.

### Key findings:

- More than 60 percent of schools currently offering programs reported that they believe their programs are less than comprehensive and are in need of more support.
- Nearly half of the institutions with financial education programs on campus receive no funding to support their activities; 31 percent operate with an annual budget of \$5,000 or less.
- Schools recognize the need for campus-wide partnerships that extend beyond financial aid offices.

Inceptia is built upon NSLP's long, rich history of helping students be financially successful. In fact, since 1986, we have served more than 5,500 schools and assisted more than two million students with successfully repaying their student loans. During 2010-2011 alone, we conducted nearly 400 on-campus financial education seminars, reaching a combined 7,300 students.

Through this dedicated work, Inceptia has recognized the need for sound financial education on campus. In a time where student loan debt has surpassed credit card debt (Sallie Mae, 2009) and the average student graduates with \$24,000 in student loan debt plus \$3,000 more in credit card debt, financial education needs are at an all-time high. Even more, students who drop out after their freshman year often cite money issues as their reason for leaving, and this exodus costs institutions approximately \$3.9 million, annually.

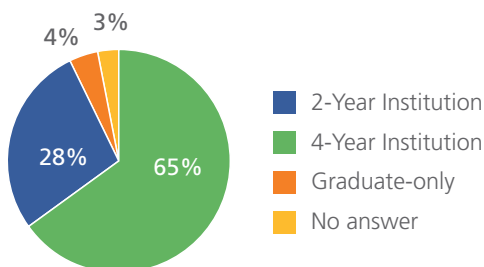
In response to this apparent need, the organization recently leveraged Inceptia's expertise in financial education, along with partnerships throughout higher education, to determine what colleges and universities are doing to address the need for financial education on campus. This white paper outlines key learnings from the nearly 200 institutions from across the country that responded to the Inceptia 2012 Financial Education Survey.

## Methodology

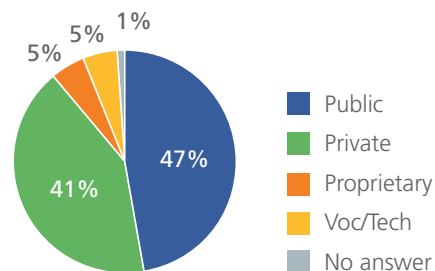
In February 2012, an invitation was sent to a stratified sample of colleges, universities and vocational/technical institutions nationwide. Participants were asked to complete an online survey regarding the type of financial education programming currently being conducted on their campus. The primary goal of the study was to provide specific insights into the depth and breadth of financial education programming currently being utilized.

Nearly 200 institutions elected to complete the survey during the month of February. The following charts describe the types of institutions that chose to respond to the survey.

