

Project: Goal 1, Initiative 12B: *Enhance the financial literacy of students and their families.*

Start Date: April 15, 2013 **Client:** Prospective students and ISU students and their families

Program Managers: Crystal Baker (with a graduate student handling operational logistics)

Thesis Statement: The purpose of this SEM initiative is to address the financial literacy needs of pre-college students and their families as well as students at ISU.

Introduction/Background – What?: Students coming to college are increasingly evidencing financial stress, exacerbated by the downturn in the economy and by cutbacks in public support of higher education, often leading to tuition increases that commonly outpace inflation. For lower income students, even though they may qualify for grant programs, such programs rarely cover the full costs of a postsecondary education. The majority of students today, both poor and relatively well off, fund college through loan programs, primarily through the federal government. In 2011, the level of student loan debt passed \$1 trillion dollars, a milestone figure that surpassed total U.S. credit card debt in this country.

The outcome of this reality is that “going to college” has become an extraordinary complex endeavor, one requiring substantial understanding of the processes of borrowing, repayment, and the implications of failure to evidenced satisfactory academic progress (SAP), all of which have enormous implications in terms of making an optimal decision about how to finance and pursue a college education. Complicating matters still further, families and students are often naïve to the basic components of money management, interest accrual, budgeting, and living within ones means in a fast-paced consumer-oriented world. Such a confluence of perfect storm forces – rising costs, accountability for borrowed resources, ignorance about even basic financial matters, and enticing opportunities for resource expenditure – makes it not surprising that so many students are forced to leave college for lack of resources, poor planning, or academic dismissal leading to dangerous indebtedness with no credential to show for it.

Here at ISU, more than one-half of our students are low income and first generation, meaning that such issues are especially prevalent in our student body vis-à-vis many other state institutions that do not have such high proportions of these student demographics. Furthermore, our most recent MAP-Works Survey of Freshmen (January 2013) revealed that 42% of freshmen were at best moderately confident they could pay for next semester’s tuition and fees. Data on withdraws from this semester are also compelling. Of the 324 students who have withdrawn to date from this semester alone, 10% indicated leaving for “financial difficulty” reasons. If one adds in those who withdrew for the reason of “employment”, the rate increases to 25% of all withdrawals. Counting even a portion of the students who said “other” or “never attended” (35% of total withdrawals), it is not hard to imagine that somewhere around 50% of withdrawals were at least in part stimulated by financial issues.

Proposal/Purpose/Justification – Why?:

Although the ability of any institution, including ISU, to solve the financial challenges of students is limited (there simply are not the resources through aid programs), what is in our control is the ability to better educate students and their families about money management, the value of deferred gratification, and to understand personal finance much better than they do at present. This SEM project seeks to address financial literacy of both pre-college students and their families as well as students in-college. Given our desire to have such efforts impact reasonably near term retention and student completion, however, the focus will be primarily on students within a few years of college attendance and of freshmen and sophomores.

The goals of this project are threefold:

1. To partner with other campus and community organizations and entities to use, and where appropriate, adapt, financial literacy education content for the purpose of helping students to be better prepared for and to manage the realities of personal finance and ultimately, college attendance.
2. Through the mechanisms of peer mentoring, workshop and course content, and a robust website of learning materials and links, help students and their families to strengthen knowledge and self-efficacy around the uses and misuses of money.
3. To educate on such matters as use of credit cards, banking, borrowing from the public versus the private sector, and general sound decision making related to the need to budget over the course of a semester and academic year, including for the purchase of books and related materials for academic success.

The desired outcome of this project is enhanced student and family financial literacy that leads to sound money-related judgments with positive educational and retention benefits.

Work Plan – Action Steps – Process – How and When?:

The primary project will be achieved through the following action steps through June 30, 2014:

	Action Step	Person Responsible
Spring/Summer 2013	Hire a GA to manage the initiative that reports up through Financial Aid	Crystal Baker
	Work with Financial Aid as well as the Sycamore Express team to embed a financial literacy component into Sycamoreology.	Graduate assistant, Crystal Baker, Dom Nepote, Joe Thomas
Fall 2013	Build website of resource materials	Graduate assistant, Santhana Naidu
	Prepare financial literacy promotional materials that includes a targeted focus of parent-student communication on money matters for distribution at in-field outreach events, on-campus admissions events, Fall Welcome, and Parents Weekend	Graduate student, collaborating units involved in outreach/education efforts (e.g., College Challenge, Outreach Corps through SEM Goal 1.1, Admissions)
	Launch media campaign about resources, workshops, and activities.	Graduate student
Spring 2014	Launch Financial Literacy website	Graduate Assistant
	Conduct financial literacy workshop for special populations (21cen, LEAP, probation, Univ 101, res halls)	Graduate Assistant

	Action Step	Person Responsible
Other initiatives across campus	Adapt financial literacy content from the Money Bus and Kids Count curricula for use with high school and college students and their families.	Jodi Frost, new graduate student
	Reach out to the ISU Credit Union as a partner for a pilot student-run credit union on campus.	Dale Varble & John Conant
	Continue on-campus financial independence workshops as discussed above.	Sharon Robinson, graduate assistant, peer mentors
	Continue off-campus financial literacy workshops in schools and other venues (e.g., Youth Summit on MLK Day).	Jodi Frost, John Conant, others TBA
	Deploy student members of new Financial Planning Club as peer mentors to do “financial independence” presentations/workshops in Univ 101 classes, in the residence halls (in collaboration with RAs/APAs), and other appropriate venues (e.g., LEAP students, 21 st Century Scholars, ISUcced Program). Program envisioned to emphasize good student-parent communication.	Sharon Robinson, graduate assistant; peer mentors
	Conduct financial independence presentations/workshops for freshmen who indicate at least moderate financial distress on the Map-Works Survey at week four of the term (5, 6, or 7 on the 7-point rating scale).	Sharon Robinson, graduate assistant; peer mentors
	Conduct financial literacy workshops in the community (e.g., schools, the Hyte Community Center, other appropriate venues).	Jodi Frost, John Conant, others TBA
	Launch ISU Credit Union pilot program	Dale Varble & John Conant

Budget – How Much?:

The budget associated with this project through June 30, 2014 is as follows:

Graduate student:	\$ 23,400 (inclusive of summer and AY)
Promotional materials:	\$ 4,000
Programming funds for workshop materials, snacks, curricula	\$ 10,000
Total:	\$37,400

Stakeholders and Management Plan – Who?:

The person(s) with overall responsibility for the financial literacy web content development will be the new graduate student reporting to the Director or Associate Director of Financial Aid.

Other financial literacy programs are in development stages as well. Jodi Frost coordinates early outreach efforts in conjunction with the ISU Foundation. Sharon Robinson manages student financial planning curriculum development. John Conant manages some off-campus financial literacy workshops.

Outcome Assessment & Future Testing – How Well?:

The benchmark assessments associated with the primary project can be found on the attached benchmark sheet.