30 Ways to Reduce College Costs

1. Most colleges and universities offer merit or non-need-based scholarships to academically talented students. Students should check with each school in which they're interested for the criteria for merit scholarships.

2. The National Merit Scholarship Program awards scholarships to students based upon academic merit. The awards can be applied to any college or university to meet educational expenses at that school.

3. Many states offer scholarship assistance to academically talented students. Students should obtain the eligibility criteria from their state's education office.

4. Some colleges and universities offer special grants or scholarships to students with particular talents. Music, journalism, and drama are a few categories for which these awards are made.

5. Some students choose to attend a community college for 1 or 2 years, and then transfer to a 4-year school. Tuition costs are substantially lower at community colleges than at 4-year institutions.

6. Some parents may be financially able to purchase a house while their child is in school. If other students rent rooms in the house, the income may offset monthly mortgage payments. Families should make certain, however, that the property they purchase meets all of the requirements of rental property. If you have any questions, consult a tax professional.

7. Commuting is another way for students to reduce college costs. A student living at home can save as much as $6,000 per year.

8. Many schools provide lists of housing opportunities that provide free room and board to students in exchange for a certain number of hours of work each week.

9. Cooperative education programs allow students to alternate between working full time and studying full time. This type of employment program is not based upon financial need, and students can earn as much as $7,000 per year.

10. Another way to reduce college costs is to take fewer credits. Students should find out their school's policy regarding the Advanced Placement Program (APP), the College-Level Examination Program (CLEP), and the Provenience Examination Program (PEP). Under these programs, a student takes an examination in a particular subject and, if the score is high enough, receives college credit.

11. Some colleges give credit for life experiences, thereby reducing the number of credits needed for graduation. Students should check with the college for further information. You can also write to Distance Education and Training Council at 1601 18th Street, NW, Washington, DC 20009, or call (202) 234-5100.

12. Most schools charge one price for a specific number of credits taken in a semester. If academically possible, students should take the maximum number of credits allowed. This strategy reduces the amount of time needed to graduate.

13. In many cases, summer college courses can be taken at a less expensive school and the credits transferred to the full-time school. Students should check with their academic advisor, however, to be certain that any course taken at another school is transferable.

14. Most schools have placement offices that help students find employment, and all schools have personnel offices that hire students to work on campus. These employment programs are not based upon financial need, and working is an excellent way to meet college expenses.

15. Most colleges and universities offer their employees a tuition reduction plan or tuition waiver program. Under this type of arrangement, the school employee and family members can attend classes at a reduced cost or no cost at all. This type of program is based upon several factors, but not on financial need, and is often based on college employment.

16. Most colleges and universities sponsor resident assistant programs that offer financial assistance to students in the form of reduced tuition or reduced room and board costs in exchange for work in resident halls.

17. The Reserve Officers Training Corps (ROTC) Scholarship Program pays all tuition fees, and textbook costs, as well as providing a monthly living stipend. Students should be certain, however, that they want this type of program before signing up because there is a service commitment after graduation.

18. Service Academy Scholarships are offered each year to qualified students to attend the U.S. Military Academy, the U.S. Air Force Academy, the U.S. Naval Academy, the U.S. Merchant Marine Academy, or the U.S. Coast Guard Academy. The scholarships are competitive and are based upon a number of factors, including high school grades, SAT or ACT scores, leadership qualities, and athletic ability. Students receive their undergraduate education at one of the service academies. They pay no tuition or fees, but there is a service commitment after graduation.
19. One of the most obvious ways of reducing college costs is to attend a low-cost school, either public or private. There are many colleges and universities with affordable tuition and generous financial assistance. Students should investigate all schools that meet their academic and financial needs.

20. Some schools offer combined degree programs or 3-year programs that allow students to take all of the courses needed for graduation in 3 years, instead of 4, thereby eliminating 1 year’s educational expenses.

21. Partial tuition remission for the children of alumni is a common practice. Parents and students should investigate their alma mater’s tuition discount policy for graduates.

22. Some colleges and universities offer special discounts if more than one child from the same family is enrolled.

23. Some schools offer a tuition discount to student government leaders or to the editors of college newspapers or yearbooks.