### By Degree Level



### By Institution Type



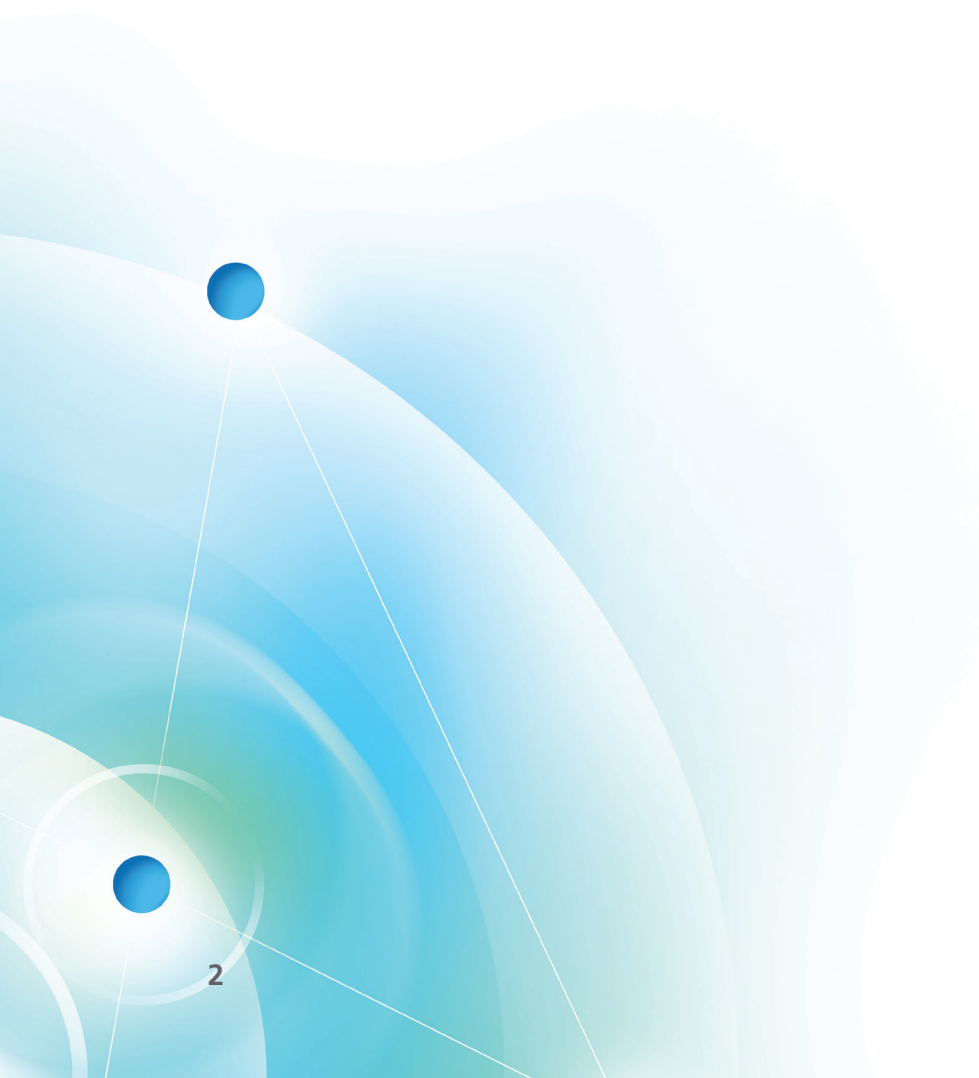
## Results

What follows is an in-depth look at key learnings about the financial education activities being conducted at nearly 200 colleges and universities nationwide.

### Prevalence of Financial Education

In recent years, it has become evident that offering financial education programs and services on a college campus is a growing trend. Schools have recognized the need for these programs and services to support overall student success and retention efforts. And, despite the pervasiveness of difficult budget situations throughout the higher education industry, institutions are placing a priority on their students' financial well-being and investing in infrastructure and training to support the delivery of sound financial education to students.

Mirroring this trend, Inceptia's research discovered that 65 percent of survey respondents currently have a financial education program of some type on their campus. Additionally, of those who indicated that their school does not currently offer a program, a full 43 percent believe that their institution will definitely or probably start a financial education program within the next 12 months. Students have said that financial education is helpful when it comes to understanding their finances, and schools are taking note.

