THE REALITY EDUCATION AND ASSETS PARTNERSHIP: 
Making the Case for Student Financial Management Programs at Minority Serving Institutions

December 2009

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The Center for Community Capital at the University of North Carolina at Chapel Hill is the leading center for research and policy analysis on the transformative power of capital on households and communities in the United States.

The Center’s in-depth analysis help policymakers, advocates and the private sector find sustainable ways to expand economic opportunity to more people, more effectively.

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In our country, a post-secondary degree is key to leading people out of poverty. But what if paying for the degree means graduating with onerous debt and a poor credit rating? Fifty-five percent of African Americans who take on a student loan graduate with an unmanageable debt burden¹, a rate nearly twice that of white graduates. Add to that credit card debt, which more than one in five college students report taking on for educational expenses. And ask, what is this post-secondary degree really worth, particularly to a student of color coming from a family with limited assets and income? The social and economic costs of student debt coupled with damaged credit scores only exacerbate the country's racial wealth gap. Intervening at the college level, however, holds particular potential to transform an individual's lifetime financial prospects.

The UNC Center for Community Capital is examining this critical question—the worth of a college degree for minority students from low-income families—with its exploratory effort, The Reality Education and Assets Partnership: Assessing the Feasibility of On-Campus Money Management Programs at Minority-Serving Institutions in North Carolina. REAP is focusing primarily on the University of North Carolina system and its historically black institutions.²

The goals of REAP are three:

1. **Student Impact.** To determine if a programmatic mix of education, counseling, and support can have a significant impact on the financial management capabilities of students as well as the dropout rate caused by financial factors.
   
   a. Enhance present and future student welfare and provide an appropriate framework for tackling the problems of student financial literacy and debt
   
   b. Contribute to the development of an enhanced pipeline of financially stronger alumni capable of contributing significantly more to their college and alma mater
   
   c. Generate a larger population of fiscally-conscious, wealth-building graduates more likely to enhance the state’s tax base and economy

2. **Campus Sustainability.** To discern how these new programs can be sustained in different institutional settings.

3. **Systems Change.** To inform and influence the leadership at the UNC system level, already concerned about disparate graduation rates between predominantly white and minority campuses but not attuned to the key roles that credit, financial literacy, and intergenerational debt play.

Historically Black Colleges and Universities (HBCUs) enroll 14 percent of the total African-American student cohort each year in this country, graduating nearly one out of three black college-degree earners. Students at HBCUs are more likely to come from low-income families and to depend on student aid.

- At North Carolina’s public HBCUs, between 28 percent and 43 percent of applicants come from households earning less than $30,000 per year, compared to a range of 12 percent to 21 percent at the system’s predominantly white campuses. This disparity is mirrored in statistics about graduation rates, student debt, and loan defaults. For example, only 40 percent of enrollees graduate at North Carolina Agricultural and Technical State University

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¹ "Unmanageable debt" is defined as comprising more than 8 percent of monthly income.
² Historically Black Colleges and Universities (HBCUs) are postsecondary academic institutions, mostly in the Southeast US, that were founded before 1964 and whose educational mission has been to educate African-Americans. There are five HBCUs in the UNC system: Elizabeth City State, Fayetteville State, North Carolina Agricultural and Technical State, North Carolina Central, and Winston-Salem State universities. The University of North Carolina at Pembroke is another minority-serving institution within the UNC system and was asked to take part in the REAP project along with Bennett College, a private, women’s HBCU.
(NC A&T) in Greensboro (the largest HBCU in NC), with 75 percent of those graduates emerging with a student debt that averages $20,052. Loan default rates for the 2004 cohort are nearly 11 percent.

- At NC State University, the corresponding white land-grant institution, 70 percent of students graduate, of whom 52 percent emerge with student debt averaging $14,405; less than two percent default on these student loans.

In 2006, North Carolina led the nation with the highest total of HBCU student debt, $121.6 million, with Louisiana a distant second at $92 million. Even with one of the nation’s strongest public university systems, the state’s public HBCUs have far smaller endowments than the state’s predominately white institutions; this economical disadvantage adversely influences their capacity to provide students with critical services and supports. Student loan debt is only part of the story. Many students will accumulate significant credit card debt during their college years and if they default, their credit scores are heavily impacted, limiting their future access to affordable credit.

The Center for Community Capital, through this initial analysis, is seeking to better document personal financial knowledge, attitudes, and behaviors of students attending several North Carolina minority serving institutions. Through a better baseline understanding of the financial tools students currently are using to pay for college, their spending and savings behaviors, as well as their attitudes to risk and short- versus long-term thinking, researchers at the Center hope to engage leaders at these institutions in a data-informed dialogue about how best to address the economic and financial challenges faced by students. While this dialogue will help define priorities, the Center assumes that potential strategies and interventions will be a combination of on-campus money management and training opportunities in financial capability geared to the specific needs of students.

After the Center obtained a commitment from the administrative leadership on each campus to participate in this project, the next step was to design a research and assessment agenda that would help develop a profile of students on each of the campuses. The Center administered an online survey to students at five minority-serving institutions and Center staff conducted focus groups of students on each of the campuses. For those students who participated in the electronic survey, several key findings are noted below.

**Survey Highlights**

**Students**
- were more likely to be banked than the broader population
- owned fewer credit cards and held smaller credit card balances than the national average
- were more likely to have scholarships or need-based grants than the national average
- relied heavily on their families for financial information and lessons
- helped provide financial support for their families’ basic living expenses
- had realistic expectations of the amount of student debt they will accrue in financing their education but underestimated their earning potential

This report will go into greater detail and highlight key findings from the survey and focus group analysis and will highlight activities and recommendations for improving student outcomes through campus money management efforts. Center for Community Capital staff are hopeful that this effort will prompt NC’s HBCUs to join a growing chorus of higher education institutions from across the country that recognizes this important set of issues and has worked to establish comprehensive programs to boost students’ money management knowledge and skills.
Investing in a college degree can pay lifelong dividends through increased earnings, greater economic security, and better quality of life outcomes. However, the increased cost of higher education and emphasis on debt-financing undermines these positive returns to education. Young adults have increasingly forgone attendance or completion of college or, alternately, taken on more and diverse debt to finance it. The student loan debt burden not only diminishes the potential wealth gains of the next generation but disproportionately impacts young adults from low-income and minority communities. The challenge is to ensure that attaining a college degree continues to deliver positive returns for the individual graduate while narrowing the country’s wealth gap.

The disproportionate impact of student debt and financial pressures on young adults from low-income households and communities of color presents a particular challenge. For every $1 of debt held by a college graduate of color, a white college graduate has $0.66 of debt. A difference of forty cents more spent repaying debt means less money set aside in savings, to purchase a home, build a retirement nest egg, or pay for the future college education of one’s own child. For those who struggle and fail to repay their loans, the economic instability and damage to their credit in the long-term results in significant additional costs to their household bottom-line. The persistence of disparities in economic well-being across racial and ethnic lines is as much a result of historical policies as it is the current failure of higher education to level the playing field. Failure to address the disproportionate rate of debt among students of color undermines the country’s principles of opportunity, mobility, and fairness. It also presents an economic challenge of significant magnitude through the loss of skilled workers and savvy investors.3

The cost of higher education has risen significantly in just one generation.

- Average tuition at a public four-year college in 2005 was three times higher than in the 1970s.
- The good news is that from 1977 to 2003 college enrollment grew by 44 percent.
- The bad news is that rising costs of enrollment and reduction in federal student aid grants have contributed to the rise in student loan volume, up by a staggering 833 percent over the same period.

Students finance their education through high levels of borrowing.

- Nearly one in five college students used credit cards for education expenses.
- Reliance on credit cards to fund education and basic living experiences appears to grow during college; 15 percent of freshman surveyed by Nellie Mae in 2004 had four or more credit cards while nearly four times that many seniors had four or more cards. Adults aged 25 to 34 years average $4385 in credit card debt.8
- Nearly 40 percent of borrowers graduate with unmanageable levels of debt.
- Fifty-five percent of African-American student-loan borrowers and 58 percent of Latino student-loan borrowers graduated with an unmanageable debt burden nearly twice that for white students. This disparity is compounded by the fact that for every two white graduates, there is one African American. The loss to communities of color through lower earnings and higher costs for credit due to damaged credit scores are just two significant ways in which economic disparity persists along racial lines despite the promise of higher education. Failure to address the disproportionate rate of debt among students of color undermines the country’s principles of opportunity, mobility, and fairness—presenting a significant challenge to the continued growth of our economy and investment of all our citizens in its sound function.7

7  Educational Needs Index, February 2006.
8  Demos. 2007. “Generation Debt: Student Loans, Credit Cards, and their Consequences.” A Demos Policy Brief.
Students of Color: The Wealth Gap and Moving to the Middle Class

The high levels of debt taken on by minority college students have an impact on future employment, homeownership opportunities, and economic security that contrasts starkly with the promise of positive returns to education. It may additionally contribute to lower levels of savings and risk tolerance by minority adults.

- Seventeen percent of students borrowing to pay for their education changed careers because of student loan debt. Perhaps this is because college graduates are paying a quarter of every dollar on debt payments, and the average starting salary for a college graduate at $30,000, although nearly $12,000 more than their non-college peers, can no longer meet basic living expenses in most areas of the country.

- The situation is even more difficult for African Americans, who in 2004 earned 58 percent of the income earned by whites; at the time, the median family income of blacks ages 30 to 39 was $35,000 compared to $60,000 for whites of the same age.

- The higher levels of student debt for minority students and the higher default rate at HBCUs may additionally contribute to lower credit scores. Work by Matt Fellowes at the Brookings Institution shows a high correlation between concentrations of African-American and Latino populations and low average credit scores in those areas.

- Poor credit scores result in higher costs to the consumer. A recent Federal Reserve study found that 1 out of 3 African Americans and 1 out of 5 Latinos borrowing for a home purchase received a high-rate “subprime” mortgage, which compares to just 1 out of 10 white borrowers receiving a similar higher priced loan.

College entrance and subsequent graduation outcomes vary along socio-economic lines, contributing to the persistence of the racial wealth gap.

- Forty percent of college borrowers delayed going to college or had gone to a less expensive school to avoid student loan burdens.

- Within five years of entering college, 40 percent of students from the top socio-economic quartile will earn a four-year degree, as compared to only 6 percent of students in the lowest quartile.

High levels of student debt, damaged credit, and the long-term burden of repayment can negatively affect the ability of students of color to remain economically mobile, despite aptitude in the classroom and completion of college.

The historical legacy of policies and asset ownership in the United States exacerbates current financial challenges. In 2002, the median new worth for Latinos was $7,932; for black families the median was $5,998. The median new worth for white families was $88,591, more than 10 times either amount. Dalton Conley, a widely quoted researcher on the topic, suggests that this “equity inequity” cannot be explained by income differences alone. Even when black and

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white income levels are comparable, asset gaps remain prominent. In North Carolina, for every one dollar owned by a white household, a household of color owns just 7 cents.\textsuperscript{16}

The Future of the Middle Class, a series of reports by Demos, suggests that income, assets, and education are interlinked. Gains in one area will in turn affect others. For example, gains in education will enable a group to seek better employment. This will in turn raise incomes, which contributes to greater assets and the likelihood of homeownership.\textsuperscript{17}

This theory of economic advancement is greatly threatened when one considers the growing debt obligation among young adults. While formal training and education in one's primary interest is a key component to accessing the middle class, there is a growing body of evidence that suggests that training and preparation should now be coupled with expanded efforts to improve the financial acumen of young people throughout their higher education experience.

\textsuperscript{13} Baum, Sandy and Marie O'Malley. February, 2002. “College on Credit: How Borrower's Perceive their Education Debt, Results of the 2002 National Student Loan Survey." Nellie Mae Corporation.
\textsuperscript{17} Wheary, Jennifer, Thomas Shapiro and Tamara Draut. 2007. “By a Thread: The New Experience of America’s Middle Class.” Demos and Institute on Assets and Social Policy at Brandeis University.
Historically Black Colleges and Universities: A Proud Tradition with Profound Challenges

Historically Black Colleges and Universities (HBCUs) are a product of African Americans who sought to educate themselves during the Reconstruction period. In taking the requisite steps to reach their full human potential, these former slaves sought their emancipation where they lived—in the Black Belt of the South. Today, the Black Belt houses the majority of the 109 HBCUs still in existence. HBCUs were indispensable in educating black people during segregation, and they have maintained relevance even after the pivotal Brown v. Board of Education decision of 1954 to desegregate schools.

HBCUs have established a long tradition of academic success. Before 1991, 70 percent of blacks receiving bachelor degrees in the United States graduated from HBCUs. Although HBCUs comprised only three percent of the college institutions in the nation, in 2006 they still produced 25 percent of African-American graduates. HBCUs graduate over 40 percent of African Americans who receive degrees in science and mathematics. In addition, among African Americans, 40 percent with PhDs and 85 percent of medical doctors earned a bachelor’s degree at an HBCU.

Today, HBCUs play a critical role in providing access to an increasingly ethnically diverse but still disproportionately low-income student population. Many of these students are first-generation college attendees and bring with them a host of challenges to remaining in school and ultimately graduating. HBCUs are challenged to re-focus their missions and respective roles through this contemporary lens.