24. Some colleges offer bargain tuition rates to older students.

25. Some colleges and universities convert non-federal school loans into non-federal grants if the student remains in school and graduates.

26. Some schools offer reduced tuition rates to families if the major wage earner is unemployed.

27. Some colleges and universities have special funds set aside for families who do not qualify for federal or state funding.

28. Some private colleges will match the tuition of out-of-state institutions for certain students. Check with your college to determine whether you qualify for this option.

29. Some companies offer tuition assistance to the children of employees. Parents and students should check with the personnel office for information.

30. Students should try to buy used textbooks.
College Students and Financial Literacy: What They Know and What We Need to Learn

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Frances C. Lawrence, Louisiana State University and LSU AgCenter 2
Angela C. Lyons, University of Illinois at Urbana-Champaign 3
Kaci Metzger, Louisiana State University 4
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Abstract

Previous research focused on college students and their credit card usage. This study examines college students' overall financial management practices using quantitative and qualitative data from a multi-state research project. Specifically, the study investigates how college students acquire financial knowledge and behaviors and the factors that place some students at greater financial risk than others. The findings show that parents play a key role in their children's financial socialization. The results provide important insight into financial education opportunities for students, parents, campus administrators, and financial professionals and educators.

Introduction

Financial literacy seems more important now than ever – and not just to family and consumer economics professionals. Financial institutions, the student loan community, financial professionals and educators, and others have identified personal financial management education as a priority. For example, the Federal Reserve Bank of Atlanta and the Georgia Council on Economic Education co-sponsored a day-long Georgia Summit on Economic and Financial Education in September 2003 featuring prominent speakers. Pat Barron, First Vice President and Chief Operating Officer of the Federal Reserve Bank of Atlanta, identified adult financial literacy as one of the Bank's top three priorities.

In addition to Georgia, several states have recognized the need for financial literacy in the classroom. According to the National Council on Economic Education (2005), 38 states now have personal finance standards built into their state education systems, and 21 of these states require explicitly that the standards be implemented. In seven states, personal finance is a requirement for high school graduation (Idaho, Illinois, Kentucky, New York, Georgia, and Alabama). Georgia is included in this group, because it requires that personal finance be part of the economics graduation requirement. Recently, Georgia revised its statewide curriculum for K through 12 to require that personal finance concepts be taught at every grade level effective Fall 2007 (for grades 6-12) and Fall 2008 (for grades K-5). At the high school level, personal finance will continue to be included in economics courses and will be one of five areas covered on the end-of-course test, which counts as 15% of the student's final grade in the course (http://www.georgiastandards.org/).

Several organizations also have demonstrated an interest in improving the financial literacy of college students, which is important for a number of reasons. Obviously, the financial decisions students make in college have an important influence on their financial situation after college. In addition, their financial situation in college can affect their academic performance. Lyons (2003) found that one in three students reported his/her financial situation was "likely" or "somewhat likely" to affect the ability to complete a college degree. Bodvarsson and Walker (2004) reported that, after controlling for a wide variety of factors that affect college performance, students receiving at least partial coverage from their parents for tuition and books were more likely than self-financed students to fail courses, to be placed on academic probation, and to earn lower GPAs.

While understanding the financial situations of college students is important, most of the research on college students and their finances has been focused almost exclusively on their credit card use. This paper uses a much broader definition of financial literacy to describe the financial management practices and attitudes of college students. The research is part of a multi-state study of students from Louisiana State University (LSU), University of Georgia (UGA), University of Illinois at Urbana-Champaign, and University of Illinois at Chicago. Findings from LSU and UGA students are presented in this paper. In addition to reporting research results, the paper discusses the implications of the findings for financial professionals, educators, and campus administrators.

102
What Do We Know About College Students and Money? A Literature Review

What does it mean to say that one is “financially literate”? Researchers have only recently attempted to define the concept. Mason and Wilson (2000) defined financial literacy as a "meaning-making process" in which individuals use a combination of skills, resources, and contextual knowledge to process information and make decisions with knowledge of the financial consequences of that decision. Vitt et al. (2000) defined it as:

the ability to read, analyze, manage, and communicate about the personal financial conditions that affect material well-being. It includes the ability to discern financial choices, discuss money and financial issues without (or despite) discomfort, plan for the future, and respond competently to life events that affect everyday financial decisions, including events in the general economy (p. xii).