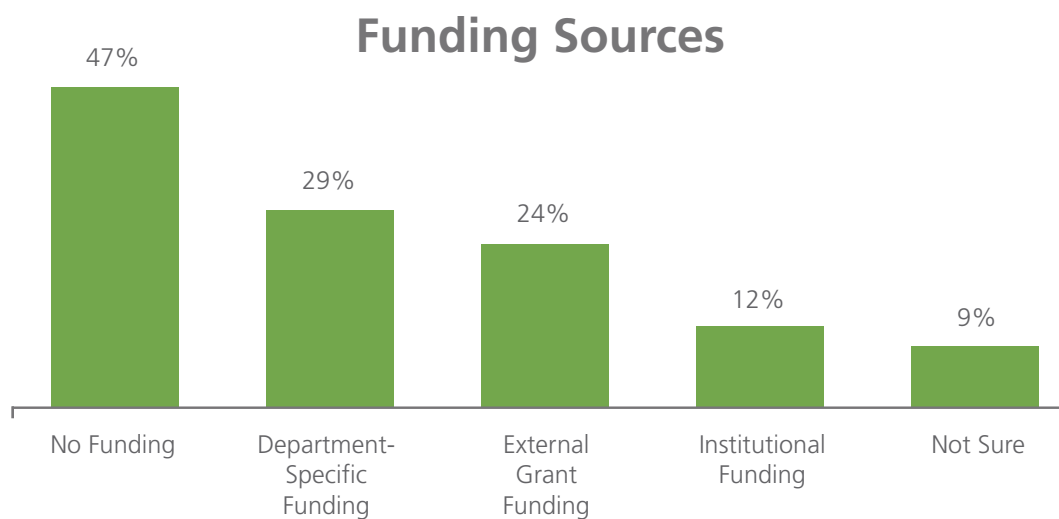


## Funding Sources

Given the difficult budgetary climate we are all operating within, it is no surprise that slightly under half (47 percent) of the institutions that currently have financial education programs in place report that they receive no funding to support their activities. It is on these campuses that passionate educators often dedicate hours of their own time to increasing student financial capability.

Interestingly, of the schools that report some source or combination of funding sources to support their financial education activities, a full 31 percent are operating their programs with a budget of \$5,000 or less. Often these institutions that are working with minimal budgets choose to employ online financial education, group education or more passive forms of education delivery where they can reach more students with fewer dollars. Delivery methods are discussed more in-depth in a later section.

There are three types of funding: department-specific, institutional funding and external grant funding, all reported as being used to support financial education activities. The chart below outlines the prevalence of each type of funding.



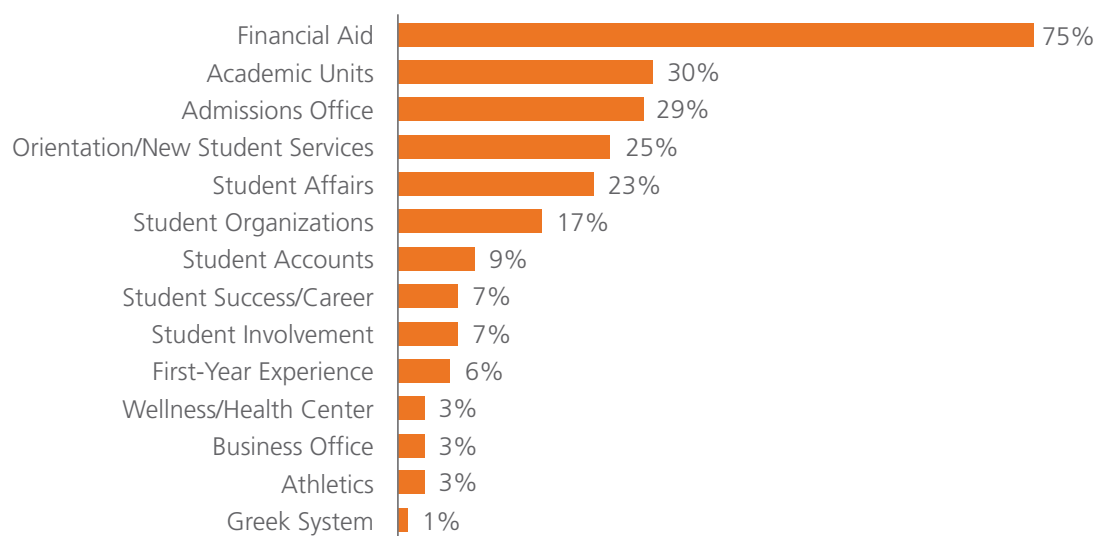
Base: Schools with financial education programs

## Partnerships for Success

Although many institutions are similarly dedicating time and resources to financial education activities, the structure of all of their programs, including where the program is housed, varies significantly from school to school. The data collected in the Inceptia survey paints a clear picture of campus-wide collaboration as a key to overall program success. These campus-wide partnerships may be as involved as dedicating staff time to the delivery of financial education, providing space for one-on-one financial counseling to occur or offering funding for online financial education; or they may include help with external activities, including assisting with the promotion of programming, helping to recruit student peer educators or providing student referrals to services.