Unlike other major public and private universities with multi-million or even billion dollar endowments, HBCUs traditionally have lower endowments, which constrains their capacity to provide additional services and supports to their students. State funding disparities also contribute to this problem. North Carolina has the largest collection of public HBCUs of any state, representing almost a third of the University of North Carolina system’s sixteen constituent institutions. Yet, the aforementioned HBCUs as well as others throughout the Southern region receive a disproportionate amount of state funding. For example, in Alabama, African Americans make up 26.5 percent of the state population. Auburn University educates 8 percent of the state’s African American population, and the HBCU’s of Alabama State and Alabama A&M together educate another 49 percent. However, Auburn received $228 million in state support in 2007 while Alabama State and Alabama A&M received only $87 million. In another example, UNC-Chapel Hill and NC State University each receive approximately $15,700 dollars in state funding per student, while NC A&T and Fayetteville State universities each receive less than half of that amount in state funding.

HBCU students begin their college career at an educational disadvantage—HBCU students on average score lower on the Scholastic Aptitude Test than students at predominately white institutions (PWIs). HBCUs render six-year graduation rates at 30 percent. According to a 1999 study by Sally Mae, more than 52 percent of undergraduates attending 14 surveyed HBCUs came from households earning less than $20,000 dollars. Furthermore, the mean family income of these students was $26,805, compared to $35,746 at other four-year institutions. This study found that approximately 75 percent of HBCU students who defaulted on their student loans
were from a household with a median income below $20,000. Students at HBCUs rely more heavily on financial aid than students at PWIs. According to the same study, 76 percent of students from four-year HBCUs received financial aid, while only 60 percent of students did from PWIs.

**HBCUs have been particularly hard hit by the debt burdens on their student body.**

- HBCU students are more likely to come from low-income families, be highly dependent on financial aid, and educationally disadvantaged.\(^{18}\) Average annual student loan debt at HBCUs is $6,683. Over four years, this represents a debt of more than $26,000, significantly higher than the average debt of college graduates.

- Additionally, HBCUs have lower levels of endowment and higher default rates among their students. While recent progress has been made—default rates at HBCUs in 2002 were at 6 percent, down from 22 percent in the 1990s—HBCUs continue to struggle to effectively deliver financial education to their student bodies.\(^{19}\)

- Access to predatory products, such as payday loans, may be higher at HBCUs as a result of institutional arrangements with the alternative financial service industry and the lack of education about the long-term costs of these financial products.\(^{20}\)

Students who dropout of an HBCU before receiving their bachelor’s degree are more likely to default on their student loans. However, the default rates differ across college year: 50 percent of students who defaulted left college in their freshman year; 18 percent in their sophomore year; 9 percent, junior year, and 14 percent, 4th and 5th years. The figure below suggests that even for college graduates default rates are exceptionally higher for African Americans.

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In 2006, HBCUs in North Carolina had the highest level of student debt, with over $121 million Figure 1. While the state has a high concentration of HBCUs, it still has significantly more aggregated debt than second place Louisiana with just over $92 million.
Figure 2 shows that within the UNC system, minority-serving institutions (highlighted across) have the highest percentages of students coming from households earning less than $30,000 a year, as well as some of the highest percentages of graduates with debt and some of the highest average debt amounts. For instance, the average debt of graduates from North Carolina A&T is over $20,000 compared to less than $14,000 for students at UNC-Chapel Hill. Additionally, the HBCUs also have the highest default rates among the UNC system schools, with NC A&T at over 10 percent and Elizabeth City and Fayetteville State both at about 9 percent. This is compared to 3 percent or less at the non-HBCUs within the system.

<table>
<thead>
<tr>
<th>University of North Carolina Campus</th>
<th>Full-time enrollment</th>
<th>Graduation Rate</th>
<th>From homes earning less than $30,000</th>
<th>Graduates with debt</th>
<th>Average debt of graduates</th>
<th>Cohort Default Rate FY 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appalachian State University</td>
<td>12,452</td>
<td>64%</td>
<td>12%</td>
<td>50%</td>
<td>$15,433</td>
<td>1.5</td>
</tr>
<tr>
<td>East Carolina University</td>
<td>16,452</td>
<td>54%</td>
<td>24%</td>
<td>79%</td>
<td>$19,614</td>
<td>1.4</td>
</tr>
<tr>
<td>Elizabeth City State University</td>
<td>2,247</td>
<td>49%</td>
<td>43%</td>
<td>NA</td>
<td>NA</td>
<td>9.3</td>
</tr>
<tr>
<td>Fayetteville State University</td>
<td>3,995</td>
<td>42%</td>
<td>39%</td>
<td>86%</td>
<td>$9,225</td>
<td>8.9</td>
</tr>
<tr>
<td>North Carolina A &amp; T State University</td>
<td>7,958</td>
<td>40%</td>
<td>28%</td>
<td>75%</td>
<td>$20,052</td>
<td>10.8</td>
</tr>
<tr>
<td>North Carolina Central University</td>
<td>5,635</td>
<td>45%</td>
<td>32%</td>
<td>NA</td>
<td>NA</td>
<td>7.7</td>
</tr>
<tr>
<td>North Carolina School of the Arts</td>
<td>686</td>
<td>56%</td>
<td>16%</td>
<td>53%</td>
<td>$19,384</td>
<td>1.8</td>
</tr>
<tr>
<td>North Carolina State University</td>
<td>20,449</td>
<td>70%</td>
<td>17%</td>
<td>52%</td>
<td>$14,505</td>
<td>1.9</td>
</tr>
<tr>
<td>University of North Carolina at Asheville</td>
<td>3,163</td>
<td>53%</td>
<td>17%</td>
<td>51%</td>
<td>$15,309</td>
<td>1.6</td>
</tr>
<tr>
<td>University of North Carolina at Chapel Hill</td>
<td>16,032</td>
<td>84%</td>
<td>13%</td>
<td>34%</td>
<td>$13,801</td>
<td>0.3</td>
</tr>
<tr>
<td>University of North Carolina at Charlotte</td>
<td>13,998</td>
<td>49%</td>
<td>19%</td>
<td>56%</td>
<td>$17,730</td>
<td>1.2</td>
</tr>
<tr>
<td>University of North Carolina at Greensboro</td>
<td>10,562</td>
<td>51%</td>
<td>21%</td>
<td>60%</td>
<td>$13,661</td>
<td>1.6</td>
</tr>
<tr>
<td>University of North Carolina at Pembroke</td>
<td>3,814</td>
<td>35%</td>
<td>34%</td>
<td>70%</td>
<td>$14,766</td>
<td>1.6</td>
</tr>
<tr>
<td>University of North Carolina at Wilmington</td>
<td>9,905</td>
<td>63%</td>
<td>13%</td>
<td>52%</td>
<td>$15,620</td>
<td>2.7</td>
</tr>
<tr>
<td>Western Carolina University</td>
<td>6,199</td>
<td>47%</td>
<td>19%</td>
<td>49%</td>
<td>$17,782</td>
<td>3.0</td>
</tr>
<tr>
<td>Winston Salem State University</td>
<td>5,959</td>
<td>48%</td>
<td>39%</td>
<td>83%</td>
<td>$10,200</td>
<td>6.4</td>
</tr>
</tbody>
</table>
The default issue at HBCUs can have profound implications on an institution’s ability to serve its students. HBCUs and their higher default rates highlights the institutional challenges that have contributed to students’ financial performance, including, at some colleges, a failure to track student borrowers between enrollment and leaving school and before informing them of their repayment options.21

Figure 3. Ten-Year Default Rate among 1992–93 Bachelor’s Degree Recipients by Race/Ethnicity

SOURCE: U.S. Department of Education, National Center for Educational Statistics, 1993/03 Baccalaureate and Beyond Longitudinal Study (B&B-93/03), Data Analysis System, calculations by author.

21 Sallie Mae, 1999.
There exists a critical intersection among African-American and other minority undergraduates, student personal finance, and the role of HBCUs. A number of national trends highlight the need for personal financial planning programs in institutions of higher learning. Burgeoning financial illiteracy, credit debt problems, personal bankruptcies, and home foreclosures loom large in the contemporary American landscape and provide a foreboding welcome to graduating college students. At the same time, individuals have an increasing responsibility for funding their own retirements, and more and more, their health care.

The plight of college students with regard to credit debt problems and financial literacy has been documented for some time. Chen and Volpe (1998) highlighted college students' general lack of knowledge of personal finance with a survey of 924 students from multiple universities across the country. The results yielded an overall mean of correct survey answers of about 53 percent, with respondents answering only about 40 percent of the investment questions correctly. Norvilitis, Merwin, Osberg, Roehling, Young, and Kamas (2006) found that there was a direct relationship between debt and a lack of financial knowledge, and that the lack of knowledge may extend beyond debt, affecting areas such as retirement planning.

Nonetheless, for quite some time in the past personal financial education was not a priority on higher education's agenda, nor does it seem to be the case now. Over twenty years ago, Danes and Hira (1987) found a systematic lack of personal finance education courses in the nation's college curricula, while Gitman and Bacon (1985) found that only some 5 percent of business schools offered an undergraduate major in financial services. Bialaszewski, Pencek, and Zietlow (1993) found that business schools do not require their students to take a personal finance course. Center researchers have found that while a majority of the institutions that participated in this study offer personal finance courses they are often housed in schools of business and require students to take prerequisites before they can enroll in the courses.

While the literature may seem bleak with regard to student personal finance knowledge and circumstances as well as a lack of specific, feasible plans to tackle the problems of financial literacy and education, there is concurrence on the need to do so. Among others, Jones (2005) and Dale and Bevill (2007) specifically recommend financial education for college students. Given that personal finance education courses appear to be in relatively short supply, this translates into an opportunity for the UNC system to help fill this void and take a leadership role.

Institutionally speaking, HBCUs, by virtue of the more economically challenged population they serve, can be directly affected by the debt incurred by their student population. Students who do not complete postsecondary education are more likely to default on their student loans, and consistently high debt levels among a disproportionate share of students can endanger the institutions’ participation in the federal student loan program. Postsecondary success is still affected by a variety of factors that exacerbate the default problem. Although African-American students have high levels of expectation regarding financial-aid-related services, strained state budgets have led to higher institutional fees and reduced financial access for students.

As referenced earlier, institutional inequities in funding and traditionally lower endowment levels have created constraints in HBCUs’ capacity for innovation and for proactively attending to the needs of their student populations. Furthermore, given the high debt levels of their graduates, many of these institutions are unlikely to encounter any dramatic improvement in institutional advancement efforts as alumni contributions are likely to continue to lag behind their stated fundraising goals.
The Reality Education and Assets Partnership (REAP) is an initiative to prepare college students primarily at North Carolina’s HBCUs for financial success in the global economy. REAP intends to help build student proficiency in money and debt management and establish the financial competencies necessary to make informed consumer decisions as students and over a lifetime. Using data from surveys and focus groups, best practices from existing financial management programs, as well as input from experts, this project will design a culturally competent intervention that will offer financial education opportunities as well as build institutional capacity at HBCUs to deliver these services and supports to their students.

Methodology
The initial phase of the REAP project included data collection on the financial attitudes and behaviors of college students at the five participating universities: North Carolina Central University (NCCU), Bennett College, Winston-Salem State University (WSSU), Elizabeth City State University (ECsu), and University of North Carolina at Pembroke (UNCP).\(^\text{29}\) The Center for Community Capital (CCC) developed an electronic survey to examine students’ attitudes toward money, their current financial behaviors, how they have been socialized around money, and their interest in learning more about consumer finance. Survey data was supplemented with more in-depth qualitative information collected through focus group discussions on each campus.

Surveys
Using Qualtrics, an online survey software program, CCC created a data collection tool that included a range of questions on the following areas:

- Use of banking services and financial products
- Student loans and financial aid
- Socialization around finances
- Financial stress
- Financial knowledge and interest in increasing their knowledge of money management
- Basic demographic information

The survey was administered between March 2009 and June 2009. All undergraduate students received an email invitation to participate in the survey. The email included a link to the electronic survey, which could be accessed from any computer with an Internet connection. A total of 1,143 students completed the survey.

Focus Groups
Focus groups provided an opportunity to hear from students directly on their financial attitudes and behaviors. Two focus group meetings took place at each of the five campuses, with one meeting open to juniors and seniors and the other to freshman and sophomores. The purpose of holding separate focus group meetings by class year was to help gauge any differences in financial attitudes and behaviors by year. All meetings took place in April 2009. Each had between nine and 12 participants and lasted approximately 90 minutes. The discussion topics included the following:

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\(^{29}\) While North Carolina A&T and Fayetteville State University were not involved in this initial phase of the REAP project, they will take part in future implementation of the project initiatives.
Financial habits and knowledge
- Influences on financial behavior and socialization around money
- Credit cards
- Student loans
- Financial stress
- Employment
- Interest in personal finance
- Messaging around financial behavior

This initial analysis will provide Center researchers as well as the participating institutions a more fundamental understanding of the attitudes and behavior for students of color toward credit, debt, and savings. It also will begin to lay the foundation for a pilot effort that will prepare students to enter, succeed, and graduate from college by building critical money management skills, influencing financial behaviors, and retaining more students who might otherwise drop out for financial reasons.

Demographics of Respondents
Survey respondents were similar to the HBCU population, which nationally remains predominantly African American, female and low-income.

- The majority of students (70 percent) were of traditional college age (18 to 22 years old)
- while nearly a third (30 percent) were older students (23 years old and older).
- The majority of students responding were female (83 percent).
- Sixty percent of students responding were juniors or seniors in college.
- More than one in three students responding (38 percent) were the first person in their immediate family to go to college.
- The majority of students responding (40 percent) came from low-income households as defined by earning $45,000 per year or less.
- Nearly half (41 percent) worked more than 20 hours per week. The majority (57 percent) earned less than $500 per month.