Despite the various differences in definitions, the consistencies are notable. Hogarth (2002, pp. 15-16) described the consistencies in behavioral terms, stating that individuals who are financially literate are: 1) knowledgeable, educated, and informed on the issues of managing money and assets, banking, investments, credit, insurance, and taxes; 2) understand the basic concepts underlying the management of money and assets; and 3) use that knowledge and understanding to plan and implement financial decisions.

Most of the attempts to directly measure the impact of financial literacy have focused on high school students. Every two years, the Jump$tart Coalition for Personal Financial Literacy administers a written 45-minute exam to 12th graders in schools across the United States and reports the outcome. The test first was administered in 1997 and continued in 2000, 2002, and 2004. Each year, students average a failing grade; the mean score was 52.3% in 2004. While the Jump$tart exam has not been administered to college students, Chen and Volpe (1998) assessed the financial literacy of 924 college students who scored 53% on average; non-business majors, women, students in the lower academic years, those under age 30, and those with little work experience had the lowest scores.

In recent years, educators, policy makers, and university officials have focused on one aspect of college students’ financial practices — their use of credit, and most specifically credit cards. Increased use of credit cards by college students has generated a concern among many that credit card debt puts college students at greater risk for financial problems after graduation. Numerous researchers have examined college students’ credit card use, finding in general that the majority now have credit cards (Allen & Jover, 1997; Armstrong & Craven, 1993; Baum & O’Malley, 2003; The Education Resources Institute and the Institute for Higher Education Policy, 1998; Hayhoe, 2002; Hayhoe, Leach, & Turner, 1999; Hayhoe et al., 2000; Jamba-Joyer, Howard-Hamilton, & Mamarchew, 2000; Joo, Grable, & Bagwell, 2001; Lawrence et al., 2003, 2005; Lyons, 2003, 2004; Staten & Barron, 2002; U.S. General Accounting Office, 2001; Xiao, Noring, & Anderson, 1995). The 2004 Nellie Mae Credit Card Study (Nellie Mae, 2005) reported that 76% of undergraduate students have credit cards and 47% have four or more cards. The average credit card debt is $2,169. About one-fifth (21%) said they paid off their credit card balances in full each month and only 4% said their parents were responsible for the payments. Credit card debt is a special concern since it will likely be repaid at an 18% or higher interest rate while the interest rate on student loans is typically below market rates (currently less than 5%).

Several researchers have identified explanatory variables relevant to college students’ use of credit cards. Gender (Armstrong & Craven, 1993; Hayhoe et al., 1999, 2000), attitudes toward credit (Hayhoe et al., 1999, 2000; Roberts & Jones, 2001), marital status (Hayhoe et al., 2000), income (Hayhoe et al., 2000; Zhou & Su, 2000), and parental involvement (Palmer, Pinto, & Parente, 2001) all have been found to explain credit card use in multivariate analyses. Female students, those with more positive attitudes about credit, those with higher individual and/or family incomes, and those whose parents co-signed for the credit card and had post-acquisition involvement all had more credit cards and/or higher balances. Davies and Lea (1995) suggested that students from relatively prosperous socioeconomic groups would perceive their relatively low student incomes as temporary and accept some level of debt to sustain their previous and anticipated lifestyle.

Lyons (2003, 2004) examined the credit card practices of college students using four different definitions of financial risk: $1,000 or more in credit card debt, delinquent in credit card payments by two months or more, had reached credit card limit on at least one card, and paid credit card balances in full only some of the time or never. Across the four definitions, she found that gender, ethnicity, being financially independent, owing $1,000 or more in other debt, and acquiring credit cards prior to or during the first year in college were just a few of the variables that significantly determined a student’s level of financial risk.

While knowledge of college students and their use of credit cards exists, research has not yet been able to provide the information necessary to put this knowledge into context. How do young adults acquire the knowledge, skills, and attitudes necessary to make sound financial decisions? How do they learn financial behaviors? And from
whom do they learn them? This research set out to explore these issues and learn more about college students’ financial management practices and their attitudes about financial management.