As expected, the financial aid office is the most often cited (75 percent) source of involvement with financial education activities. However, 13 other offices and organizations were named as key partners by the nearly 200 respondents. The following chart shows a breakdown of the offices on college campuses that are most commonly involved with financial education programming and services.

### Campus Partners



Base: Schools with financial education programs

## Education Delivery Methods

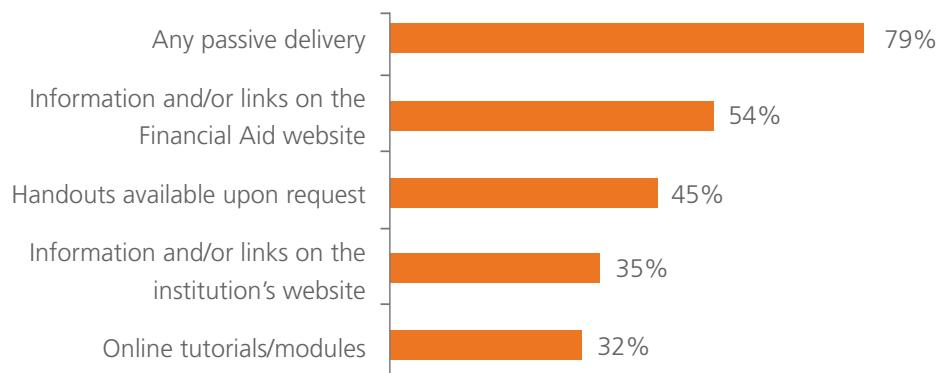
Three methods of delivery for financial education messaging on campus were explored. The first two involved non-academically supported programs and services, in both passive and active forms of delivery. The third involved academically supported programs and services, such as a for-credit personal finance course.

Research suggests that various delivery methods are actually complementary in nature and that campuses should employ a variety of methods to reach the greatest breadth of students in need (Goetz, et al., 2011). The institutions that participated in this survey are doing exactly that.

Of schools with financial education programs in place, 79 percent report that they employ at least one type of non-academically supported passive method to deliver financial education messaging. A passive delivery method is anything that does not include in-person education, such as a standalone personal finance website. Passive delivery methods are designed to provide general answers to basic money management questions, are often more cost-effective than active delivery methods and allow the schools to achieve a large reach with minimal or no budget dollars.

The chart below summarizes the use of non-academically supported passive delivery methods on campus.

### Passive Delivery

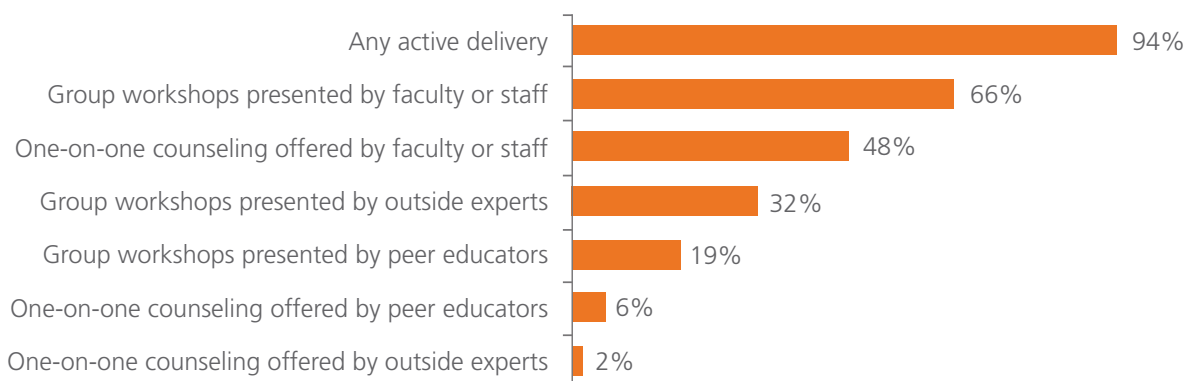


Base: Schools with financial education programs

Also explored was the use of active, or in-person, delivery methods on college campuses. A full 94 percent of schools with financial education programs in place employed at least one form of non-academically supported active delivery method to convey money management messaging. While typically more resource-consuming, active delivery methods are more helpful when working with students who have specific money management questions, or are experiencing difficult financial situations, because they allow for personalization. As noted, these methods are typically more expensive to employ when compared to their passive counterparts.