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Figure 4. Race/Ethnicity of Survey Participants

- 71% African-American
- 2% Asian
- 20% Caucasian
- 2% Hispanic
- 3% Native American/Pacific Islander
- 2% Other
- 5% Multi-racial
Student Financial Knowledge, Behaviors and Attitudes towards Money Management

There is a statistically significant connection between levels of financial knowledge and financial practices; those who score higher on financial literacy tests are more likely to follow recommended financial practices. Other studies find that those with more financial knowledge are more likely to plan for retirement and invest more efficiently.\(^3\)\(^3\) Despite these findings, the causal link between knowledge and behavior may be confounded by experiences generated from higher family income, prior savings, or connections to financial institutions. Indeed, there is a well-documented gap between financial knowledge and behavior.\(^3\)^\(^4\) Thus, it is possible for students to know what is best for them vis-à-vis their finances and still behave in ways counter to reaching a positive outcome. The emerging field of behavioral economics provides important insights into why human beings make the decisions they make. It turns out that not only how information is presented but one’s prior experience and the influence of one’s peers can significantly influence one’s financial decisions. This means there is substantial opportunity for policymakers and institutions to help people make better—or worse—financial decisions.

REAP Survey Highlights

- The majority of survey respondents report they completely understand creating a budget and generally use a budget to track their expenses.
- Survey respondents reported the lowest levels of knowledge in the areas of savings and investments; this included a lack of understanding of savings and investment tools as well as retirement accounts.
- Survey respondents report high levels of engagement in the management of their money. More than half report reading over and understanding loan agreements before they sign them, comparing prices when shopping for purchases, and comparing receipts to monthly bank and credit card statements.
- Survey respondents reported that if they needed $500, they were most likely to use personal savings (53 percent) or gifts or loans from family or relatives (44 percent).

Use of Financial Products and Services

To be successful participants in today’s economy, everyone—including students—must access and learn to use essential financial tools, including bank accounts and investment or credit products. Ownership of financial products has also been linked to higher levels of financial knowledge and positive financial behaviors.\(^3\)\(^5\) Nationally, nearly 20 percent of the population is without a link to the financial mainstream. The unbanked generally pay higher for financial services—in everything from check-cashing to credit products—and are more likely to be low income and from communities of color. Research suggests that holding a bank account makes a positive difference in the level of financial knowledge of the account owner.\(^3\)\(^6\)


Figure 5, above, show some of the findings of the Center’s REAP survey. The survey also found that among students who have a credit card, 49 percent of those students have two or more credit cards. Seventy-three percent of students have financial aid or a student loan, and 18 percent have a car loan. Only 10 percent of students have investments such as stocks, bonds, or mutual funds.

- 93 percent of respondents had a checking account.
- Survey respondents tend to use higher-tech tools to track their money. Seventy-one percent monitored their account online while 53 percent checked their balance using an ATM. Only 1 in four respondents balanced a checkbook.
- Seventy-nine percent had a savings account.
- Saving money was not a regular or automatic behavior but rather for the majority of respondents (44 percent) something that they did when they could. More than one in four respondents reported not having been able to save anything in the previous 12 months.
Although the majority of college students in the REAP survey attributed their knowledge of managing money to their parents and life experiences, as shown in Figure 6, above, the overwhelming number of survey respondents report that they learned the most about managing their money from their own life experiences. College students are less likely to learn about managing money from a professional financial planner or counselor.

- 34 percent of survey respondents talk with their parents or guardians about spending, saving, or investing money at least once a week. Nearly one in five (16 percent) never talk with their parents or guardians about money management.

- 36 percent of survey respondents reported that finances were not talked about in their family but they learned from the example of family members. More than one in ten report that their family usually argued about finances. The vast majority of students learned explicitly about finances from their family through open discussions (19 percent), being taught (16 percent), or by making financial decisions as a family (10 percent).
Comments from focus group participants when asked, Where did you learn this financial behavior?

- “I want to say my parents, too, but just the love of my parents. Because of them, I wanted to pay for my own education. I also took on other responsibilities when it came to my mom and everything. Just because they had done so much in the 18 years that they had raised me. I just could be on my own when it comes to my own education; be more responsible for my own actions.”

- “Yeah, my grandma told me, ‘There’s going to be things you want on this earth. So if you know, you earn it.’ My first job was at eight cutting grass. I did that for like six years and I realized that I could cut everybody’s lawn in the neighborhood. Felt like I could do anything I wanted.”

- “Peers, things like that.”

- “Trial and error.”

- “As far as paying bills on time, I got that from my grandmother. She has perfect credit. But as far as NOT saving and spending money, I got that from my mother, because she always took me shopping and said, ‘Let’s go do this, let’s go spend that.’”

- “If it’s my money, I’m afraid to spend it, but if it’s my parents’ money then I have no problem spending it.”

Comments from focus group participants when asked, What did you learn from your parents about how to manage money and finances?

- “Their mistakes kind of teach you to not do some things.”

- “Save and don’t get credit cards.”

- “My grandmother, the rock of everything, she budgets. She budgets the bills. She takes care of all of the stuff in our house. She has a big notebook on my grandfather’s bills. She has a big book of my bills. She has a big book of her bills. She manages everything in the house.”

- “My mother would save all her money when we were little. We’d live somewhere, like stay in an apartment, but she had all this money in her account. We were like, ‘Oh, why are we living here?’ and she said, ‘because we’re saving. If you want to get a house, you got to have money left over. You can’t get a house and you’re broke.'”

- “At my house it was discussed in depth about, you know, don’t be in debt, when to use credit cards, things like that because my mom is a teacher.”
The majority of students surveyed consistently state that they somewhat or did not understand the following processes: 1) specific investment tools such as stocks, bonds, or mutual funds (at 77 percent), 2) specific retirement accounts such as IRAs or 401K accounts (at 73 percent), 3) specific savings tools such as money market accounts or CDs (at 68 percent), 4) shopping for a car loan (at 67 percent), and 5) credit card terms such as APR (at 55 percent) and credit scores or credit reports (at 53 percent).
Support to Family and Friends

Figure 8. Have You Given Any of Your Family Members Financial Support?

Over half of survey respondents (51 percent) reported having been asked by family members for financial support during their college career, and as Figure 8, left, shows, 91 percent have given family members financial support. The top two reasons for financially supporting family members was to pay for utility bills and other living expenses.

Over 60% of students said that their family members have requested financial support to help pay for utility bills like electricity, water, telephone, etc.) and to help pay for other living expenses like food, clothing, etc. 36% of students said that were requested to help family members pay for rent or mortgage. Other financial requests were for to help pay car loan, to help pay for major home expenses, to help to pay for car expenses, and to help pay for childcare.

Figure 9. For What Purpose Did Your Family Members Request Your Financial Support?

<table>
<thead>
<tr>
<th>Purpose of Financial Support</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>To help pay for rent or mortgage</td>
<td>70%</td>
</tr>
<tr>
<td>To help pay for utility bills</td>
<td>60%</td>
</tr>
<tr>
<td>To help pay for credit card bills</td>
<td>50%</td>
</tr>
<tr>
<td>To help pay for a car loan</td>
<td>40%</td>
</tr>
<tr>
<td>To help pay for major home expenses</td>
<td>30%</td>
</tr>
<tr>
<td>To help pay for living expenses</td>
<td>20%</td>
</tr>
<tr>
<td>To help pay for childcare</td>
<td>10%</td>
</tr>
<tr>
<td>To help pay for medical expenses</td>
<td>10%</td>
</tr>
<tr>
<td>Other</td>
<td>0%</td>
</tr>
</tbody>
</table>
Comments from focus group participants when asked, *Do you ever feel a responsibility to help your parents, family members or friends with financial support from your student loan funds?*

- “When I see the money [from student loan refund check] I’m like, ‘This is a lot of money,’ but I help my mom out and I have stuff that has to get paid, so it’s gone.”
- “Not necessarily my student loan, but seeing my family’s family, we help each other out all the time, especially my mom. She needs it and we always give it to her.”
- “Yeah, because I give them money and I help them out and they’ll be very grateful. Because they’ll be looking for it too, they’ll ask me, ‘Have you checked your account?’”
- “I do feel like I have to help my mother because she’s the one that got me here. And I know she bought a lot of stuff my freshman year that I needed in my dorm and stuff, so I feel like I need to pay my mom back.”
- “Every time I get my refund check, I’m always giving my mom money if she needs it…just for how much she did for me growing up. So, if I get a refund check I might give her $200 and say, ‘Yeah, just keep it.’”

Comments from focus group participants when asked, *Have financial issues ever caused you to feel depressed?*

- “I don’t want to think about anything too much, to be honest.”
- “Not depressed. Maybe stressed a little bit. Stressed, but not depressed.”

*Have financial issues ever caused your grades to suffer?*

- “Actually, yes, because I couldn’t arrange something, so I didn’t pay off my loan from fall. I had to start school two weeks late.”
- “Sometimes I’ve been forced to drop classes. Like this semester, I didn’t have quite enough spending money to buy one book. So the cost of that book means ten times to the library.”
Student Loan Debt

Debt has grown into an institution that affects one’s future earnings and one’s ability to build wealth while impacting one’s career and family choices. Two-thirds of students borrow money for college today compared to just under half 15 years ago. Today’s average student has $19,200 of debt, while students of color take on higher levels of debt. In 2003 alone, college students borrowed $56 billion dollars, which was twice the amount borrowed in 1993 at $28 billion, and over nine times the amount in 1977 at $6 billion.

The current student aid system is largely based on the 1965 Higher Education Act, which sought to ensure access to college for high school graduates ready to attend. As shown in Figure 10, between 1980 and 2004, college financial aid changed from primarily grants and some loans to primarily loans with some grants.

Unfortunately, federal student aid has failed to keep pace with skyrocketing tuition costs. Congress introduced the unsubsidized federal loan by in 1992 in an effort to increase the affordability of a college education for qualified high school graduates, regardless of income. Today, federal student loans have fixed rates around 6.8 percent. Until recently, the rising costs of tuition, student fees, books, and day-to-day living expenses resulted in a greater use of the private student loan, which carry higher interest rates and less flexible payment options than their federal loan counterpart. Additionally, private student loans have an average interest rate of 11.5 percent and a ceiling rate as high as 19 percent. The recent financial crisis and legislation by Congress and the Obama Administration will significantly reduce the presence of private loans in the marketplace, but many current students have debt obligations to the private loan market.

Figure 10. College Financial Aid System

![Bar chart showing college financial aid system changes from 1980 to 2004.](chart.png)
National Data

- The youngest adult households (ages 18 to 24) with debt spend nearly 30 cents of every dollar earned servicing debt, twice the amount spent in 1992.  

- The monthly student debt payment for the average undergraduate should not exceed 8 percent of total monthly income after graduation.  

- As of 2005, more than 60 percent of all undergraduates completed college with federal loan debt, with a median amount borrowed of $16,432.  

- Two-thirds of all undergraduates borrow money to pay for college. The average undergraduate today leaves campus with just over $19,000 in student loans. One in four grads will carry more than $25,000.

Comments from Focus Group Participants when asked, Do you ever feel stress because of your student loans?

- “I’m definitely worried. I graduate in a couple of weeks, so when six months comes around, you know, I’ll be getting that letter. So, and with the economy right now...I thought I’d have a job, and that was my plan two years ago. I’ll pay it back, you know, when I have a job, because I’ll have a job. It’s going to be worth it. But now I’m here and with the job market...I’m very poor. I can’t pay that money back.”

- “Yeah, because...Dr. [Name] was talking about how a girl graduated on Saturday and then Monday they were calling her talking about how she was going to pay them the money [for her student loan]. I’m worried about that, because, I mean, it’s not really guaranteed that once you leave here you’ll have a job.”

REAP Survey Highlights

As Figure 11. shows, over 80 percent of college students in this study receive federal loans. Approximately 15 percent of college students receive private student loans; 58 percent of college students receive scholarships, and 65 percent receive need-based grants.

Figure 11. What Type(s) of Financial Aid Have You Received?

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Figure 12. How Much Do We Expect to Owe in Student Loans?

Figure 12. shows the loan amounts that students expect to owe after they graduate. Students were also asked if they received any type of information, such as printed materials or financial education, when they received their student loan. Figure 13 shows the percentage of students receiving additional information. Eighty-two percent of college students received reading materials or other loan information when they received their student loan, 42 percent received financial counseling or participated in a workshop, while only 22 percent participated in a financial education course.

Figure 13. When You Got Your Student Loan, Did You Receive the Following?

<table>
<thead>
<tr>
<th>Financial education course</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>22%</td>
<td>78%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial counseling or workshop</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>42%</td>
<td>58%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reading materials or other information about the loan</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>82%</td>
<td>18%</td>
</tr>
</tbody>
</table>
For a number of years, offering credit cards on college campuses has been a common practice for the credit industry. Recently, however, as students have struggled with credit card use and debt, the terms of this short-term credit product have drawn increasing scrutiny. Federal legislation that was signed into law in May 2009 will prohibit credit card companies from offering gifts, like tee-shirts and MP3 players, to college students who agree to fill out a credit card application. Lenders will also be prohibited from issuing credit cards to individuals under 21 unless they have a co-signer or proof that they can afford the payments.