Methodology

As noted earlier, this research was conducted as a multi-state project. An online survey was conducted at the University of Illinois at Urbana-Champaign in Fall 2004 and at Louisiana State University, University of Georgia, and the University of Illinois at Chicago in Spring 2005. This paper reports the preliminary results for Louisiana State University (LSU) and University of Georgia (UGA) -- 5,000 LSU undergraduate students and 3,266 UGA undergraduate students were invited to participate.

Students were asked to select the response that best described how often they engaged in 10 specific financial management practices. Eight other questions were asked, including: “Who has had the most significant influence in shaping what you know and think about money?”

To gain additional insights, in-depth focus groups also were conducted. At UGA, four focus groups were conducted with three to five students in each. At LSU, there were four focus groups with about 10 students per group. In addition, at LSU responses to the 10 survey items about the students’ financial management practices were used to group students according to their use of the practices. A financial fitness score was generated for each respondent, taking into consideration the total number of items that were applicable to the respondent. The results were used to classify students as “not financially at-risk,” “somewhat at-risk,” and “financially at-risk.” At LSU, two focus groups were composed of students who were financially at-risk, and two focus groups were conducted with students who were not financially at-risk. Using transcripts of the focus group discussions, the UGA and LSU researchers independently identified the themes that emerged.

Survey Results

A total of 1,891 students (1,400 from LSU and 491 from UGA) responded to the online survey, with response rates of 28% and 15%, respectively. The sample included undergraduate students from each year in school, although the largest proportion was seniors (33.4%). A large proportion (66.7%) reported that their GPAs were B or higher. About two-thirds (64.7%) were female. Most were Caucasians (80.1%); 10.7% were African American, 5.2% were Asian, and 2.4% were Hispanic. Over one-half (61.4%) said they had at least one credit card (see Table 1).

The most significant influence on students’ money management behaviors was their parents (70.0% reported parents together; 13.0% said mother, 6.0%, father). Few students identified as their most important influence a brother/sister (1.2%), grandparents (1.9%), other family relative (1.2%) or friend (1.5%). A small percentage (5.2%) reported “other,” which included boyfriend, girlfriend, husband, wife, teacher, self, personal experience, church, and classes.

How Financially Fit Are College Students?

On a 5-point Likert scale with 1 = always, 2 = usually, 3 = sometimes, 4 = seldom and 5 = never, students’ mean financial fitness score was 2.2 (the median was 2.1). Students were most likely to avoid writing bad checks and to pay bills on time, and least likely to save monthly, to have a budget, and to balance a checkbook (see Table 2 in which a lower score indicates greater likelihood of using a financial management practice).

Multiple regression analysis indicated students’ grade point average (GPA), having a credit card, year in college, ethnicity, and the marital status of their parents explained 8% of the variance in their financial fitness scores. Students were more likely to be financially fit if they had higher GPAs or had parents who were married. Students were more likely to be financially at risk if they had a credit card or were a minority or college senior. Note that these findings are preliminary, and additional analysis is currently underway.

Although preliminary, the findings are consistent with the previous literature. The discussions from the student focus groups provide greater insights and are reported in the next section.
Table 1
Demographic Characteristics of the Undergraduate Student Sample (N = 1,891).

