The Role of Colleges and Universities in Students' Financial Well-Being

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Due to the responsibility of individuals for their own financial security and the impact of uniformed consumers on the economy, colleges and universities are in the unique position of having a captive audience. There are many resources, often free, available to colleges and universities. As institutions strive to increase student retention and graduation rates, offering financial education programs may bolster their public image and mission. The goal of this paper is to motivate faculty to become involved in their local community and on their college campuses to do our part in addressing the nationwide problem of financial illiteracy.

INTRODUCTION

Many adults in the United States exhibit problematic financial behaviors in key areas of personal financial management including budgeting, savings, and the use of credit (Hilgert, Hogarth, & Beverly, 2003; Hira, 2009). This is an area of national concern due to the responsibility of individuals for their own financial wellbeing (Rappaport, 2012) and the impact of uninformed consumers on the economy (Hilgert, Hogarth, & Beverly, 2003; Hira, 2012; "President's Advisory", 2013). In addition, personal financial management is becoming more of a challenge due to the increasing complexity and seemingly limitless choices among products, such as loans, investments, and retirement plans in the financial market (Mandell & Klein, 2009). The need for consumers to utilize sound financial decision making by developing positive behaviors is important in order for the economy to function effectively and efficiently. The benefits of desirable financial behaviors are two-fold when consumers make decisions that ensure their own financial security, society also benefits from them being more productive community members (Hilgert, Hogarth, & Beverly, 2003).

The college years are an especially important time, as young adults gain newfound independence from their parents, which is often accompanied by increased responsibility for their personal financial decisions (Gutter & Copur, 2011; Xiao, Tang, & Shim, 2009). Furthermore, college students face potential long-term negative consequences due to undesirable financial behaviors, such as damage to their credit history, and increased stress and anxiety, which have been linked to lower academic performance and higher dropout rates (Field, 2010; Kettley, Whitehead & Raffan, 2008; Pleskac, Keeney, Merritt, Schmitt, & Oswald, 2011; Sages, Britt, & Cumbie, 2013). Thus, the college environment provides an excellent opportunity to develop educational strategies to establish favorable financial behaviors before problems develop and become a habit (Shim, Barber, Card, Xiao, & Serido, 2009). College students are at a crucial transitional point in in their life, with the impact of financial decisions having a far reaching influence by affecting their long-term financial wellbeing (Hira, 2012).

Although the benefits of a college education have been documented, the development of financial autonomy during the college years has received limited attention (Shim, Barber, Card, Xiao, & Serido, 2009). Young adults could even be considered a vulnerable group due to the instability of their financial

situation (Lokken Worthy, Jonkman, & Blinn-Pike, 2010), with research indicating their increased likelihood of engaging in risky financial behaviors (NFCC, 2012). College students are particularly susceptible to accruing high amounts of debt from both educational loans and credit card use. According to a *USA Today* article (Malcolm, 2014) ensuring that students have basic financial skills, such as, budgeting and how to manage debt are critical as student loan debt continues to increase and "finances remain the number one reason students drop out of school". Sages, Britt, and Cumbie (2013) found that college students reported increased anxiety due to difficulty paying bills, spending more than earned, and reaching the maximum limit on credit cards. The impact of poor financial behavior can have a long-term impact, such as, damage to their credit history, which jeopardizes eligibility for loans to buy a car or home and even may have consequences for renting an apartment or securing a job (Field, 2010). Mary Johnson, director of financial literacy for Higher One, hopes that colleges and universities will incorporate financial literacy into their mission (Malcolm, 2014).

The rest of this paper has been organized into the following sections: definition of key terms, background on the financial literacy problem and financial education, common financial literacy program models, leaders in financial literacy education and conclusion. A primary goal of this paper is to motivate faculty to become involved in addressing the nationwide problem of financial illiteracy.