The national statistics on credit cards and college students paint an alarming picture. Sallie Mae, a leading provider of education loans, regularly publishes data on students’ credit card usage. Its most recent report indicates that more students than ever have credit cards (84 percent) and that students are using their credit cards to charge purchases more than they ever have before. The average amount of debt carried by undergraduates increased by 46 percent over the last 4 years—from $2,169 in 2004 to $3,173 in 2008. Twelve percent of students used credit cards for education expenses. Indeed, reliance on credit cards appears to grow during college; 15 percent of freshman surveyed by Nellie Mae in 2004 had four or more credit cards, while nearly 60 percent of seniors had four or more cards. Not surprisingly, seniors tended to have some of the highest credit card debt levels, with an average of over $4,000 per student. Additionally, the average number of cards per cardholder increased from 2004 to 2008, with 50 percent of students reporting that they have four or more credit cards.

Comments from Focus Group Participants when asked, *Are credit cards a good or bad thing? Why?*

- “I mean, personally, I just don’t like them. I think it’s like a trap.”
- “A credit card is money that you don’t even have, so it’s bad in that case. It’s also bad because my first credit card was last year… I had a $900 credit limit. The first day it came in the mail I spent $900. The first day and it took me six months to pay that $900 off.”
- “I think it depends on if you have that money in your account. If you have the money, you know you can pay it back and it’s building up your credit. So you’ll have a good credit report.”

Many young graduates increase their credit card use to keep pace with rising student loans, housing costs, or health care costs, and as a direct result of inefficient starting salaries. Basic living expenses are more difficult to handle when one’s debt-to-income ratio reaches more than 40 percent—a sign of financial distress. Today, young adults between the ages of 18 and 24 have 22 percent higher credit card debt than those of the same age cohort in 1989. The average credit card debt of present-day young adults is $2,305. Furthermore, the young adults between the ages of 25 and 34 experience 47 percent higher credit card debt than their cohort counterparts in 1989, with an average debt of $4,358.
Other national data on credit cards shows that

- Half of all graduates in 2004 used credit cards for school expenses, carrying an average balance of $1,600 to $3,900.41
- Undergraduates reported freshman year as the most popular time for obtaining credit cards, with 56 percent reporting having obtained their first card at the age of 18.42
- In addition to the short-term effects, many young adults do not consider the long-term consequences surrounding the misuse of credit, including years of financial debt, low credit scores impeding future plans, and in extreme cases, personal bankruptcy.43

**REAP Survey Highlights**

- Bucking the national trend regarding credit cards, more than half (53 percent) of respondents did not have a credit card and nearly half of those who did have a card had three or fewer cards.
- Thirty-seven percent of respondents got their first credit card before going to college.
- The card that respondents use most frequently was obtained through an application in the mail (29 percent) or at a bank, savings and loan, or credit union (24 percent).
- First generation students were more likely than the average respondents to report charging expenses for personal and discretionary items as well as textbooks.

**Figure 14. At This Time, How Many Credit Cards Do You Have?**

As Figure 14, above, shows, most of the students surveyed did not own a credit card. Of those students who have a credit card, 49 percent of those students have two or more credit cards.

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White students (24 percent) and non-White, non-African-American students (20 percent) were the most likely to charge tuition and fees on their credit card.

- In contrast to national trends of credit card debt, 63 percent of survey respondents report credit card balances of less than $1,000.
- 27 percent of survey respondents report having used their credit card at least once to pay for tuition, books, or student fees.
- The top three reasons given for using credit cards to pay for educational expenses were that financial aid and loans did not cover these costs, the financial aid payment arrived after expenses occurred, and the cash to cover these costs was not in a checking account.

Figure 15 shows credit card debt amount survey participants. Sixteen percent of the students surveyed had credit card debt over $3,000. Three percent had credit card debt over $10,000. Sixty-three percent had credit card debt under $1,000.
Research has affirmed that financial literacy education does have a positive impact on financial behavior. A 2003 Nellie Mae report found that “students who said they knew how much they borrowed as they borrowed, and who said they received counseling about repayment at the time they left school, reported feeling less burdened by their education loans than less well-informed borrowers.” Further, 41 percent of the sample students who did not receive counseling about their loan debt and repayment upon leaving school were less likely to perceive the investment as worthwhile.

Visa USA surveyed high school graduates on their readiness to manage personal finances and observed that 56 percent were “totally unprepared” for this responsibility. Results from a recent Jump$tart Coalition survey found that only a quarter of Americans feel very well informed about managing household finances. According to researchers Robert Learn and Elizabeth Bell of the Urban Institute, “What is lacking is not information (e.g., who is charging what for a mortgage?), but rather the ability to interpret the information (e.g., how well do alternative mortgage strategies fit my needs?).” The researchers add, “Many people seem unable to recognize the future burden they will experience by borrowing at very high interest rates.” The researchers conclude that while it is difficult to estimate how many people are making poor decisions, there are reasons for concern as evidenced by the lack of financial knowledge among a large segment of the population, high rates of bankruptcy, and inadequate retirement portfolios.

Comments from focus group participants when asked, Are you aware of any places on campus where you could get information about financial management?

- “I guess the Business School.”
- “Business School, because they have courses, don’t they? Yeah, I’m sure they do. No, I’m not sure, but I think so.”
- “Well, I had a financial wealth-building class here from the business school and it was pretty good. You know, we talked about building wealth and saving and it was good. I think they stopped doing that class because I know that professor doesn’t work here anymore.”
Other national data on personal finance and financial education programming

- A national survey found that 92 percent of parents believe students should be required to take a class in practical money management.44
- Parents were asked to rate which skills they thought were most important to their children’s future. Eighty-two percent rated practical money skills as “very important,” compared to 58 percent for history and 52 percent for algebra.45
- A recent review found that even short financial seminars had a positive impact on both financial knowledge of and attitudes toward installment and credit card debt.46
- A 2004 study found that 90 percent of the 1,500 college students surveyed reported that they were interested in learning about financial management.47
- When asked, most college students stated a preference for receiving financial information from pamphlets or other handouts or through online services.48 Students attending four-year institutions preferred to receive financial information in one-on-one discussions, on the Internet, and in printed format rather than in a campus workshop or formal college course. They also preferred to receive financial information from financial professionals or their parents rather than from financial aid counselors, professors, or other students.
- College students who have taken a personal finance course are significantly less likely to be financially at-risk, compared to students who have not taken a personal finance course; the same is true for students who have sought out or are willing to seek out financial information from their parents.49

REAP Survey Highlights

Figures 16. shows whether students have taken a finance-related course while in college and whether they would be interested in taking a personal finance course. Fifty-six percent of students have not taken an economics or economics-related course nor a money-management or personal finance course. Sixty-five percent of students said that they would take a personal finance course.

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45 Ibid.
Figure 17, on the opposite page, shows student interest in specific financial education topics, with over 50 percent of students very interested in learning about saving, investing, financing a college education or student loan management, personal financing or budgeting, and insurance.

- 68 percent of survey respondents would prefer learning about personal finances from a financial professional.
- 37 percent would prefer learning from a campus workshop, 39 percent from a college course, and 38 percent from the college or university financial aid office.
- 42 percent of survey respondents would take a financial education course only if it were for course credit.
- The majority of survey respondents (56 percent) have not attended a finance-related class while in college.
- The top two motivations for attending a financial education course are receiving course credit (74 percent) and learning how to save for the future (65 percent).

Figure 18. How Interested Are You With Learning about Each of the Following Financial Topics?

<table>
<thead>
<tr>
<th>Topic</th>
<th>Not at all interested</th>
<th>Somewhat interested</th>
<th>Very interested</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance (car, health, life, disability)</td>
<td>50%</td>
<td>45%</td>
<td>47%</td>
</tr>
<tr>
<td>Taxes</td>
<td>47%</td>
<td>47%</td>
<td>53%</td>
</tr>
<tr>
<td>Buying a home</td>
<td>47%</td>
<td>47%</td>
<td>53%</td>
</tr>
<tr>
<td>Planning for retirement</td>
<td>47%</td>
<td>47%</td>
<td>53%</td>
</tr>
<tr>
<td>Investing</td>
<td>47%</td>
<td>47%</td>
<td>53%</td>
</tr>
<tr>
<td>Saving</td>
<td>53%</td>
<td>60%</td>
<td>51%</td>
</tr>
<tr>
<td>Financing a college education or student loan</td>
<td>51%</td>
<td>31%</td>
<td>51%</td>
</tr>
<tr>
<td>Management</td>
<td>51%</td>
<td>31%</td>
<td>51%</td>
</tr>
<tr>
<td>Credit cards</td>
<td>51%</td>
<td>31%</td>
<td>51%</td>
</tr>
<tr>
<td>Personal finance or budgeting</td>
<td>51%</td>
<td>31%</td>
<td>51%</td>
</tr>
</tbody>
</table>
Research Implications

The disproportionate impact of student debt and financial pressures on young adults from low-income minority households presents a particular challenge. Nationally, for every $1 of debt held by a college graduate of color, a white college graduate has $0.66 of debt. A difference of forty cents more spent to repay debt means less money set aside in savings, to purchase a home, build a retirement nest egg or pay for their own child’s future college education. For those who struggle and fail to repay their loans, the economic instability and damage to their credit in the long-term results in significant additional costs to their household bottom-line and long-term economic prospects.

With the cost to attend college in North Carolina continuing to rise, it is evident that there must be a focus on equal access to higher education opportunities with a coinciding emphasis on improving student understanding of their college financing options and enhancing financial management skills and building confident, knowledgeable consumers while there are own campus. Today’s low-income college student faces lots of pressure to consume and incur debt keep up with their peers, finance their own education, work (often paycheck to paycheck), and provide for their family.

Figure 19. Current Pressures for Low-Income College Students

For students from wealthier backgrounds, parents can step in and pay down the bills; for others the debt can accumulate and result in students reducing their course loads to work more hours, taking a semester off to pay debt or applying for additional loans to pay off what they have run up in credit card or other debt. The costs of debilitating debt and poor credit ratings on the long term economic prospects of students is too important to ignore at this critical stage in their life.
Financial Knowledge, Behaviors and Money Management
- Students in this research attributed to their knowledge of managing money to their parents and life experiences.
- The majority of survey respondents report they understand creating a budget. A majority also reports generally using a budget to track their expenses.
- Survey respondents reported the lowest levels of knowledge in the areas of savings and investments, reporting a lack of understanding of savings and investment tools as well as retirement accounts.
- Over half of the survey respondents have been asked by family members for financial support during their college career.
- Over 90 percent of those students reported that that they had given their families financial support while being a student.

Student Loans
- A large majority, over 80 percent, of students in this research rely on student loans to help finance their education.
- Seventy-five percent of students with loans expect to owe more than $10,000 and nearly half (46 percent) expect to owe more than $20,000 once they complete college.
- Students with loans were given minimal supplemental information, including reading materials, workshops or financial education courses, when they received their loans.

Credit Cards
- Students in this research had fewer credit cards and carried lower credit card balances when compared to national trends on credit card usage among college students. More than half of students in this research did not have a single credit card.
- Based on focus group conversations, many students tended to have a considerably negative view regarding credit cards.

Personal Finance
- Students expressed a strong interest in learning more about personal financial management. Approximately 77 percent of students indicated that they would enroll in a course dealing with personal finances.
- Students showed particular interest in topics such as saving, budgeting, taxes, insurance, investing, student loans, and retirement planning.
- Based on comments from focus group discussions, many students seemed uncertain about whether there were places on their campus where they could get information on financial management.
The next phase of the work involves the implementation of a demonstration project that will prepare college students several of the state’s minority-serving institutions for financial success. A basic demographic snapshot of North Carolina illustrates the state’s readiness and need for an intervention like REAP. North Carolina is a fast growing, ethnically diverse state with large numbers of both highly educated people and adults who did not finish high school. According to the 2000 U.S. Census, North Carolina ranked 11th in the nation for total population and 7th in the country for projected population growth. With 21 percent of North Carolina’s population African American, the state is the eighth most concentrated place of black residents in the US. Approximately 23 percent of the population above 25 years old has at least a college or graduate degree, ranking the state 29th in the nation. About 22 percent of North Carolina residents at least 25 years old have no high school diploma or GED; and North Carolina has the 13th highest rate of residents in this category. Lastly, the state is ranked 11th for the large number of federal payments for individuals pursuing higher education in 2004.

The primary target audience for this project will be college students at several North Carolina universities. Participating HBCUs include: North Carolina A&T University, Elizabeth City State University, Fayetteville State University, North Carolina Central University, and Winston-Salem State University. The University of North Carolina at Pembroke is a non-HBCU but has a substantial Native American population and exhibits many of the socio-economic characteristics of the HBCUs in the pilot: These six institutions serve a disproportionate number of students who come from families earning less than $30,000 annually and who are highly dependent on financial aid. Student loan default rates are the highest at these institutions and graduation rates rank at the bottom when compared to the remaining schools within the University of North Carolina (UNC) system.50

The timing of this effort is also appropriate, given the work undertaken by UNC Tomorrow—an inclusive, state-wide process, unprecedented in American public higher education, designed to discover directly from the people of North Carolina what they need from their University system to be prepared for life in the 21st century and to make whatever changes are necessary in the UNC system to meet those needs. Among the recommendations that have come forward from UNC Tomorrow are efforts to increase access to higher education, particularly for under-served regions, underrepresented populations, and non-traditional students.

As a result, the state’s minority serving institutions and in particular its HBCUs have become the front line in the University’s commitment to make higher education more accessible and more affordable for people who have traditionally been underserved by higher education—minority students.

A central assumption made by Center researchers is that HBCUs are respected and trusted institutions in communities of color and are an untapped channel to reach minority students underserved by financial services and financial education. The intent of this project is to leverage these institutions’ reputation and expand their capacity to retain and train students for future financial success. As a result, Center researchers envision three broad goals for this work.