<table>
<thead>
<tr>
<th>Demographic characteristic</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year in College</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freshman</td>
<td>465</td>
<td>24.6</td>
</tr>
<tr>
<td>Sophomore</td>
<td>382</td>
<td>20.2</td>
</tr>
<tr>
<td>Junior</td>
<td>413</td>
<td>21.8</td>
</tr>
<tr>
<td>Senior</td>
<td>631</td>
<td>33.4</td>
</tr>
<tr>
<td><strong>Full- or Part-time Student</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full Time</td>
<td>1810</td>
<td>95.7</td>
</tr>
<tr>
<td>Part Time</td>
<td>80</td>
<td>4.2</td>
</tr>
<tr>
<td><strong>Current GPA</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.6-4.0</td>
<td>498</td>
<td>26.3</td>
</tr>
<tr>
<td>3.0-3.59</td>
<td>764</td>
<td>40.4</td>
</tr>
<tr>
<td>2.6-2.99</td>
<td>417</td>
<td>22.1</td>
</tr>
<tr>
<td>2.0-2.59</td>
<td>183</td>
<td>9.7</td>
</tr>
<tr>
<td>Below 2.0</td>
<td>29</td>
<td>1.5</td>
</tr>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
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<tr>
<td>Female</td>
<td>1224</td>
<td>64.7</td>
</tr>
<tr>
<td>Male</td>
<td>667</td>
<td>35.3</td>
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<tr>
<td><strong>Ethnicity</strong></td>
<td></td>
<td></td>
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<tr>
<td>White</td>
<td>1514</td>
<td>80.1</td>
</tr>
<tr>
<td>African American</td>
<td>203</td>
<td>10.7</td>
</tr>
<tr>
<td>Asian</td>
<td>99</td>
<td>5.2</td>
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<tr>
<td>Hispanic</td>
<td>45</td>
<td>2.4</td>
</tr>
<tr>
<td>Other</td>
<td>30</td>
<td>1.6</td>
</tr>
<tr>
<td><strong>Have a Credit Card</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>1161</td>
<td>61.4</td>
</tr>
<tr>
<td>No</td>
<td>730</td>
<td>38.6</td>
</tr>
<tr>
<td><strong>Parents’ Marital Status</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>1337</td>
<td>70.7</td>
</tr>
<tr>
<td>Divorced</td>
<td>398</td>
<td>21.0</td>
</tr>
<tr>
<td>Other</td>
<td>156</td>
<td>8.3</td>
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<tr>
<td><strong>Most Significant Influence</strong></td>
<td></td>
<td></td>
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<tr>
<td>Both parents</td>
<td>1324</td>
<td>70.0</td>
</tr>
<tr>
<td>Mother only</td>
<td>246</td>
<td>13.0</td>
</tr>
<tr>
<td>Father only</td>
<td>114</td>
<td>6.0</td>
</tr>
<tr>
<td>Other</td>
<td>207</td>
<td>11.0</td>
</tr>
</tbody>
</table>
Table 2
Responses to Financial Fitness Questionnaire.

<table>
<thead>
<tr>
<th>Financial Management Practices</th>
<th>Mean score (1 = always; 5 = never)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I avoid writing bad checks or ones with insufficient funds.</td>
<td>1.27</td>
</tr>
<tr>
<td>I pay my rent/mortgage and other living expenses (i.e., phone and utilities) on time each month.</td>
<td>1.35</td>
</tr>
<tr>
<td>I pay my credit card bills on time each month and am almost never late.</td>
<td>1.40</td>
</tr>
<tr>
<td>I avoid maxing out or going over the limit on my credit cards.</td>
<td>1.43</td>
</tr>
<tr>
<td>I avoid spending more money than I have.</td>
<td>1.69</td>
</tr>
<tr>
<td>I have little or no difficulty managing my money.</td>
<td>2.26</td>
</tr>
<tr>
<td>I pay my credit card bills in full each month to avoid interest charges.</td>
<td>2.29</td>
</tr>
<tr>
<td>I balance my checkbook each month.</td>
<td>3.03</td>
</tr>
<tr>
<td>I have a weekly (or monthly) budget that I follow.</td>
<td>3.14</td>
</tr>
<tr>
<td>I regularly set aside money each month for savings.</td>
<td>3.28</td>
</tr>
</tbody>
</table>

Focus Group Results

University of Georgia (UGA)

Participants in the UGA focus groups were not grouped according to their scores on the financial fitness quiz. Thus, much of the discussion was general, focusing on how the students learned what they knew about financial management. Three important themes emerged.

The influence of family members is important but complex. Most students reported hearing various messages about money from various family members. Common examples were, “Don’t spend money you don’t have” and various cautionary statements about credit. Most of the messages students shared related to controlling spending and avoiding or using credit wisely. In addition, many were very aware that they and a sibling approached financial management differently and wanted to be different from or like their sibling, depending on whether the sibling was more or less responsible.