Definition of Key Terms

Financial Behavior

According to consumer economists, financial behaviors are positive or desirable behaviors that can be used to improve financial security (Xiao et al., 2009). Four commonly cited domains of financial behaviors include managing cash, credit, savings, investments, and insurance (Dew & Xiao, 2011). According to the Securities and Exchange Commission's (SEC) Office of Investor Education and Advocacy, the roadmap to financial security includes creating a financial plan, paying off high interest debt, and then starting to save and invest ("Securities and Exchange", 2010). Examples of positive financial behaviors include saving regularly, managing spending with a budget, and using credit in a responsible manner by paying off credit card balances in full each month, making payments on time, and refraining from maxing out credit limits (Gutter, Garrison, & Copur, 2010).

Financial Literacy

Generally financial literacy is viewed as a comprehensive term, which includes both knowledge and behaviors related to personal financial issues. According to Gene Dodaro, Comptroller General of the United States, financial literacy is "the ability to make informed judgments and to take effective actions regarding current and future use and management of money" ("Financial Literacy: The Federal", 2011, p.2). Common conceptual components of financial literacy include: "(1) knowledge of financial concepts, (2) ability to communicate about financial concepts, (3) aptitude in managing personal finances, (4) skill in making appropriate financial decisions and (5) confidence in planning effectively for future financial needs" (Remund, 2010, p. 279). Common topics included in operational definitions of financial literacy include budgeting, saving, borrowing, and investing (Remund, 2010).

Financial Well-Being

According to the Consumer Financial Protection Bureau (CFPB) (2016) financial well-being is a "highly personal state, not fully described by objective financial measures. Instead, well-being is defined as having financial security and financial freedom of choice, in the present and in the future". Financial security includes control over daily and monthly finances and the capacity to absorb a financial shock in the future. Financial well-being also includes the financial freedom to make choices to enjoy life and meet future financial goals.

FINANCIAL LITERACY PROBLEM

Numerous statistics based on observable behaviors highlight the struggles that many individuals living in the United States have with personal financial management including the use of debt, saving for the future, budgeting, and cash management (Bricker, Kennickell, Moore, & Sabelhaus, 2012; Jacobe, 2013; "June 2011 Financial", 2011). Budgets serve as an important planning tool in managing cash inflows and outflows, however a recent Gallop annual Economy and Personal Finance survey (Jacobe, 2013) found that two-thirds of individuals reported not preparing a budget and a 2010 Survey of Consumer Finances indicated that 10.8 % of families reported having at least one payment in the last year that was 60 or more days late (Bricker, Kennickell, Moore, & Sabelhaus, 2012). Consumers rely heavily on credit cards with balances averaging $7,219 per household, which is the third largest source of indebtedness only behind mortgages and student loan debt ("American Household", n.d.). In addition 1.4 million personal bankruptcy cases were filed for the 12 month period ending in March of 2012 ("United States Courts", n.d.). Therefore, it is not surprising that Global Finance magazine reported individual savings rates in the United States are among the lowest in the industrialized world based on data from the last 20 years (Pasquali & Aridas, n.d.).

Many Americans are not adequately protected in the case of unexpected events; a recent survey by Bankrate.com indicated that 24% of all respondents reported having no emergency savings ("June 2011 Financial", 2011). Younger adults are even less prepared with 35% of respondents 18 to 29 years old having no savings and 28% had less than three months' worth of expenses saved ("Financial Security", 2011). Hira (2009) highlights the prevailing concern that adults of all ages "lack a working knowledge of financial concepts and do not have the tools they need to make decisions most advantageous to their economic wellbeing" (Hira, 2009, p.2).

High debt and low savings rates are an indicator of a potential problem, therefore, survey results of adults and youth in the United States that highlight a lack of basic financial knowledge are not surprising. Almost half of adults in the United States, rated their personal financial knowledge as a C or worse, according to a survey by the National Foundation for Credit Counseling (NFCC) (2012). Also results from the 2012 National Financial Capability study, a comprehensive survey of over 25,000 adults (18+) across the United States, indicate the lack of basic financial knowledge among adults with only 39% of the respondents answering the majority of the questions related to everyday financial matters correctly. The survey was a joint effort of several governmental entities, including the U.S. Department of the Treasury and the President's Advisory Council on Financial Capability ("Financial Capability", 2012).