**Build Institutional Capacity at HBCUs**

Develop institutional capacity at HBCUs to deliver and integrate financial education through multiple outreach channels, including seminars and workshops, an interactive Website, peer financial planners, and individual consultations.

- Establish a working group of HBCU administrators from the participating North Carolina institutions to inform and direct project development
- Implement organizational changes that facilitate referral of students with financial concerns to REAP programs that improve retention and reduce drop-out rates
- Increase faculty and administrator awareness of students’ financial pressures and connect them to on-campus REAP interventions

**Build Student Competency in Money Management and Debt Management**

Build student competency in the proper use of student loan and credit products as well as in basic money management and budgeting to ensure future graduates have a financial plan and tools to pursue sound savings and investment strategies. Lay the foundation with an investment strategy that will help the individual make the most of her earnings for her life and future generations.

- Orient students on student loans, credit cards, and typical financial traps in college
- Engage partners on and off campus to expand money management and financial capability programming on respective campuses.
- Engage student leaders at each HBCU to serve as peer counselors on money matters

**Identify and Advance Policy Recommendations for Access, Retention, and Graduation**

To address the ongoing barriers to access issues for low-income, minority students, policymakers must be attuned to the most relevant data, research, and knowledge about the core challenges facing this population and can suggest reform that meet its needs.

- Identify core barriers to access with a specific focus on college affordability
- Identify and promote policies that increase grant support for students and encourage campus practices that better educate students on their student loan options
- Examine the impact of recent federal and state laws on credit cards and federal loans on North Carolina students
As has been previously referenced, students at HBCUs are more likely to be low income and more likely to fund their higher education through loans. Along with this background, our findings suggest that minority college students are more likely to work, a fact consistent with national data and trends. Research also shows that retention rates are lower for students who work off-campus, thus exacerbating the number of students who fail to complete postsecondary education. North Carolina students are also more likely to assume an additional burden for supporting family and friends monetarily.

Lower levels of financial capability, driven by historical lack of access to financial education resources and supports, have constrained students’ ability to make sound financial decisions. The reliance on peer networks with limited access to reliable information and advice about financial matters, or the practice of “trial and error”—i.e., making financial decisions with no regard for implications—all represent important opportunities for informing students at HBCUs and their communities about money management. Lastly, while the data and information conveyed on student behaviors and attitudes for this report are important to consider, what also cannot be overlooked was student opinion of the importance of personal finance and their interest in acquiring new or additional financial knowledge.

Although there will be a focused emphasis on money and debt management, the purpose of the REAP project is to provide students with the skills they need to manage their financial lives, both while they are in school and beyond. The learning opportunities provided by REAP will focus on a range of financial topics to address immediate needs, such as general budgeting, debt management, and savings, as well as to equip students with the competencies necessary to manage their financial futures, including specific attention to retirement and investing. These interventions will be evaluated to inform program enhancement, institutional policy and practice, and future replication across the UNC system. The demonstration project aspires to achieve the following outcomes:

1. **The number of students dropping out of HBCUs as a result of financial reasons declines.** Reducing student drop-out rates will allow students to graduate and increase their earning potential.

2. **Students show measurable improvements in their knowledge about credit and investments.** Not only will students show improvement in basic money management skills and basic consumer knowledge, they will also graduate with strong competencies in investment and personal finance. REAP will position students to take advantage of asset-building opportunities, such as homeownership or savings in investment vehicles, by developing post-graduation financial plans that outline attainable, realistic, and long-term investment goals.

3. **Campus awareness of the importance of money management in student academic performance and well-being.** Campus awareness will ensure an activated referral and social network to services.

4. **HBCUs in the pilot have institutionalized capacity and allocated resources to address students’ financial well-being.** The commitment of resources and development of capacity at HBCUs will demonstrate an innovative model to universities across the country and ensure that student cohorts receive services in this area beyond the term of this pilot.
REAP Core Partners
In studying existing financial education programs at universities, Center Researchers have learned that it is effective to begin with a strong foundation of referrals, inter-departmental relationships, and community partnerships to help drive this effort. Several national, state, and local partners have pledged their support in either providing technical assistance or in implementing REAP related activities as a direct service partner.

Figure 20. REAP Program Elements and Partners

- **Participating Minority Serving Institutions**
  Building the capacity of departments and offices within HBCUs to communicate and collaborate to improve students’ higher education experience will require developing relationships, institutionalizing referral systems, and identifying a central location on campus that is accessible and recognizable to students, staff and faculty.

- **National Endowment for Financial Education**
  Participating campuses will be able to take advantage of CashCourse, a creation of the National Endowment for Financial Education (NEFE), a nonprofit, private operating foundation with its own endowment. Its mission is to enable individuals to become more financially informed. CashCourse is an online financial education program for college students that is noncommercial and free and that offers students real-time and on-demand answers to their financial questions.

- **Consumer Federation of America**
  Through its America Saves Program, Consumer Federation of America is exploring the development of a Saves Campaign at a select few college campuses. The objective is to create a culture of saving on college campuses through marketing, motivation, and opportunity to save. The goal is to have students develop a habit of saving and financial knowledge that can be the basis for future financial stability.
Texas Tech and the University of North Texas
Both of these institutions are nationally known models that address similar student debt and financial management issues. Both have provided technical assistance to REAP and will continue to do so as needed. This North Carolina effort is part of a larger network of similar initiatives being convened by the University North Texas.

Charlotte Saves
This organization provides a range of financial education and advising resources and will be specifically connected with REAP’s work to help students understand credit. Staff will assist students in understanding credit systems, credit granting and worthiness, and more specifically how to understand and possibly resolve issues in their individual credit reports. Charlotte Saves has works closely with another organization, Alliance Credit Counseling, early discussions have commenced about a potential partnership that will allow student to call a toll free number for credit counseling.

Institute for Minority Economic Development
The institute produced an important report in 2006 on student debt and HBCUs and is a recognized leader in the state of North Carolina on the issue of student financial stability. The institute also hosts an annual Financial Literacy Week on several HBCU campuses and will be a strong partner with the Consumer Federation of America in helping to create social marketing efforts around financial literacy for students.

Figure 21 is a suggested logic model that graphically describes the theory behind the development of this project’s interventions. It also shows how implementation will achieve the goals of building institutional capacity at HBCUs and financial capability of HBCU students as well as contributing to the understanding of the impact of culturally appropriate financial education.

Resources will provide the context, technical knowledge, and leadership necessary to move this work forward. The formation of an HBCU Administrator Working Group will ensure that these institutions are participants in the implementation of the project concept and that they learn from and contribute to emerging practice and research in this area. This combination of national and state technical assistance and financial education/service practitioners, coupled with the decision-making authority of HBCU administrators, will provide the credibility, expertise, and resources in personal finance that will be deployed through four main strategies.

These strategies include identifying what works; building capacity at HBCUs; establishing a central node for coordination of referral networks and services; reaching out to both students and campus staff; and delivering culturally appropriate financial education. Broadly speaking, these strategies seek to develop an institutional infrastructure at HBCUs for the sustainability of financial education in the long run, increase access to best practices and financial education, and raise awareness about the importance of financial success to educational success.

The outcomes that these strategies will drive are improved financial outcomes for students, increased awareness and tools to address financial concerns early and effectively, and established institutional and student capacity to deliver financial education and services.
### RESOURCES

<table>
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<tr>
<th>Partnerships</th>
<th>HBCU Administrators</th>
<th>Awareness Resources</th>
<th>Financial Services</th>
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<tbody>
<tr>
<td>National</td>
<td>Academic Affairs</td>
<td>Social marketing</td>
<td>Personal Finance</td>
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<tr>
<td>State</td>
<td>Student affairs</td>
<td>Website</td>
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<td>Local</td>
<td>Financial Aid</td>
<td>Peer educators</td>
<td>One on One</td>
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<td>Faculty</td>
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<td>Counseling</td>
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### STRATEGIES

- **Identify What Works**
  - Document existing financial services on campus
  - Incorporate lessons and features from national models
  - Apply behavioral economic theories in the field

- **Build Capacity at HBCUs**
  - Engage administrators in project design
  - Encourage institutional commitment to financial capability of student body

- **Outreach to the Campus**
  - Design culturally appropriate marketing collateral
  - Deliver messages through social networks and institutional channels

- **Deliver culturally appropriate financial education**
  - Train students as peer educators
  - Deliver one-on-one counseling and financial education workshops
  - Provide financial education during orientation week

### OUTCOMES

- HBCUs in the pilot have institutionalized capacity and allocated resources to address students’ financial well-being.
- Students’ social networks and community identity are used for asset preservation and building lessons.
- Campus awareness is raised as to the importance of money management to student academic performance and well-being.
- Students consult appropriate campus resources and peer educators when confronted with financial concerns.

- The number of students dropping out of HBCUs due to financial reasons declines.
- Students reduce their use of credit and address problems in their credit history.
- Students graduate with a financial plan and opportunities to make investments to build their wealth.

### GOALS

- HBCUs have institutional capacity to deliver financial and investor education services to their student body.
- HBCU students are financially capable borrowers and graduate with more manageable debt burdens.
- Core policies are acknowledged and key policymakers engaged to facilitate reform.
Research Agenda

Center researchers envision a six-year project that targets six campuses in the UNC system—five HBCUs plus UNC-Pembroke, a campus with a substantial Native-American population and similar socio-economic characteristics. The work will be organized in three phases:

- **Phase 1: Preliminary Research.** With funds from the Jessie Ball duPont Foundation, CCC surveyed the student body at five campuses in the spring of 2009, examining student attitudes toward money, current financial behaviors, and overall knowledge of consumer finance issues. Complete.

- **Phase 2: Implementation.** Working closely with campus administrators, REAP will introduce a comprehensive program of financial education into ongoing campus services— for-credit courses, workshops, interactive web-based tools, 1:1 counseling, and peer mentoring. One track will be targeted to incoming students; a second track will focus on graduating students.

- **Phase 3: Research and Evaluation.** The six-year time frame will enable CCC to study a set of cohorts and a control group at each of the participating institutions from entry to graduation.
  - Tracking a sample from the student body at HBCU and non-HBCU campuses to monitor changes in financial knowledge and behaviors
  - Monitoring participation rates in REAP activities
  - Post-intervention survey to capture information about the changes in financial behavior

As the Center evaluates this effort over time, researchers hope to add to the growing body of literature on students’ financial behaviors and attitudes and will seek to provide clarity to the questions debated by researchers and policymakers who study the relationship of post-secondary education and economic mobility.

- What are graduating students’ perceptions of their knowledge of consumer finance and their preparedness for making important financial decisions?
- What are the short-term and long-term goals of graduating students, and how does their financial condition hinder or help them in achieving their aspirations?
- Are students who enroll in the pilot better long-term credit risks?
- Are students saving as a result of their participation in REAP programs?
- What is the ongoing impact of federal and state reform on the student loans and the financial packages available to students in North Carolina?
- How does student debt specifically impact retention and graduation?
- Are students adversely impacted but other open credit lines, cell phones, utilities, etc?
- Will private loan companies and credit card companies find ways to circumvent existing laws and target students?
- Are there opportunities through college savings programs to engage low income parents earlier in their child’s education, perhaps middle school to help off set college costs later own?
Intervening at the college level holds particular potential to transform an individual’s life-time financial prospects. Productive management of debt and responsible use of credit and investment vehicles are two sides of the same coin. Poor credit performance in early borrowing sets a young person up with a damaged credit rating that will compound into substantially higher payments for fees and interest over a lifetime and even foreclose some opportunities to acquire assets. Conversely, even relatively modest contributions to sound investments early in life can grow to substantial assets over time. Our pilot hopes to demonstrate how to tip the scale from paying high interest toward investing in the future.

REAP seeks measurable change in the financial behaviors and knowledge of students participating in the financial education services, specifically, active participation in debt repayment and long-term investment vehicles. Changes in institutional practice at HBCUs, especially with regards to preparing students for managing their student loans and retaining more students until graduation, is also a desired outcome of this effort. Together these changes—which better position an institution to both train its students for the 21st century economy and prepare them to graduate as net investors—will have an important impact on the economic security of this traditionally underserved community.
Appendix A: Annotated Bibliography on College Student Financial Literacy

Prepared by: Selena Garrison, University of Florida

This annotated bibliography consists of research articles related to college student financial literacy. Articles were chosen based upon their relationship to financial literacy in the areas of knowledge, attitudes, and behaviors. The articles chosen are ones that are referenced over and over again in the literature. An article on the effectiveness of current financial education on financial literacy (Fox, Bartholomae, & Lee, 2005) was also deemed relevant and is included for the purpose of understanding current programs that are available as well as their perceived effects. An effort was made to keep articles current, but several earlier articles are also included, as they have been referenced by many of the more current studies.

The purpose of this study was to (1) evaluate the effectiveness of a Credit Wise Cats educational seminar on changing college students’ attitudes and behaviors toward credit card use, (2) understand the relationship between college students’ demographic variables and their financial knowledge, attitudes, and behaviors, and (3) to explore the relationships between the students’ initial levels of financial knowledge, attitudes toward credit, and their financial behaviors. Researchers conducted pre- and post-test surveys of 93 students who participated in the one day seminar, with questions regarding their number of credit cards, level of debt, financial knowledge, attitudes toward credit cards, and financial behaviors.