Moreover, a number of students reported that they knew what their parents expected of them and they also knew they weren’t meeting their parents’ expectations. Some students explained that they have less money in college than ever before. In high school, they had jobs and more generous allowances from their parents and fewer expenses. A few students said they weren’t managing their finances as responsibly as they might, because their parents’ behaviors allowed them to continue to rely on them. For example, one student said, “I... withdraw on a negative checking account, and they’ll still give me money. So, sometimes it could be like your parents just need to stop helping you.” Two students said that college was their first experience with managing money.

Finally, other students reported they had no intention of following their parents’ financial management examples. For example, one student said, “When my mother divorced my father when I was younger, she filed bankruptcy and I watched our car towed away. I watched a lot of things happen, and I knew what I didn’t want to happen.” More typical is this quote from a student, “My mom, she will say, ‘You’re not supposed to do that,’ but then she will give me the money.”

Students prefer immediate feedback in financial management, including using electronic and online financial services. A number of students described using online banking and online access to their credit card accounts. These students were not writing checks or balancing checkbooks. However, they did have systems for checking their bank account balances (usually to avoid overdrafting) and managing their credit card charges in relation to their credit limit. Typical comments from students were, “One of the most called numbers on my cell phone bill is my [bank’s name] number. Because I’ll call them up...and then it tells me how much money I have.” “I use my debit card because I don’t keep up with checks.” “I go [online] every day and I check it [checking account], just to make sure that everything is ok.”

Students were very interested in receiving financial management information through the university. Students demonstrated that they, like the general population, have individual preferences about how they receive financial management information. While some students were enthusiastic about an informative Web site, other ideas emerged. Some thought the university should target freshmen, recalling that they personally had more money as a freshman than ever again. Others thought it would be good to have a financial education center on campus.
Several suggested workshops or classes, with differences of opinion about whether these should be required or optional. One student, supporting her position that the course should be required, said, “It is education, even though it’s not part of your bachelor’s program, it’s part of your life. You need to know this.”

**Louisiana State University (LSU)**

Participants in the LSU focus groups were recruited based on their scores on the financial fitness quiz. In two of the focus groups, all of the students were ones whose scores on the financial fitness quiz classified them as financially at-risk. In the other two focus groups, the students’ scores were such that they were classified as not financially at-risk. The discussion that follows focuses on the differences between the themes across the two types of groups.

*Use of credit cards.* Approximately one-half of the not at-risk group did not own a single credit card and tended to be outspoken regarding the dangers of credit card use/abuse. The other half who did hold credit cards tended to have only one and reportedly treated them “like a debit card” by paying off balances immediately before finance charges accrued. This group viewed credit cards as a way to establish a good credit rating. In contrast, the financially at-risk group did not have an aversive or cautious reaction to credit cards (or at least not until they were deeply in debt). Many reported holding multiple credit cards and did not discuss the importance of maintaining a zero balance. A recurrent statement was, “It is too easy to get credit cards.” The at-risk group demonstrated relaxed attitudes toward debt (“I’m going to pay it off when I leave here [LSU]” and “I’ll deal with my mistakes later”).

*Assuming responsibility for actions.* The not at-risk group demonstrated personal responsibility for their finances in a number of ways. They reported careful tracking and budgeting of expenses. Although the method varied (checkbook, notebook, online), students kept a pulse on their expenditures and intentionally avoided impulse shopping. Compared with the at-risk group, the not at-risk group was more than twice as likely to report saving at some level. For about one-third of the group, this had been a practice established in childhood. The not at-risk group frequently mentioned the importance of understanding the value of money, or, in other words, having a respect for money by not “throwing it away.” They also recognized the importance of discriminating between needs and wants. In contrast, the at-risk students discussed their tendency to engage in “impulse shopping.” Although sometimes done solo, the majority (two-thirds) mentioned that they tended to make impulsive purchases with peers. One notable quote: “We mismanage money together.” The at-risk students reported that external factors influenced their spending habits. Advertising, peer pressure, and the thrill of an expensive purchase as a “status symbol” all were mentioned as influences for this group. One recurrent theme was the point that everywhere you go you see “Bad credit, no problem” or “No credit, no worries” signs. Apparently, such messages are internalized at some level and tend to mute alarm among the at-risk students.