In addition, research indicates that high school and college students are not knowledgeable about personal financial issues (Agarwal, Amromin, Ben-David, Chomsisengphet, & Evanoff, 2010, Mandell, 2008). Many studies have used a survey tool developed by Dr. Lewis Mandell for the JumpStart Coalition, a nonprofit organization formed in 1995. "Jump$tart is a coalition of diverse financial education stakeholders. These organizations work together to educate and prepare our nation's youth for life-long financial success" ("About the Jump$tart Coalition", 2016). The survey, which eventually evolved into National Standards in K-12 Personal Finance Education, was first administered in 1997 to a random sample of high school seniors across the country and then repeated biennially between 2000 and 2008. College students were surveyed for the first time in 2008. The survey consists of 31 multiple choice questions that cover four key areas of personal finance (1) income, (2) money management, (3) saving and investing, and (4) spending and credit (Mandell, 2008).

Unfortunately, the JumpStart survey paints the same picture regarding the financial knowledge of high school and college students, as the surveys of adults previously mentioned, with scores actually getting worse over time. The first survey resulted in an average grade of a 57.3% of the questions correct with results declining in 2000 and 2002, bumping upward in 2004 and 2006 and then reaching an all-time low in 2008, which was the last year the survey was administered (Mandell, 2008). Agarwal, Amromin, Ben-David, Chomsisengphet, & Evanoff (2010) note that although surveys of financial knowledge may vary in content and sample populations, several common themes can be found: "a large proportion of consumers are not financially literate, even among the wealthiest and most educated population

segments… and financial illiteracy leads to welfare-reducing financial behavior and outcomes" (p.3). Personal finance is an important topic due to the increasing complexity of the United States financial system and low levels of financial knowledge.

Recent statistics indicate record high levels of educational debt with the average student owing $25,000 in student loans upon graduation (Ellis, 2011). The default rate on student loans is at an all-time high with one in every five government loans that entered repayment in 1995 in default, which has resulted in $50.8 billion of loans in default at the end of 2009 (Field, 2010). In addition to the burden on the economy, with taxpayers absorbing almost 100% of the cost of the defaulted loans, the students face significant personal and financial burdens. Many young adults, between the ages of 22 and 29, reported delaying or deciding against furthering their education because of the debt they owed (NEFE, 2006). The financial stress is compounded by limited job prospects with a 13% unemployment rate of recent college graduates with bachelor's degree according to a 2013 report by the U.S. Department of Labor. Also surveys indicate that students report feeling pressured to take a job they would not have otherwise accepted due to high levels of debt (NEFE, 2006). The risk of bankruptcy is an additional concern related to high levels of debt, with approximately 110,000 young adults under the age of 25 filing for bankruptcy in 2011 (Valenti, 2012). A report by the Institute for Financial Literacy (2011) indicated that college graduates are the fastest growing age group that filed for bankruptcy in the past five years.

As these students move into the workforce, money-related issues are one of the leading causes of absenteeism and lower productivity due to the inability to focus (Davis & Carnes, 2005). Sages, Britt, and Cumbie (2013) found that college students reported increased anxiety due to difficulty paying bills, spending more than earned, and reaching the maximum limit on credit cards. Also research by Klontz and Klontz (2009) found that when individuals feel stressed or anxious this creates an imbalance in the brain, which is often dealt with by seeking out substances, such as food, nicotine or alcohol, or various human behaviors, such as spending money.