Results showed that, on average, students had two credit cards, with no significant intention to reduce their number of credit cards at post-test. On average, students had $1000-$2000 in credit card debt and $2000-$3000 in student loan debt, with students from divorced families reporting higher levels of debt, and students from higher income families reporting lower levels of debt. Students had relatively high financial knowledge at pre-test, indicating some self-selection bias, but did have significantly higher scores at post-test. Responsible Attitude Toward Credit Cards significantly increased from pre-test to post-test, and Avoidant Attitude Toward Credit Cards significantly decreased from pre-test to post-test. As compared to the pretest, at post-test participants significantly increased the number of effective financial behaviors they intended to participate in, and significantly decreased the number of risky financial behaviors they intended to participate in. Lower initial financial knowledge was significantly related to having an avoidant attitude towards credit. Initial levels of financial knowledge were not significantly related to financial behaviors.

The purposes of this study include (1) providing evidence of personal financial literacy among college students; (2) examining why some college students are relatively more knowledgeable that others; and (3) examining how knowledge influences opinions and decisions on personal finance issues. Nine hundred twenty four students from 13 universities responded to a comprehensive questionnaire covering several major aspects of personal finance (general knowledge, savings and borrowing, insurance, and investments).

Results show that, on average, students answer about 53 percent of the knowledge questions correctly, indicating that college students are not very knowledgeable about personal finance. In addition, it was found that certain students were less knowledgeable than others including non-business majors, women, students in the lower class ranks, students under age 30, and those with little work experience. Lastly, less knowledgeable students tended to have incorrect opinions on financial issues and tended to engage in incorrect financial decisions.

The purpose of this study is determine (1) whether there are differences in financial literacy between men and women, (2) in what areas these potential differences are most evident, (3) what factors affect financial literacy of men and women, and (4) why there are gender differences in personal financial knowledge. Researchers surveyed 1,800 students from 14 small and large public and private universities about their interest in personal finance issues, sources of personal finance education, and college education.

Results showed that women, on average, knew less about personal finance than men when controlling for other factors. Education and experience were also related to financial literacy, with business majors knowing more about personal finance that non business majors and students with more years of college knowing more than students with fewer years of college. More men than women ranked personal finance as an important subject, and men ranked themselves as more knowledgeable in personal finance than did women. Many participants learned financial knowledge though informal channels (i.e. parents) instead of through formal education. More men ranked Math and other number-related sciences as important subjects, while more women ranked English and word-oriented liberal arts as important. Not surprisingly, women scored much lower than men on personal finance questions requiring them to process numerical information.


The purpose of this study is to (1) investigate how college students acquire financial knowledge and behaviors (2) investigate the factors that put some students at greater risk financially than others. In addition, the authors conduct a review of the literature in order to determine what we already know about college students and money. Researchers used preliminary data from a survey conducted Louisiana State University and University of Georgia in 2005. Students were asked about their engagement in 10 financial management practices, as well as a question about who significantly impacted what they know and think about money. Focus groups were also conducted at both campuses.

Results show that, on average, students are most likely to avoid writing bad checks and to pay bills on time and least likely to save monthly, have a budget, and balance their checkbook. Students overwhelmingly reported their parents as having shaped what they know and think about money, indicating a need for more educational resources for parents. They also indicate that certain “recommended practices” may need to be altered (i.e. balancing a checkbook when one does all banking online) in order to more accurately reflect responsible money management by college students.


The purpose of this study is to (1) look at the extent and nature of debt among students; (2) look at factors associated with student indebtedness; and (3) look at the relationship between attitudes toward debt and student indebtedness. The authors use a quasi-longitudinal design, using cohort (year in school) as a proxy for time. A questionnaire was utilized at the University of Exeter, England, with 140 students, with relatively even numbers of students from each cohort.

Results showed that students were a group that was relatively low income and high debt, with relatively tolerant attitudes toward debt. Religion, age, number of credit cards, and more tolerant attitudes toward debt were all associated with level of debt, with men being more likely in debt than women. Age, certain expenditures, religion, and external locus of control were associated with tolerant attitudes toward debt. Higher levels of debt and greater tolerance of debt increased with the number of years at the university. Increase in debt occurred earlier than increase in tolerance toward debt.
The purpose of this article is to (1) provide an overview of the programs already available that are aimed at improving the financial literacy of Americans and (2) provide a short review of current evidence on the effectiveness of such programs. The authors also outline a comprehensive evaluation framework for financial education.

The overview of programs shows that programs are being offered by a variety of providers (i.e. community organizations, Cooperative Extension, businesses, banks, colleges, faith-based organizations, and US military) for a variety of individuals (i.e. high school students, college students, low income individuals, employees, and broader audiences). In addition, there are different subject matter such as (1) improving financial literacy through teaching budgeting, saving, and credit management; (2) specific training in retirement and savings; and (3) home buying and home ownership. In the area of effectiveness, varying levels of impact were found, with generally positive outcomes. Issues arise with evaluation and outcome measures and immediate versus prolonged program impact.

This study has three main purposes: (1) examining the impact of gender on credit card use and financial management practices; (2) examining the impact of affective credit attitude (feeling about using credit cards) on purchasing and financial management behaviors; and (3) to introduce a model that depicts the interaction of a variety of purchases, financial management practices, financial stressors, affective credit attitude, and number of credit cards with a balance. Three thousand students randomly selected from six state universities for participation in the study. A survey was mailed out to each student, with a total of 480 responses received.

Several significant differences were found. Both affective credit attitude and gender influenced credit purchases. The purchase of clothing, electronics, entertainment, travel, gasoline, and food away from home were predicted by affective credit attitude. Females tended to purchase clothing, while males purchased electronics, entertainment, and food away from home. In the area of financial management practices, gender was more influential than affective credit attitude, with females employing a greater number of financial practices.

The purpose of this study is to identify factors that affect the probability of a college student being financially at risk for mismanaging and/or misusing credit. Students were considered to be financially at risk if they had one or more of the following characteristics: (1) having a credit card balance of $1000 or more; (2) being delinquent on their credit card payments by two months or more; (3) having reached the limits on their credit card(s); and (4) paying off their credit card balances only sometimes or never. The Office of Student Financial Aid at the University of Illinois conducted an online survey of undergraduate and graduate and professional students, yielding 915 student responses.

Results indicate that the following factors affect the probability of a college student being financial at-risk: financial independence; receiving need-based aid; holding $1000 or more in debt; and acquiring their credit card(s) through the mail, at a retail store, and/or at a campus table. In addition, female students, black students, and Hispanic students were more likely to have difficulty making credit card payments.

The purpose of this study is to examine the hypothesis that low financial literacy scores among young adults, controlling for having taken a personal finance course, is related to a lack of motivation to learn or retain financial skills. Researchers utilized the 2006 Jump$tart survey of high school seniors. They compared financial literacy scores, controlling for socioeconomic, demographic, and aspirational characteristics, to responses to three questions measuring motivation to be financially literate.
Results showed that questions related to motivation added significantly to explaining financial literacy scores of students, controlling for other important determinants. Researchers also found that student financial literacy was related to perception of future goals, such as a college degree, higher salary, or professional job.

The purpose of this study is to (1) examine specific personality, demographic, and financial risk factors related to credit card debt and (2) determine the relative contribution of each of these risk factors to credit-card debt. Students from five colleges, in three states in the southern, midwestern, and northeastern US were approached in their classes and asked to participate in a multi-campus study of college students’ attitudes and beliefs on a number of topics, including credit cards and credit card debt. A total of 443 students completed the questionnaire, containing several scales related to financial status and credit card use, attitudes toward debt, financial knowledge, and psychological measures, and returned it during their next class meeting time.

The majority of students reported having one (41%) or two (20%) credit cards, with the average credit debt of students with credit cards being $1401. This debt represented 30% of the average yearly income ($7892) of students, with students who had credit cards having an average debt-to-income ratio of .42. The average score on the Jump$tart financial knowledge scale was 60 percent, with women scoring significantly higher than men. Seventy-three percent of those with debt thought it would take them less time to get out of debt than the average student.

The purpose of this study is to investigate the impact of high school and college financial education on investment knowledge and household savings rates years after the education was received. A web-survey was administered to alumni of a large mid-western university, with 1,039 participants completing the questionnaire. Questions were directed toward demographic characteristics, participation in financial education, financial experiences, and income and inheritances.

The majority of the sample had neither college financial education nor a high financial education. Higher levels of investment knowledge were associated with participation in a college course on personal finance. However, financial experience explained more of the variance than financial education for both investment knowledge and savings rates. There was no significant relationship between investment knowledge and taking a personal finance class in high school. Financial experiences were positively associated with savings rates.

The purpose of this study is to investigate the role that both money attitudes and credit card use play in compulsive buying. A survey was administered to a convenience sample of students at a private university in Texas with an enrollment of 13,000, with a sample consisting of 406 students.

Results suggest that several money attitudes are closely related to compulsive buying, including power-prestige (using money as a way to influence and impress others), distrust, and anxiety. In addition, credit card use was often a moderator in these relationships. The authors suggest that these findings have important potential implications on public policy, marketing, and research.
The purpose of this study is to examine investment literacy among college students. Researchers surveyed 454 students at a midsized metropolitan university, using the “What’s Your Investing IQ?” questionnaire from the 1993 Money Forecast issue of Money magazine as their survey instrument. The questionnaire covers topics of diversification, risk, financial advisor qualifications, business math, tax planning, impact of interest rate change, global investing, and stock, bond, and mutual fund valuation.
The findings suggest that students of both genders, of various academic groups, and with various levels of financial experience all have inadequate investment knowledge. While all student groups tended to have inadequate knowledge, some student groups were worse off than others. Females had lower knowledge than males, non-business majors had less knowledge than business majors, and of the business majors, non-financial accounting majors had less knowledge than financial accounting majors.

The purpose of this study is to examine the credit card activity of college students at one Midwestern university. The following three questions were considered: (1) How are students attaining their credit cards? (2) Are students knowledgeable about credit? (3) What are students’ attitudes toward credit? Students were approached in the university’s cafeteria and asked to participate in the study, with 381 usable surveys obtained.
Researchers found that 15 percent had attained their credit card by directly contacting the company and requesting an application, 37 percent received their application through unsolicited mail, and 33.6 percent had received their application at the school itself through various venues. Approximately two-thirds of students had at least one credit card. Fifty-seven percent knew their credit limit, 52.5 percent knew their current balance, and 29 percent knew their interest rate. In the area of attitude toward credit, 1.4 percent indicated “they are the best thing man ever invented;” 68.6 percent indicated “they are good, if used correctly;” 21.2 percent indicated “they are not the best way to manage money; and 8.2 percent indicated “they are the worst thing man ever invented.”

The purpose of this study is to gain a better understanding of the development of financial behaviors (both desirable and undesirable) in college students and how these behaviors affect quality of life. Specifically, the study looks at relationships between financial behaviors, financial satisfaction, academic satisfaction, academic performance, and life satisfaction. Data was collected through a web-based survey of students at large state university in the southwestern United States.
Structural equation modeling (SEM), along with ANOVA, was employed during data analysis. Through the SEM, evidence was found to suggest that positive financial behaviors contribute to financial satisfaction, which contributes to life satisfaction. Additionally, positive financial behaviors were found to contribute to both academic performance and academic satisfaction.
Resources


Appendix B: REAP Focus Group Guide

REAP Focus Groups Moderator’s Guide

Scheduled: TIME/DATE
CAMPUS LOCATION

Moderator: Dr. Jan Jasper, CFP®

I. Introduction- Explain Process & Generate Initial Interaction

A. Introduction:
   1. Introduce self as Facilitator for Focus Group discussion
   2. Explain Setup:
      ▶ Quick background on the REAP project and purpose.
      ▶ Mention that the discussion is being recorded so that we can capture all the important comments that people will share during the conversation. We will start the tape recording after we do some brief introductions so no identifying information, such as participant’s names, will be included on the recording.

B. Topic: Today we are going to talk about money. Our discussion will include information about how you’ve learned about managing money, some of your financial behaviors related to spending, borrowing and saving money, as well as your ideas about what your future financial lives will look like after you graduate.

C. Participants: Students attending one of the 6 participating universities within the UNC System.

D. Goal: Our goal is to gain insight from you, so we want you to be as honest as possible. We want to know about you, your ideas, thoughts and opinions related to money management. Your participation is completely voluntary. You do not have to answer any questions you do not want to answer and you can end your participation in the focus group discussion at any time. Your participation is also completely confidential and will be used for research purposes only. We will go around the room and introduce ourselves but no names will be used in any report on the findings.

E. Ground Rules: A Focus Group is a guided discussion – I want to hear what you have to say, but we have certain topics we need to cover. We value your time, and I want to make sure that we stay on task, so don’t feel cut off if I move from one person to another. I need to hear from everyone because every opinion is important. Please speak one at a time. Remember, there are no right or wrong answers. We want you to speak openly and honestly. Don’t be swayed by how the rest of the group responds. Tell us how you feel whether it is positive or negative. Please remember you do not have to answer any questions do not want to answer. Please do not discuss with anyone outside this focus group anything said during the discussion. Also, keep in mind that we cannot guarantee complete confidentiality.

F. Warm-up: Your first name, hometown and major (if you have one). You may decline to provide this information, if you wish.

[TURN ON TAPE RECORDER & LET PARTICIPANTS KNOW THAT THE TAPING HAS BEGUN]
ICEBREAKER: What does it mean to be financial literate?

I. Scene Setter
- Let’s begin: Are you responsible for managing your own money? [SHOW OF HANDS] If so, when did you first become responsible for doing this? How did you feel? Was it liberating, scary? Why?

II. Financial Habits and Acumen
Let’s talk a little more about how you manage your finances.
- How confident are you now in your ability to manage money and your personal finances? By managing your finances we mean, tracking your expenses, paying your bills on time, managing debt, saving, etc?
- Do you feel more confident in your ability to manage some of these things better than others? If so, please tell us what things you are most comfortable managing?
  - Where did you learn this behavior? Parents, peers, trial and error?
- What don’t you do well? Why?
- Do you consider yourself a natural saver or a natural spender? Why?

