

# Strategic Plan – Initiative Work Plan FY2015

**Initiative Name** *Enhance the financial literacy of students and their families.* **Date** June 10, 2014

**Goal #** 1 **Goal Chair(s)** John Beacon

**Initiative #** 12b **Initiative Chair(s)** Crystal Baker

**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.

## **1. 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 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.

## **2. 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:*

## Strategic Plan – Initiative Work Plan FY2015

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.

### **3. Discussion of Past Years Results – Benchmark Successes?**

Previous year benchmarks were essentially checklist items to gauge whether the initial content was built. Here is a short summary of the work we did:

1. We successfully launched [indstate.edu/moneymatters](http://indstate.edu/moneymatters)
2. We trained 8 fulltime staff members on presenting financial literacy information contained in 12 mini-modules from our website.
3. We conducted 10 classroom presentations and 9 workshops during the 1314 academic year; details are below:
  - Fall Semester – In Class Events
    - Time Frame: October and November
    - Target Group: University 101 Classes (approximately 10 classes)
    - Target Process: TG Learning Center Modules
    - Description: These events were mandatory and took place during class lecture. An access code was assigned to the instructors for their students to complete the specified modules for class discussion. A report of student satisfaction was generated for the instructors; we reached about a 25% satisfaction rate.
  - Spring Semester – Evening Events
    - Time Frame: February and March
    - Target Groups: 21 Century Scholars, LEAP Students, ISUCEED Students, Residential Life Programs, 1<sup>st</sup> Year Nursing Students, Commuter Students
    - Target Process: Filing the FAFSA/Money Matters
    - Description: These events were optional and garnered much better satisfaction rates (50%) but lower attendance.

### **4. Work Plan, Next Fiscal Year – Action Steps – Process – How?**

Spring 2014: Launched "Money Matters" at <http://indstate.edu/moneymatters/>, which will be used to drive content for programming efforts

## Strategic Plan – Initiative Work Plan FY2015

Summer 2014: Revised New Student Orientation to implement required financial wellness appointments for every incoming student

Fall 2014: Work with University partners to create financial wellness workshops in classrooms, residence halls, and student groups (utilizing the students in the Financial Planning club to develop and schedule).

Spring 2015: Improve web presence through Sycamoreology and Sycamore Express. Work with Loni Mantooth, Parent/Family coordinator, to develop outbound campaigns for first-gen families.

### **5. Reporting and Deliverable Schedule – When?**

Most of our benchmarks will be measured at the beginning of Fall 14.

### **6. Budget – How Much, a General Discussion of Funds Use?**

Graduate student wages: \$22,000

Undergraduate student wages:\$6,000

Promotional materials for workshops: \$4,000

Total: \$32,000

### **7. Stakeholders and Management Plan – Who?**

Direct oversight will be managed by Brenda Hall, associate director of Financial Aid

### **8. Outcome Assessment & Future Testing**

The eventual plan for this project is to have an impact on behavior. However, most scholarly research shows that financial education has little impact on behavior. Those who score higher on financial literacy tests typically exhibit more responsible behaviors, but there are usually socioeconomic factors at play that influence the likelihood of the student making responsible financial choices.<sup>1</sup>

Our goal is to specifically target our at-risk populations with intensive programming so that they are, at the very least, knowledgeable about the difference between a good choice and a bad choice. Eventually, the program can expand to have additional peer mentors for maximum impact.

### **9. Line Item Budget Discussion that tracks Budget Templates ...**

See budget worksheet.

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<sup>1</sup> Hilgert, M. A., Hogarth, J. M., & Beverly, S. G. (2003). Household financial management: The connection between knowledge and behavior. *Fed. Res. Bull.*, 89, 309.