*Constructive financial discussions with parents.* Interestingly, there was no significant difference between the healthy and at-risk groups in the reported frequency of “family chats” regarding financial matters. The difference emerged in the nature of those discussions. For students not at risk, discussions with their parents were perceived as educational and as a non-intrusive check and balance. For at-risk students, the discussions tended to be construed as interrogative and intrusive: “Where did you get that new pair of shoes and how did you pay for them?”

**Conclusions, Discussion, and Implications**

This research assessed the financial management practices of college students using a set of recommended practices. One conclusion from the research is that some college students are not managing their finances well, because they have not adopted the set of recommended practices. Another conclusion is that some “recommended” practices should be modified to more accurately match ways in which college students responsibly manage their finances. For example, it is not necessarily a sign of poor financial management if an individual who banks online doesn’t balance his/her checkbook each month. The individual is unlikely to even have a checkbook; instead, the appropriate financial management practice may be to reconcile his/her online account as frequently as needed to avoid an overdraft. On the other hand, paying credit cards on time seems like a good measure of financial management behavior even if the payment is made online. Thus, future researchers should develop a scale of financial management responsibility that fits the financial management options available to college students. The findings from this research could be used to develop a “financial fitness quiz” that could be used as a risk assessment tool by college campuses as well as financial professionals and educators who work with young adults.

Although there are no doubt deficiencies in the assessment of students’ financial management practices, the results suggest that some college students are financially at-risk, and thus there continues to be a need for on-campus financial education. Recall the quote by one student who indicated that financial education is “not part of your bachelor’s program, it’s part of your life. You need to know this.” College campuses may want to require that
a personal finance course or financial life skills course be included as a general education requirement for graduation. The course would cover the basics of financial management that every college freshman needs to know. Other options available to campus administrators include workshops and seminars, financial counseling centers on campus, peer education, and Internet resources. A realistic assessment of a campus’ financial management options and decisions relevant to students is important to developing an effective educational program. For example, some of the financial education programs on college campuses have been developed by students and are taught by students to ensure a higher level of relevancy.

The findings from this research also have important implications with respect to the need for more educational resources for parents. Overwhelmingly, students reported that their parents influenced their money management behaviors. Parents need to be aware of the major role that they play in the financial socialization of their children and that this process occurs at a very early age. Resources are needed to educate parents about how to constructively talk to their children about financial management issues. Freshmen orientations on college campuses might include financial management education sessions for incoming students and their parents, either separately or together. Online resources for parents and college and college-bound students also could be particularly useful. A financial education Web site could be developed to serve as a “one-stop” shop, where students and parents could go to find information and resources on financial aid and other financial topics such as credit cards, budgeting, credit reports and credit scores, and identity theft. Some college campuses already are moving in this direction, but most of these efforts continue to focus on providing only information related to financial aid.

Also, campus administrators need to be aware that issues related to students’ financial management often extend beyond the financial aid office. This study provides evidence that students who are more actively using their credit cards are more likely to be at financial risk than students who do not use credit cards. These findings suggest the need for a better balance of information and education on student loans and credit cards. However, financial aid offices specialize in providing information to students and parents about their financial aid options (i.e., federal loans, private loans, work study, grants, and scholarships). Many financial aid offices do not have the expertise and capacity to address financial issues that go beyond those of a traditional financial aid office. While some financial aid offices now have accredited financial counselors, they still may feel uncomfortable providing financial counseling and recommendations to students on issues that go beyond financial aid, such as how to manage their credit card debt.

Also, as previous literature points out, the implications of poor financial management can affect more than students’ finances. It can affect their academic performance, mental and physical well-being, and even their ability to find employment after graduation (Bodvarsson & Walker, 2004; Lyons, 2003, 2004). Thus, campuses need to take a more holistic approach when addressing the financial needs of their students – student organizations and parents need to be involved in the process along with a wide range of campus offices (i.e., financial aid, student affairs, student health services, career centers, residence life, and student business services).

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