III. Influences
- Who has had the most significant influence in shaping what you know about money?
- What did you learn from you parents/guardians about how to manage money and finances?
  - Was money discussed in the home? In what ways?
  - How was your attitude about money shaped by those experiences (or lack thereof)?
  - Would you describe your mother as a natural saver or a natural spender? What about your father?
- Do you like to shop with your friends? Do you often find yourself spending more than you anticipated?
- Do you make a lot of impulse purchases? Why or why not?

IV. Credit Cards
- Are credit cards a good thing or bad thing? Why?
- How many of you currently have at least one credit card in your name? (GET SHOW OF HANDS)
- Does the credit card give you a sense of security? Like you have money in the pocket?
- Do you have to work to pay your credit card bill?
- Do you ever worry about having credit card debt? (CHECK TO MAKE SURE ALL UNDERSTAND WHAT THIS IS)
- Could you rely on parents/family members/friends for a loan if you could not make a payment? Would you feel comfortable asking them for money? Why or why not?
- For those who have had trouble making a payment, what was the reason? (Forgot, cash flow issues, etc.)
V. Student Loans

Now I want to ask you about student loans. Has everyone here taken out some type of student loan to help pay for school (either a federal or a private loan)?

- Do you know the interest rate on your loan? [GET A SHOW OF HANDS; CHECK TO MAKE SURE ALL UNDERSTAND WHAT THIS IS]
- Do you have a good estimate of how much you will have to pay per month for your student loan(s) after you leave school?
- Have you borrowed more than you need to cover just the costs of tuition, books, fees, room/board and other school expenses? If so, what kinds of things do you use the extra money for?
- For those who have a private student loan, where did you find out about it?
- How do you feel when you receive your award (student loan) check?
- Are you ever tempted to spend your student loan funds on other non-school related items?
- Do you ever feel a responsibility to help your parents, family members and/or friends with financial support from your student loan funds?

VI. Stress

- What are your long-term career goals? [GET QUICK RESPONSES; KEEP STUDENTS ON TRACK IF THEY BEGIN TO TALK IN TOO MUCH DETAIL REGARDING FUTURE CAREERS]
- Do you ever worry that debt (either from student loans, credit cards, etc) will affect your quality of life after you graduate?
- Do you ever feel stress due to your student loans? How about credit card bills?
- Do you think that your financial situation (or debt, in particular) will impact your ability to finish school in 4 years?
- Have financial issues ever caused you to feel depressed?
  - Have financial issues ever caused your grades to suffer?
  - Have you ever reduced your course load due for financial reasons?
- How often do you feel broke? When you feel this way, what do you do to get by?

VII. Employment

Now I have some questions about employment.

- How many of you are currently working at a job either on or off campus?
- How many hours per week do you typically work?
- Why are you working?
  - To pay for basic necessities?
  - To have extra cash?
  - To get work experience?
  - Other reasons?
- Has or do you think working impacts your GPA, course load, etc.
- What impact, if any, does working have on your school life (getting to class, getting assignments completed, etc)
VIII. Interest in Personal Finance

- Are you aware of any place on campus where you could get information about financial management? This might include workshops, one-on-one counseling, a website where you could get financial management resources.
- If there is no place on campus that you are aware of, would you use one if it were available? Why or why not?
- Have any of you ever:
  - taken a course
  - attended a workshop
  - attended a lecture on personal finance or financial education? [GET SHOW OF HANDS for each one]
- What are you most interested in learning about with regard to personal finance? (for example, creating and managing a budget, managing debt, your insurance needs, investing, retirement planning, taxes, estate planning) (Need to ask if they know what these are, define)
- Which of your financial behaviors causes you the most concern (e.g., running up excessive credit card balances through spending splurges, not having adequate health insurance, managing your budget, managing your cell phone bill, not saving enough when you have income, etc.)?

IX. Messages

- Currently, what are the 2 or 3 most important ways you get information about how to manage your money? [IF NOT MENTIONED PROBE ON.]
  - Just learn from your own experiences
  - Friends
  - Family (which family members specifically)
  - Newspapers/Magazines (any specific ones comes to mind)
  - Internet
  - TV/Radio
  - Employer
  - School (A specific course? Some other resource on campus?)

X. Conclude Group

Is there anything else about personal finances (either things you do, things you want to know about, things you are afraid of, etc) that we haven’t talked about that you think we should know. Please do not discuss with anyone outside this focus group anything said during the discussion. Also, keep in mind that we cannot guarantee complete confidentiality.

Thank everyone for coming and for sharing their thoughts and ideas. Give participants their incentive.
Appendix C: REAP Online Student Surveys

Thank you for your participation in the Reality Education and Assets Partnership (REAP) Survey! The purpose of this project is to develop a set of on-campus services to build your financial knowledge and help you better manage your financial lives. We would like your help in learning more about how students currently manage their money. Please read the information below before taking the survey. You must be at least 18 years old to participate and you must be an undergraduate (graduate students are not eligible to participate in this survey).

The survey includes questions about financial attitudes and behaviors, financial knowledge, influences on financial literacy, and demographic information. Please try to answer every question, but if there are any questions you do not feel comfortable answering, you do not have to answer them.

We estimate that the survey will take you about 15-20 minutes to complete. As a thank you for participating, you will be given the opportunity to enter a drawing to win one of 5 $150 general use gift cards (for example, VISA gift card) or cash once you complete the survey. If you decide to enter the drawing, your name and contact information will be collected separately from your survey information. You will not be asked to give your name or any information that tells us who you are during the survey and no one but our research team will see the answers to these questions.

Your decision to participate in this research is voluntary. You can stop at any time. You may skip questions you do not want to answer. Your participation in this survey is important to help us understand how well students manage their money and how interested they are in learning about financial management, but you will not receive any direct benefit from being in the research study (other than a chance to win the gift card/cash).

If you have any questions about this research project, you may contact Mark McDaniel, Senior Research Associate at the Center for Community Capital at the University of North Carolina – Chapel Hill at 919.843.2120. If you have questions or concerns about your rights as a research participant you may contact, anonymously if you wish, the Institutional Review Board at 919.966.3113 or by email to IRB_subjects@unc.edu. If you contact the IRB, please refer to the study number 08-1845.

Please click the button below to indicate that you are 18 years of age or older, that you are currently an undergraduate student, and that you agree to participate in this study. Thank you!
ACCESS TO FINANCIAL TOOLS

CHECKING AND SAVINGS:

1. Do you have a checking account?
   - Yes
   - No [Skip to Q3]

2. How do you track how much money you have in your checking account? (check all that apply)
   - I balance my checkbook
   - I check my account balance online
   - I check my account balance by calling the bank
   - I check my account balance when I use an ATM machine
   - I do not generally track my account balance
   - Other, please specify: ________________________________

3. Do you have a savings account?
   - Yes
   - No

4. Which statement best describes the way you have saved money over the last 12 months? (check all that apply)
   - I saved at least every month
   - I saved money when I could, but not necessarily every month
   - I saved when I got “extra” money (for example, if I got money for my birthday)
   - I have not been able to save any money in the last 12 months

5. Do you currently have any of the following? (check all that apply)
   - Debit card(s)
   - Credit card(s)
   - Financial aid/student loan
   - Car loan
   - Investments (for example, stocks, bonds, mutual funds, etc)
   - Other, please specify: ________________________________
   - None of the above
CREDIT CARDS:

6. At this time, how many credit cards do you have?
   - One
   - Two
   - Three
   - Four
   - Five or more
   - I do not have any credit cards [SKIP TO Q12]

7. In the last 6 months, how often have you generally used your credit card(s)?
   - Never
   - Only for emergencies
   - A few times a month
   - A few times a week
   - Daily

8. When did you get your first credit card?
   - Prior to starting college
   - During my first year of college
   - After my first year of college

9. With regard to the one credit card you use most often, how did you acquire it?
   - Through parents
   - Through an application in the mail
   - Through a telemarketer
   - Online
   - At a bank, savings and loan, or credit union
   - On campus
   - Other, please specify -
   - Don’t know
10. What expenses do you normally pay for with your credit cards? (check all that apply)

☐ Textbooks and school supplies
☐ Groceries
☐ Tuition and fees
☐ Car expenses (gas and/or maintenance)
☐ Personal items (clothing, accessories, toiletries)
☐ Phone and/or internet services
☐ Restaurants/fast food
☐ Entertainment
☐ Travel
☐ Rent/utilities
☐ Extra curricular and/or professional organization expenses (eg. sports teams, clubs, etc)
☐ Other, please specify: ________________________________
☐ None

11. If you totaled the balances of all your credit cards, how much do you currently owe?

☐ Less than $50
☐ $51 - $500
☐ $501 - $1,000
☐ $1,001 - $3,000
☐ $3,001 - $5,000
☐ $5,001 - $10,000
☐ Greater than $10,000
☐ Don’t know
INVESTING:

12. Do you currently own any investments? These would include stocks, bonds, mutual funds, etc.
   ☐ Yes
   ☐ No [SKIP TO Q15]
   ☐ Don’t know [SKIP TO Q15]

13. Who actively manages your investments? (check all that apply)
   ☐ You
   ☐ Your parents
   ☐ A financial professional
   ☐ Other, please specify:
   ☐ Don’t know
   ☐ I do not own any investments

14. How often do you personally contribute to your investments?
   ☐ Monthly
   ☐ Quarterly
   ☐ Biannually
   ☐ Annually
   ☐ Sporadically
   ☐ Other, please specify: ___________________________________________________
   ☐ Never
   ☐ Don’t know
STUDENT LOANS AND FINANCIAL AID:

15. Have you received any type of financial aid in college (loan, scholarship, grant, work study, etc)?
   □ Yes
   □ No [SKIP TO Q23]

16. How long have you received financial aid in any form?
   □ Up to one year
   □ One to two years
   □ Two to three years
   □ Entire college career
   □ Don’t know

17. What type(s) of financial aid have you received? (check all that apply)
   □ Federal student loans [SKIPS TO NEXT QUESTION]
   □ Private loans [SKIPS TO NEXT QUESTION]
   □ Work study [THIS AND ALL REMAINING RESPONSES SKIPS TO Q23]
   □ Scholarships
   □ Need-based grants
   □ Fellowships
   □ Other, please specify: - __________________________________________________________
   □ Don’t know

18. At this time, how much have you borrowed in student loans in total?
   □ Up to $3,000
   □ $3,001 - $7,500
   □ $7,501 - $10,000
   □ $10,000 - $15,000
   □ $15,001 - $20,000
   □ $20,001 - $35,000
   □ $35,001 - $50,000
   □ More than $50,000
   □ None
   □ Don’t know
19. Have you ever used your credit card to pay for tuition, books, or student fees?
☐ Yes
☐ No

20. If you have used your credit card to pay for tuition, books or students fees, please indicate why you used a credit card for these purchases.
☐ Yes, I’ve used my credit card for these expenses because my financial aid/loans do not cover the cost of these items
☐ Yes, I’ve used my credit card for these expenses because the timing of when I receive my student loan check generally comes after I’ve had to pay for these items
☐ Yes, I’ve used my credit card for these expenses because I do not always have the cash or money in a checking account to pay for them when I need to
☐ Yes, I’ve used my credit card for these expenses because I earn points, get cash back, earn frequent flyer miles, etc when I use my credit card
☐ Yes, I’ve used my credit card for these expenses because I just prefer to use a credit card for these items
☐ Yes, I’ve used my credit card for these expenses because (please specify):

21. When you finish your undergraduate education, how much do you expect to owe in student loans?
☐ Nothing
☐ Less than $5,000
☐ $5,000 to $9,999
☐ $10,000 to $19,999
☐ $20,000 to $29,999
☐ $30,000 to $49,999
☐ $50,000 or more
☐ I do not have a student loan

22. When you got your student loan(s), did you receive any of the following:
Reading materials or other information about the loan(s) ☐ Yes ☐ No
Financial counseling or workshop ☐ Yes ☐ No
Financial education course ☐ Yes ☐ No
IDENTITY THEFT:

23. Have you ever been the victim of identity theft?
   □ Yes
   □ No

24. Do you know someone who has ever been the victim of identity theft?
   □ Yes
   □ No

25. How interested are you in learning more about identity theft, either how to avoid it or what to do if you’ve been a victim of identity theft?
   □ Very interested
   □ Somewhat interested
   □ Not interested

FINANCIAL PLANNING:

26. How familiar are you with what financial planners or financial advisers do?
   □ Very familiar
   □ Somewhat familiar
   □ Unfamiliar

27. Do you think you might be interested in pursuing a career in Financial Planning?
   □ Yes
   □ No
   □ Maybe (depends on the money and the work)

28. How familiar are you with the CFP® designation?
   □ Very familiar
   □ Somewhat familiar
   □ Unfamiliar
SOURCES OF FINANCIAL KNOWLEDGE

In this set of questions and again later in the survey, we will refer to your parents or guardians. This means the person or people who have raised you for most of your life. This could include your grandparents, aunts, uncles, family friend, etc. We will also refer to your family in these questions. This includes whoever you think of when you think about your family.