Also poor financial behavior can lead to additional negative consequences, such as damage to credit history, which limits future eligibility for federal aid and the ability to obtain car loans, mortgages and even apartments or jobs (Field, 2010). According to a recent survey by the National Association of Consumer Bankruptcy Attorneys (NACBA) many young people are delaying important life cycle decisions, such as, purchasing a home or getting married due to large amounts of debt (Nance-Nash, 2012). Higher education is an investment in the future, however, the large amounts of debt that many students are faced with paying off after graduation jeopardizes their long-term financial security.

FINANCIAL EDUCATION

Education is often seen as the solution to low financial knowledge and problematic financial behaviors (Hilgert, Hogarth, & Beverly, 2003) with vast amounts of resources being directed to educational programs. A myriad of organizations support efforts to improve financial literacy including private employers such as commercial banks; government agencies; consumer groups; community service organizations; and religious organizations (Gale, Harris, & Levine, 2012). Several private sector nonprofit organizations, such as the National Council on Economic Education (NCEE), the JumpStart Coalition, and the National Endowment for Financial Education (NEFE) have been instrumental in developing voluntary standards, curricula for educational programs, and survey instruments that assess financial literacy (Mandell, 2008; NCEE, 2012; NEFE, 2006).

Also the low knowledge and problematic financial behaviors of Americans has received attention at the national level and resulted in two legislative acts. In 2003 Congress created the Financial Literacy and Education Commission to develop a national strategy in recognition of the fact that Americans could benefit from a better understanding of financial matters. The Department of Treasury's Office of Financial Education coordinates the commission and is charged with developing resources for the American public, such as a national website (MyMoney.gov) to provide financial education materials and a toll-free hotline (1-888-My Money). Also the commission conducts regional meetings and conferences to increase public awareness and foster partnerships with private organizations to improve Americans'

financial literacy ("Financial Literacy Education", 2013). The second example of regulatory reform, initiated in response to the 2008 financial crisis in the United States, was the Dodd-Frank Act which established the Office of Financial Education within the Consumer Financial Protection Bureau and was charged with developing and implementing a strategy to improve the financial literacy of consumers (Dodd-Frank Act, Title X, Section 1013).

At the state level, the primary focus has been on the development of policies related to requiring personal finance as part of students' high school education. Almost all states have standards related to personal finance education with some states requiring a class in economics or personal finance in order for students to graduate from high school (*Financial Literacy: The Federal*, 2011). According to the National Council on Economic Education's (NCEE) 2011 report

- 50 states require Economics or Personal Finance to be included in the state standards,
- 40 states require the standards to be implemented,
- 25 states require a high school course in Economics or Personal Finance to be offered,
- 22 states require a high school course in Economics or Personal Finance be taken and,
- Only 16 states actually require testing of student knowledge in Economics or Personal Finance (NCEE, 2012).

Due to the large amount of resources dedicated to educational initiatives to improve financial literacy, a logical question is whether the programs are effective in accomplishing their goal. However, widely accepted standards of excellence for financial education are lacking, therefore answering this question is not as simple as it might appear. Several studies have attempted to evaluate the effectiveness of education provided in high school or college on financial knowledge and behaviors (Bell, Gorin, & Hogarth, 2009; Bernheim, Garret, and Maki, 2001; Cole, Paulson, & Shastry, 2013; Lusardi & Mitchell, 2006*;* Tennyson & Nguyen, 2001*).* Tennyson and Nguyen (2001) found a significant and positive association between state mandates to take a high school personal finance course and students' financial knowledge scores. Also, the results indicate that students' taking mandated courses knowledge are significantly greater in the topic areas of savings/investing and income, however, no significant relationship was found in the areas of money management and spending/debt. Bell, Gorin, and Hogarth (2009) found that taking a high school financial education course had a positive influence on the financial behaviors of saving and credit management. This study found that individuals who have taken a financial management course were more likely to have a savings account for short term goals, save on a regular basis, and have an emergency fund.

