

# Preface

You likely chose to read this book for one of the following reasons: (a) you agree that financial education for college students is important and you want to read about how others are doing it; (b) you want to start a program at your college or university; (c) you want to enhance an existing program at your college or university; (d) you want to provide logistical, intellectual, or financial support to a new or existing financial education program at your college or university; or (e) you want to know what all the financial education buzz is about and this looked like a fun read! Regardless of your reason for selecting this book, it is clear that the financial marketplace is becoming more complex with the variety of choices available to college students during school and upon graduation.

State colleges and universities have not historically had a defined role in financial education; however, some universities have reconsidered the role of financial education due to rising tuition costs, changing student demographics, and an uncertain job market (Harnish 2010). There has been a marked increase in the number of financial education programs in both public and private colleges over the past few years, yet the total number of programs is unknown. In a study of financial literacy efforts at 156 large US 4-year public institutions ( $n=82$ ), the majority of respondents (88%) reported that their institutions were involved in “some type of financial literacy training, education, or programming” with three fourths reporting this as a new focus area over the last 5 years (Chamberlain 2011, p. 14). In a survey of 230 financial aid administrators (Student Lending Analytics 2010), 48% of respondents reported that a financial literacy program is offered at their institution. In the same study, 50% of respondents with no programs indicated that their institution had plans to implement a program within the next year. A February 2011 Internet search by the editors resulted in the identification of United States colleges and universities (2-, 4-year, public, and private) with established financial education programs that provide direct financial education to students. Another 75 colleges and universities have nondirect financial education available to students, e.g., a link to an external website. The 75 colleges and universities that provide direct financial education services were surveyed in early 2011 to explore the structure of established programs; results and related advice from the study’s participants are discussed in detail in Chap. 2 and are highlighted throughout the book.

## Identifying the Need

A frequently cited biennial national survey reveals the need for student financial education. In the most recent administration of the Jump\$tart Coalition Survey, the financial literacy level of high school seniors fell to its lowest level ever, with students scoring 48 out of 100% (Mandell 2009). The average score for college students was 62 out of 100%, nearly 15% points above high school seniors. Even though the average score for college students was higher than for high school students, this is not seen as an acceptable grade.

While some promising news is that more states are placing an emphasis on including personal finance in the K-12 curriculum, there are still gaps that exist in exposing students to this content (Council for Economic Education [CEE] 2009). Personal finance is now included in the educational standards of 44 states with 13 states requiring students to take a personal finance course as a requirement for high school graduation (CEE, 2009). In a study of college students from 15 geographically diverse campuses, those from states requiring a high school financial education course had the highest reported financial knowledge levels and were more likely to display positive financial behaviors and dispositions (Gutter et al. 2010).

Regardless of their educational background in personal finance, students frequently begin college without the experience of ever having been solely responsible for their finances even though they will engage in a variety of necessary financial transactions during their years in college (Gutter et al. 2010). Students who do not receive financial education in the K-12 curriculum or do not come from families where money and its management are discussed likely enter higher education institutions at a disadvantage compared to their peers who have had exposure to personal finance information and experience.

Students have expressed a need for financial education at the college and university level. In an exploratory study of current students on two large campuses, many responded that a personal finance course would be helpful or should be required. In the same study, the students were asked what advice they would give to incoming college students. In retrospect, they recommended that incoming freshmen develop thrifty spending and savings habits, make use of a budget, and use credit cards sparingly or not at all; these actions are in line with recommended financial practices (Robb 2011).

An idea for consideration is the option of including students in programs to help other students. This model, used in higher education settings such as resident assistants in university housing and in mentoring or tutoring programs, can be used in a financial education program. Trained and supervised students can serve as paid staff or volunteers to provide financial education services for their peers. Institutions using this type of program delivery offer experiential learning. Students can contribute subject area knowledge and hone their leadership skills in a real world setting.

## Looking Forward

As two program directors advised in our study of financial education programs, “if you cannot start big, just start something; the momentum will help grow the program”; just “be persistent and patient in getting your [program] established.” As you begin your journey to initiate or improve a financial education program, follow other program directors’ advice: Begin with a manageable goal and create a timeline for your short- and long-term goals. The following chapters will provide a comprehensive guide in your respective journey.

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