29. How often do you talk with your parents or guardians about spending, saving or investing money?

☐ At least once a week
☐ At least once a month
☐ A few times a year
☐ Never
☐ Don’t Know

30. How would you describe how finances are handled in your family? (check all that apply)

☐ My parents often argue about the finances
☐ Within my family, we openly discuss our finances
☐ My parents/guardians explicitly taught me about finances
☐ We do not talk much about finances, but I learned from their example
☐ My parents include me in various financial decisions
☐ Other, please specify: -

31. How much have you learned about managing your money from the following:

<table>
<thead>
<tr>
<th>A lot</th>
<th>A little</th>
<th>None at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parents/guardians</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Friends</td>
<td></td>
<td></td>
</tr>
<tr>
<td>School</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Books</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internet</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Media (TV, radio, magazines, etc)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Life Experiences</td>
<td></td>
<td></td>
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<tr>
<td>Informal public seminar</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial planner or counselor (a professional)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other, please specify:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

32. How much would you say you understand each of the following?  

<table>
<thead>
<tr>
<th>Topic</th>
<th>Do not understand (1)</th>
<th>(2)</th>
<th>(3)</th>
<th>Completely understand (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating a budget</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit cards terms such as Annual Percentage Rate (APR)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shopping for a car loan</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financing a college education</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specific savings tools such as money market accounts or certificates of deposit (CDs)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specific investment tools such as stocks, bonds, or mutual funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specific retirement accounts such as Individual Retirement Accounts (IRAs) or 401k accounts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit scores or credit reports</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### FINANCIAL BEHAVIORS AND ATTITUDES

33. Please indicate “yes” or “no” for each of the following statements.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Yes</th>
<th>No</th>
<th>Not Applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>I generally budget or track my spending.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I generally compare receipts of purchases to my monthly bank or credit card statement(s).</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In the past 12 months, I’ve used my credit card(s) to make purchases I can’t afford.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In the past 12 months, I’ve gotten cash advances from my credit card.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>In the past 12 months, I have had my parents “bail me out” of credit card debt.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>In the past 12 months, I have worked more than 20 hours a week to meet bills or expenses.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In the past 12 months, I have missed class to work extra hours to meet bills or expenses.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I generally compare prices when shopping for purchases.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In the past 12 months, I have taken steps to increase my financial knowledge. (For example, read articles, attended a workshop, etc.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I generally read over and understand loan agreements before I sign them.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am currently covered by a homeowner’s or renter’s insurance policy.</td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>
34. How important are each of the following items to you right now in your life?

<table>
<thead>
<tr>
<th>Item</th>
<th>Not at all important (1)</th>
<th>(2)</th>
<th>(3)</th>
<th>Very important (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nice clothes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active social life</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Having a job I like</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buying a home</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buying a car</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paying off debt</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Saving for retirement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paying for college</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

35. In the event that you needed $500 for unexpected expenses, where would you go to get the money? (check all that apply)

- [ ] Personal savings
- [ ] Family savings
- [ ] Gifts or loans from relatives
- [ ] Bank loan
- [ ] Private lenders
- [ ] Ethnic or community-based association
- [ ] Mortgage
- [ ] Other private sources (foundations)
- [ ] Gifts or loans from friends
- [ ] Rotating saving and credit associations (for example, a Kye or Tanda)
- [ ] Credit card
- [ ] Other, please specify: __________________________
36. In the last 12 months, please indicate how often you have done each of the following:

<table>
<thead>
<tr>
<th></th>
<th>Never</th>
<th>1-2 times</th>
<th>3 or more times</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Been late on a payment for your rent</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Been late on a payment for your utilities (water, electricity, etc)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Been late on a payment for your cell phone</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Been late on a payment for your credit card</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overdrawn on your checking account or bounced a check</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

37. Have any of your family members ever asked you for financial support since you’ve been a student at this university?

- Yes
- No

38. Have you given any of your family members financial support since you’ve been a student at this university?

- Yes
- No

39. For what purpose did your family members request your financial support? (check all that apply)

- To help pay for rent or mortgage
- To help pay for utility bills (electricity, water, telephone, etc)
- To help pay for credit card bills
- To help pay for a car loan
- To help pay for major home expenses such as new appliances, home repairs, etc
- To help pay for other living expenses (food, clothing, etc)
- To help pay for childcare for other family members
- To help pay for medical expenses
- Other, please specify:  


40. In the last five years, have you or your immediate family suffered any personal setback(s) that has caused you to leave school for any period of time?

☐ Yes
☐ No

41. Can you describe this personal setback(s)? (check all that apply)

☐ Death of a family member
☐ Substantial unemployment
☐ Periods of unusually low income
☐ Illness
☐ Substantial increase in living expenses (e.g., rent)
☐ Substantial increase in the number of dependents
☐ Bankruptcy
☐ Major theft
☐ Other, please specify: __________________________
☐ None

STUDENT INTEREST IN FINANCIAL LITERACY

42. Which of the following finance-related classes have you had while in college? (check all that apply)

☐ An economics course
☐ A portion of a course focused on economics
☐ A money management or personal finance course
☐ A portion of a course focused on money management/personal finance
☐ Other, please specify: __________________________
☐ None of the above

43. Would you take a course dealing with personal finance at your college?

☐ No
☐ Yes, I have attended such a class before
☐ Yes, but only if the class was for course credit
☐ Yes, even if the class was not for course credit
44. **Would you be motivated to attend a financial education course if: (check all that apply)**

- [ ] You received course credit
- [ ] You learned to develop a plan to reduce your debt
- [ ] You learned how to save for the future
- [ ] You learned the skills to manage financial pressure from family and friends
- [ ] I am not interested in a financial education course

45. **Which source(s) do you prefer for learning about personal finance? (check all that apply)**

- [ ] Financial professionals
- [ ] Friends
- [ ] Family/Relatives
- [ ] The internet
- [ ] Media (TV, magazines, etc)
- [ ] College/university financial aid office
- [ ] College course
- [ ] Campus workshop/seminar
- [ ] Other, please specify: ____________________________

46. **How interested are you in increasing your financial knowledge?**

- [ ] Very interested
- [ ] Somewhat interested
- [ ] Not very interested
- [ ] Not interested at all
47. How interested are you with learning about each of the following financial topics?

<table>
<thead>
<tr>
<th></th>
<th>Not at all interested (1)</th>
<th>Very interested (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal finance or budgeting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit cards</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financing a college education or student loan management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Saving</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investing</td>
<td></td>
<td></td>
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<tr>
<td>Planning for retirement</td>
<td></td>
<td></td>
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<tr>
<td>Buying a home</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance (car, health, life, disability)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Other, please specify:

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**DEMOGRAPHICS**

48. What is your age?

- [ ] 18-19
- [ ] 20-22
- [ ] 23-25
- [ ] 25 or older

49. What is your gender?

- [ ] Female
- [ ] Male

50. What is your race/ethnicity?

- [ ] African American
- [ ] Asian
- [ ] Caucasian
- [ ] Hispanic
- [ ] Native American/Pacific Islander
- [ ] Other
- [ ] Multi-racial
51. What year are you in school?
- ☐ Freshman
- ☐ Sophomore
- ☐ Junior
- ☐ Senior

52. Which UNC System school are you enrolled in?
- ☐ Bennett College
- ☐ Elizabeth City State University
- ☐ North Carolina Central University
- ☐ UNC Pembroke
- ☐ Winston-Salem State University

53. What type of housing do you currently have during this school year?
- ☐ On-campus [Skip to Q55]
- ☐ Off-campus

54. If off-campus, do you live in:
- ☐ A relative or friends home free of charge
- ☐ A rental apartment or home
- ☐ A university-subsidized rental apartment
- ☐ Other, please specify: ____________________________________________________

55. Are you the first person in your immediate family to go to college?
- ☐ Yes
- ☐ No

56. What is your parents total annual household income?
- ☐ Less than $20,000
- ☐ $20,001 to $45,000
- ☐ $45,001 to $60,000
- ☐ $60,001 to $90,000
- ☐ $90,001 to $120,000
- ☐ $120,000 or more
- ☐ Don’t know
57. If you work while in school, what kind of employment do you have?
- I do not currently work [SKIP TO Q60]
- Off-campus private employment
- On-campus private employment
- Off-campus work study
- On-campus work study
- Other, please specify: _____________________________________________

58. On average, how many hours per week do you currently work?
- 1-5
- 6-10
- 11-15
- 16-20
- More than 20

59. How much do you earn monthly?
- Less than $250
- $251 to $500
- $501 to 750
- $751 to $1,000
- More than $1,000

60. What do you expect to earn upon graduation from college?
- Less than $20,000
- $20,000 – $24,999
- $25,000 – $29,999
- $30,000 – $34,999
- $35,000 – $39,999
- $40,000 or more

Thank you for taking part in this survey!

If you are interested in being entered into a drawing to win one of the 5 $150 VISA gift cards, please provide your name and email address in the space provided. This information will be kept separately from your survey information so that the answers you provided will remain anonymous.
<table>
<thead>
<tr>
<th>SCHOOL</th>
<th>PROGRAM</th>
<th>OVERVIEW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brigham Young University</td>
<td>Financial Path to Graduation</td>
<td>Combines individualized sessions with accredited financial counselors and an online and personal planning course. The program was started as a pilot in 1997 in response to exit interviews from students in which they indicated they wished they had a better understanding of personal finance and debt when they began college. The path includes a 7-step process: 1) chart an academic plan, 2) estimating education costs, 3) estimating financial resources and ability to pay, 4) identify, understand, and, if possible taking steps to reduce, 5) establishing a personal debt limit, 6) evaluating borrowing options, and 7) monitoring progress throughout college. Students are required to take a class called &quot;Survey 100,&quot; which includes a theme for personal finance and debt management, while continuing with the planning and saving component of the program.</td>
</tr>
<tr>
<td>Iowa State University</td>
<td>Financial Counseling Clinic</td>
<td>Provides individual, confidential counseling sessions for free to all ISU students (regardless of which campus they attend), and provides counseling for low fees for non-students. The program includes both peer and professional financial counseling sessions, totaling about 600 sessions per year. They also hold approximately 40 financial planning workshops each year.</td>
</tr>
<tr>
<td>Ohio State University</td>
<td>Freshman Success Series</td>
<td>Every first-year student participates in the success series which includes sessions on student loans, college financial aid, and a financial plan for the future. The program also provides counseling for low fees for non-students.</td>
</tr>
<tr>
<td>Texas Tech University</td>
<td>Red to Black</td>
<td>Helps students, faculty, community members, and organizations advocate responsible financial behaviors through financial counseling, financial education, and transfer of skills. The program includes both peer and professional financial counseling sessions, totaling about 600 sessions per year. They also hold approximately 40 financial planning workshops each year.</td>
</tr>
<tr>
<td>University of Arizona</td>
<td>Take Charge American Institute</td>
<td>TCAI has developed several financial education outreach programs. Each academic year, hundreds of University of Arizona students take courses focusing on personal finance and personal financial management. The program also offers seminars, workshops, and individual financial counseling. They also provide counseling and outreach services to members of the community.</td>
</tr>
<tr>
<td>University of Georgia</td>
<td>Peer Financial Counseling</td>
<td>Trains students to be peer financial counselors who present seminars and workshops on personal financial management and a course on the financial services industry. They also provide counseling and outreach services to members of the community.</td>
</tr>
<tr>
<td>University of North Texas</td>
<td>Student Money Management</td>
<td>Offers sessions and workshops on the following topics: budgeting, credit reports, credit scores, student loans, and financial management. They also provide counseling and outreach services to members of the community.</td>
</tr>
<tr>
<td>Wright State University</td>
<td>Wright Financial Path</td>
<td>Counselors provide one-on-one counseling, workshops, and seminars, which are free for the university community. The program includes budgeting, saving, investing, credit cards, credit scores, identity theft, and debt management.</td>
</tr>
</tbody>
</table>
Combines individualized sessions with accredited financial counselors and an online and personal planning course. The program was started as a pilot in 1997 in response to exit interviews from students in which they indicated they wished they had a better understanding of personal finance and debt when they began college.

The path includes a 7-step process:
1) chart an academic plan, 2) estimating education costs, 3) estimating financial resources and ability to pay, 4) identify unmet need and, if possible, taking steps to reduce it, 5) establishing a personal debt limit, 6) evaluating borrowing options, and 7) monitoring progress throughout college.

Provides individual, confidential counseling free-of-charge to all ISU students (regardless of which campus they attend), and provides counseling for low fees for non-students. Program includes both peer and professional financial counseling sessions, totaling about 600 sessions per year. They also hold approximately 40 financial planning workshops each year.

Every first year student participates in the success series which includes sessions on student loans, education debt, buying on credit and planning for a financial future. Incoming students are required to take a class called "Survey 100" which includes a theme for financial and debt management, which focuses on both college costs and future financial planning and saving.

Helps students, faculty, community members, and organizations by advocating responsible financial behaviors through financial counseling, financial education, and transfer of skills. Provides financial planning, budgeting, and money management services with the help of undergraduate, graduate and professional counselors. Counselors work with students on a range of topics. They also provide counseling and outreach services to members of the community.

TCAI has developed several financial education outreach programs. Each academic year, hundreds of University of Arizona students are involved in personal financial management and a course on the financial services industry. Offers a variety of additional services.

Trains students to be peer financial counselors who present seminars and work on projects to promote financial literacy. Offers sessions and workshops on the following topics: budgeting, credit reports/scores, credit & debt, saving & investing, student loans, leasing and identity theft.

Comprehensive, student-focused money management center providing seminars, workshops and individual financial counseling. The Center focuses on personal consultations on a range of finance-related topics. Also includes an extensive website with resources and an emergency loan program.

Counselors provide one-on-one counseling, workshops and seminars, all of which are free for the university community. The primary focus area for counseling, workshops and seminars include: budgeting, saving & investing, credit cards, credit scores, identity theft, and debt management.