Also positive behaviors related to credit management were found, which included having fewer overdraft fees in the past six months and a decreased likelihood of never paying off their credit card balances. Bernheim, Garret, and Maki (2001) investigated the impact of state financial education requirements later in life by surveying individuals aged 30 to 49. Survey respondents provided the state and years they attended high school, which was then matched with the historical record of when states adopted financial education requirements. Results showed that individuals who attended high school in a state with a mandated personal finance curriculum reported higher savings rates than those who did not. However recently Cole, Paulson and Shastry (2013) replicated the Bernheim, Garret and Maki (2001) study and found conflicting results after accommodating for state-fixed effects. Perhaps states with mandated personal finance education requirements are somehow different from those states without such mandates. Also evidence was found that during the time when these curricula mandates were imposed was a period of economic growth for the country, which may have independently influenced savings behavior.

Even though several studies (Bell, Gorin, & Hogarth, 2009; Bernheim, Garret, and Maki, 2001; Lusardi & Mitchell, 2007; Tennyson & Nguyen, 2001) have found positive effects of financial management courses, due to conflicting results debate still continues regarding the best place for education and the overall effectiveness. For example, Peng, Bartholomae, Fox and Cravener (2007) found that taking a personal finance course in college enhanced financial knowledge more than taking a high school personal finance course. However interestingly, individuals that had a personal finance course in

both high school and college did not perform better on the financial literacy test (Peng et al., 2007). Another study by Mandell and Klein (2009) examined the impact of a personal financial management course completed at one of three high schools within a single school system from 2001 to 2004 and found no significant positive impact for the students who took the personal finance course compared to the students not taking the course. In another study of student perceptions of high school financial literacy courses, over half of the respondents indicated that important financial management topics, such as auto or home loans, renting or buying a house, and retirement planning were covered in their high school class with budgeting being covered the most frequently (Miller, Hite, Slocombe, & Railsback, 2010). Due to conflicting results on the effectiveness of personal financial education offered in high school, a few studies (Peng et al., 2007; Yates & Ward, 2011) have questioned if high school is the best place to offer education on financial literacy.

Several studies have found more short-term strategies, such as seminars, or focused educational programs to be effective. Harter and Harter (2009) found that high school students who participated in a Financial Fitness for Life curriculum, which is published by the Council for Economic Education, knowledge improved on post-test comparisons. Also Borden, Lee, Serido, and Collins (2008) found positive improvements in college students' knowledge and attitudes towards credit after participating in a seminar-based financial education program. For example, after participating in the seminar, students reported more responsible attitudes towards credit and decreases in avoidant attitudes towards credit. The effectiveness of providing education for targeted behaviors on a just-in-time basis as teachable moments arise has been documented in multiple studies of financial counseling for adults. These research findings can be used to inform educators of high school and college students as they develop educational strategies (Agarwal, Amromin, Ben-David, Chomsisengphet, & Evanoff, 2010; Collin & O'Rourke, 2010; Hathaway & Khatiwada, 2008).

Certainly the goal of providing information through courses or seminars is a worthy endeavor, however due to the lack of a standard curriculum widely accepted standards to evaluate program effectiveness do not exist. Nonetheless, eight elements are recommended by the Treasury's Office of Financial Education for a successful financial education program, which focus on program content, delivery, impact and sustainability ("Treasury launches", 2004). The first two elements relate to program content, which should be tailored to the target audience and focus on basic savings, credit management, home ownership and retirement planning. The third and fourth elements relate to the recommended delivery of the program content through local distribution channels to make use of community resources and contacts. Follow-up with participants is also important for an effective program to reinforce the message. The fifth and sixth elements note that successful financial education programs measure their impact by establishing specific goals and tracking progress towards the goals. Also the positive impact of programs can be demonstrated by objective evaluation through testing or surveys. The final element of a successful program relates to sustainability, which can be demonstrated if the program is easily replicated on a local, regional or national basis and continues to receive financial or legislative support. The intent of these standards is to guide organizations as they develop programs or strategies for financial education ("Treasury launches", 2004).

