Creating Valid & Reliable Measures of College Students' Financial Literacy, Attitudes and Behaviors

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Sarah Volk, National Endowment for Financial Education

Katrina Borowiec, Boston College

AGENDA

In this session, we will cover:

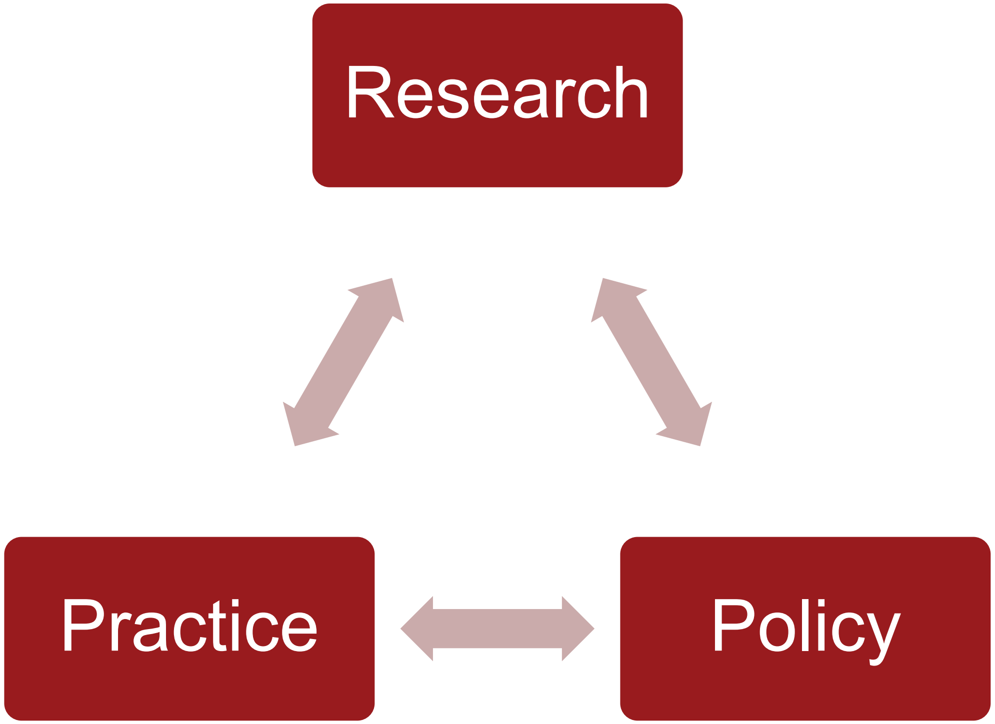
- The importance of rigorous measurement for not just researchers, but practitioners.
- NEFE’s scale validation project.
- Boston College’s grant to create new measures for college students.

Survey Question Exploration

If interest rates rise, what will typically happen to bond prices?

- ❑ They will rise
- ❑ They will fall
- ❑ They will stay the same
- ❑ There is no relationship between bond prices and the interest rate
- ❑ Don’t know
- ❑ Prefer not to say

Why are rigorous measures important?



In a review of over 90 survey instruments commonly used, ***only one instrument statistically tested for sensitivity for diverse populations.***

NEFE’s Scale Validation Research

- We want the field to have access to valid and reliable measures.
- Item-level inventory of measures compiled (over 500 questions!)
- Expert advisory committee
- Future administration of survey, prioritizing diverse pool of respondents
- Future analysis of collected data

Improving Measures of Financial Literacy, Wellness, and Attitudes among College Students

Dr. Angela Boatman, Associate Professor of Higher Education

Katrina Borowiec, PhD Candidate in Measurement, Evaluation, Statistics, & Assessment

Boston College

Purpose

- To improve the construct representation of measures of financial literacy, wellness, and attitudes.
- To design measures specifically for undergraduate and graduate students.
- To use rigorous methods to analyze scale properties.
- To evaluate whether each scale functions similarly across diverse populations.

Sampling Plan

- **Populations:**
  - Prospective undergraduates (high school juniors and seniors)
  - Community college students
  - Four-year college students
  - Graduate students
- **Demographics:**
  - Gender
  - Race/ethnicity

Survey Domains

The boundaries that distinguish the constructs can be fuzzy, underscoring the importance of clearly defining each construct.

Select Measures (1)

- **General financial knowledge**
  - Knowledge of general financial concepts (e.g., credit cards, budget, interest rates, inflation)
- **Financial aid knowledge**
  - Knowledge of financial aid (e.g., student loans, expected family contribution, Pell grants)

Select Measures (2)

- **Financial self-efficacy**
    - Belief in one’s capacity to manage finances
- **Student loan self-efficacy**
    - Belief in one’s capacity to manage student loans
- **Debt aversion**
    - Negative attitudes about borrowing
- **Financial behavior**
    - Financial activities

Select Measures (3)

- **Family financial socialization**
  - Interactions that students have with family around finance
- **Peer financial socialization**
  - Interactions that students have with peers around finance

Research Plan

- **Item development (Phase 1)**
  - Literature review
  - Qualitative interviews
  - Cognitive labs (“think alouds”)
  - Expert review
- **Pilot testing (Phase 2)**
  - Analysis and revisions
- **Full survey administration (Phase 3)**
  - Analysis and (minor) revisions
  - Reporting

Measurement Considerations (1)

- **Multiple populations**
  - Can we ask high school students the same questions as graduate students?
- **Time needed to complete the survey**
  - Matrix sampling of the survey items
- **Inclusion of “don’t know” response category**
  - Is it necessary?
  - Impact on response quality

Measurement Considerations (2)

- **Complexity of general financial knowledge construct**
  - One dimension or multiple?
    - More dimensions → more items needed → increased testing time
  - Financial literacy frameworks developed by educators (e.g., PISA, Council for Economic Education) include concepts that students might have limited exposure to such as investments or insurance.

Seeking your input …

- What financial concepts are needed to measure undergraduate and graduate students’ financial knowledge?
- Should the concepts be different for undergraduate and graduate students?
- Would you include the following?
    - Budgeting
    - Credit/debt
    - Insurance
    - Investing
    - Savings
    - Taxes

NEFE National Endowment for Financial Education

BOSTON COLLEGE
Carolyn A. and Peter S. Lynch
School of Education and Human Development

Thank you! Questions?

Jill Jones, NEFE | jjones@nefe.org

Katrina Borowiec, Boston College | katrina.borowiec@bc.edu