The chart below summarizes the use of non-academically supported active delivery methods on campus.

## Active Delivery



Base: Schools with financial education programs

Finally, 44 percent of schools reported using academically supported methods for delivering financial education on campus. Students who participate in these activities have been shown to know more (Fox, Bartholomae, & Lee, 2005), are less likely to be at-risk financially (Lyons, 2003), and behave more responsibly with their finances (Fox et al., 2005; Huddleston & Danes, 1999; Tennyson & Nguyen, 2001) when compared to students who have not been exposed to this type of financial education.

Institutions most commonly offered personal finance content within an existing academic course (30 percent), followed by offering a for-credit personal finance course (20 percent) and a non-credit personal finance course (4 percent).



## Topics Covered

Today's college students need access to financial education on a wide breadth of topics in order to navigate the complex financial environment in which they operate. Even more, relevant topics will vary based on the stage of the student life cycle, the student's personal circumstances and the age of the student. Schools with financial education programs already in place reported that they cover a variety of topics, ranging from credit cards to scholarships, and budgeting to career planning. The following table shows the pervasiveness of the topics covered.

Topics	% Covering
Budgeting	90%
Student Loan Repayment	84%
Credit Cards	80%
Paying for College (loans, grants, scholarships)	76%
Managing Financial Aid Funds	73%
Overcoming Debt Issues	58%
Protecting Identity	56%
Understanding Consumer Loans	54%
Banking Basics	54%
Employment during College	37%
Investing	32%
Getting Your First Real Job	23%
Expected Salary/Earning Potential	20%
Taxes	20%
Insurance	17%

## Conclusion

A great deal of time, money and expertise is being directed toward supporting financial education efforts on college and university campuses throughout the country. Despite these existing efforts, most schools (62 percent) that are currently offering programs also reported that they believe their programs are less than comprehensive and in need of more content and support.

In a time when need is great but dollars are scarce, it is important to be able to turn to trusted resources in the industry to enhance the good work already being done. At Inceptia, we believe all students should be given tools and resources to become financially responsible graduates. With this mission in mind, we have developed comprehensive financial education tools, grounded in the core competencies set forth by the U.S. Department of the Treasury Financial Literacy and Education Commission. You can learn more about Inceptia's online financial education program, self-paced personal financial certification for faculty and staff, and in-person financial education seminars at [www.inceptia.org/success/financial-education/](http://www.inceptia.org/success/financial-education/)

## About the Author

Kate Trombitas, Inceptia's vice president of 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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## The Inception Of A Movement.

For more than 25 years, as the not-for-profit loan guarantor National Student Loan Program (NSLP), we provided guidance to both schools and students. We made great strides in default aversion, compliance and financial education, working directly with students on their quest to fulfill their educational dreams and uphold their commitment to repay their student loans.

As the student loan landscape changed, we changed. We created Inceptia, a new brand and movement poised to become a school's crucial support system. Our goal is to continue providing guidance to schools and, ultimately, helping students become financially responsible adults. Through carefully planned tools, resources and practices, we can work with schools to establish new processes that focus on students' needs and deliver extensive support.

Ultimately, we want to assist schools as they help all of their students—not just borrowers—become financially responsible adults.

- Inceptia offers schools an in-depth **Financial Aptitude Analysis** to determine the financial health of students and faculty.
- For students, Inceptia then develops a customized program which includes **Online Financial Education** and **Financial Education Seminars** that help them become financially responsible adults.
- For higher education professionals, Inceptia offers a **Personal Financial Management Certification** that helps professionals effectively guide others on personal financial matters.