FINANCIAL LITERACY PROGRAM MODELS

So clearly the evidence supports the lack of positive financial behaviors and overall financial literacy of both adults and youth in the U.S. The question then becomes "Where is the best place to teach financial literacy and whose responsibility is it?" As noted previously, research is conflicting on the effectiveness of high school financial literacy (Peng et al., 2007; Yates & Ward, 2011) and debate continues whether the responsibility for educating youth on important money management topics rests with parents or educators. Among educators there is debate as well, whether primary, secondary or higher education should take the lead in addressing this problem. According to Rose (2015), the assistant director of financial literacy and education programs at Syracuse University, "with the passing of the "buck", our new college graduates are no further along with financial knowledge than their parents before them".

College administrators should feel confident that students are leaving their institutions with basic knowledge on how to manage their finances as they begin their careers. However as colleges and universities across the country are faced with reduced budgets, lower student enrollments, and staff already stretched thin with perhaps little or no formal financial literacy training starting a new program can be a challenge.

According to research by Coalition of Higher Education Assistance Organizations (COHEAO) there is no perfect operational model for a campus financial literacy program however four common approaches have emerged: 1) financial education/counseling centers, 2) peer-to-peer programs, 3) programs delivered by financial professionals, and 4) distance learning programs (Federal Reserve Bank of New York, n.d.). These models are managed by a wide variety of campus departments most often within academic affairs or student affairs (Grable, Law, & Kaus, 2012).

Regardless of approach, it is crucial for colleges and universities to spend time up front becoming familiar with issues important to students on their campuses before developing a plan. A first step is to talk with faculty and staff across campus to understand current trends, such as, how frequently emergency loans are requested, timeliness of payment for student bills, prevalence of financial holds on student accounts and default rates for graduates (COHEAO, 2014). This information can often be obtained from offices, such as, Financial Aid, Business Office and Institutional Research. In addition to financial information, data on student characteristics such as demographics, work obligations, course load and mental health/wellness could be helpful in developing a financial literacy plan.

Research (Mandell & Klein, 2007; McCormick, 2009) has documented the success of four specific approaches: 1) interactive online programs, 2) classroom-based programs, 3) game-based education, 4) event-based programs, and 5) individual counseling. Interactive online programs are popular at larger institutions since they are cost efficient and allow students to learn at their own pace on their own schedule. The main downside is the lack of human interaction, which can be offset by incorporating multimedia videos to increase student engagement (COHEAO, 2014). Another option is classroom-based programs, such as, semester length courses or guest lectures in certain classes. Again this approach is relatively low cost since large numbers of students can be reached at one time; however the ability to tailor the education and counseling to individuals within the class is somewhat limited. Also the use of financial games, which can include simulations, contests, board games, card games, or electronic games, increases the "fun factor" which can create a collaborative learning environment. Special events are the fourth method often used to help programs gain visibility on campus, create buy-in and deliver program content. The final approach is individual counseling, which can be provided by professional staff members or student peers (Grable et al., 2012). Regardless of who is providing the counseling the format can be face-to-face, over the phone or web-based. The counseling services provided can range of services from providing assistance when dealing with financial problems to more preventive assistance, such as, goal setting, establishing a budget which can include managing cash and credit.

LEADERS IN FINANCIAL LITERACY EDUCATION

According to a survey conducted by Student Lending Analytics, more colleges are offering or planning to offer financial literacy education (Alban, 2012). Several colleges have emerged as leaders in financial literacy education and their programs provide great ideas and advice for organizations interested in starting their own programs. The good news is that college and university faculty and staff do not have to design a program from scratch to start addressing the need for financial literacy on their campuses. The two programs that will be reviewed in this paper are Syracuse University and the University of Arizona.

At the University of Arizona, Take Charge America Institute (TCAI) was created in 2004 by an endowment with a mission of improving the money management skills, economic reasoning and financial capabilities of youth under 25. TCAI uses a variety of approaches to achieve its mission. For example the school offers a three-credit elective course, which is offered on-line and in person, that focuses on personal finance and American culture; since it draws on economics, sociology and psychology the course satisfies a general education requirement. Another very successful program is Credit-Wise Cats

which “trains and supports a group of student financial education ambassadors who conduct workshops and seminars for college students on campus and for students in grades 7-12 in the greater Tucson area schools” (Eades, 2012, p. 192). Also in 2011 TCAI launched a youth-oriented website “to facilitate independent, experimental learning with the belief that financial capability is built over time and largely outside the classroom. Students don’t learn personal finance, but rather they develop financial decision-making skills by repeatedly making choices, observing outcomes, weighting new options and making more choices” (Eades, 2012, p. 192). Many of the programs are directly replicable on other college campuses or free resources are available that college faculty and staff can tailor to local needs.

At Syracuse University, the goal is for financial education to be a parallel education to their academic education and be the norm. Rebecca Rose (2015), assistant director of financial literacy and education programs at Syracuse, uses the F.O.C.U.S. Model to guide their program. F stands for the Foundation of the program and involves ensuring that the program matches the institutions values and defining the message and learning goals for participants. Next determining the order of the program is important and could ultimately impact the overall success. C stands for cultivating a network across campus to identify who will deliver the program content and if education is needed or perhaps new hires are required. The following step of utilizing resources is about networking with other areas on campus to effectively use the financial and human resources available. Finally the last phase is starting the program and remembering to refer to the F.O.C.U.S. model as problems are encountered.

Syracuse University launched their financial literacy program entitled “I Otto Know This!” in April of 2010. The program has two core goals: 1) the program includes all students at Syracuse including undergraduate, graduate, part-time students and the Law School 2) the program information is current, relevant and easy to obtain. The program is marketed through the college newspapers and campus listservs. Federal work study students are frequently enlisted to develop or provide feedback on ideas. The current financial literacy program has multiple levels, which includes online self-directed modules, Money Awareness Program for targeted student populations, e-news, and college-wide financial literacy presentations. Future plans include developing peer-to-peer counseling, a video series, and increased presence in campus classrooms (Alban, 2012).

CONCLUSION

The 2008 financial crisis highlighted the shared responsibility of individuals who voluntarily added unmanageable levels of debt to their personal balance sheets. The ability of individuals to make prudent credit and other financial decisions would appear to be teachable skills with the education industry seeming to have partial responsibility for this. Statistics based on observable behaviors indicate this is not as easy as expected with record low savings rates and increased utilization of debt. However even prior to the financial crisis of 2008, American households were faced with increasingly sophisticated and complicated financial products and increased responsibility for their own financial well-being as employers shifted more health insurance costs to employees, as well as, funding and decision making related to retirement plans. In addition, increases in tuition costs grew faster than income raising the question of whether to invest in higher education. All of these factors combined test the financial decision making skills of households across the U.S.

The college years are an influential period in many young adults’ lives as they transition from the supervision of their parents to overseeing their finances independently, often for the first time, by using a budget, paying bills and accessing credit (Gutter & Copur, 2011; Xiao, Tang, & Shim, 2009). Research indicates that financial habits, both positive and negative, that develop during this period are likely to persist to adulthood (Xiao, et al., 2009). In addition, the impact of poor financial behavior can have a far reaching influence on students’ long-term financial wellbeing, such as damage to their credit history, which jeopardizes eligibility for loans to buy a car or home and even may have consequences for renting an apartment or securing a job (Field, 2010). Due to the responsibility of individuals for their own financial security and the impact of uniformed consumers on the economy, colleges and universities are in the unique position of having a captive audience. Although results have been somewhat mixed regarding

the most effective approach to financial education many resources, often free are available to colleges and universities. In addition, as institutions strive to increase student retention and graduation rates, offering financial education programs may bolster their public image and mission. The goal of this paper is to motivate faculty to become involved in their local community and on their college campuses to do our part in addressing the nationwide problem of financial illiteracy.

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