What Aren't We Doing?
Past, Present, and Future Financial Wellness Research

Speakers

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- 2:45 PM – 3:45 PM
- EMU Crater Lake South (145)

Higher Education Financial Wellness ALLIANCE

Why Are We Here?

- Perhaps college student financial wellness is as critical as it's ever been:
  - College tuition 37 times higher than in 1963.
  - Inflation a persistent issue in current U.S. economy.
  - College student loan debt "crisis."
  - Student loans moving toward repayment in October 2023—most reports suggest borrowers are not prepared.
  - Post/mid pandemic effects felt most on lowest-income college students, students of color, and community college students.

Today's Agenda

- Discuss financial wellness research from:
  - Qualitative perspectives
  - Quantitative perspectives
  - Survey perspectives
- Articulate specific gaps in financial wellness research
- Hold an open discussion—what aren't we doing?

Why Is Good Research So Hard?

- Correlation ≠ Causation
- Just collecting pre-post data is often not enough
- It can be hard to run experiments ethically

Types of Studies

- Correlational
  - How is financial knowledge related to total student debt at graduation?
- Quasi Experimental
  - How did living at home during the pandemic impact student debt?
- Experimental
  - What is the impact of a semester-long financial wellness class on credit card usage?
- Qualitative
  - What do students think are their biggest financial challenges?

Common Designs

- Cohort
  - How credit card usage changes across time
- Pre/post
  - Knowledge of how interest accrues before and after a webinar
- Control/Intervention
  - Whether students who receive a financial wellness curriculum have higher graduation rates

Other Designs Considerations

- Longitudinal designs
  - How long do you want to follow the behavior?

- Repeated interventions
  - Is one time going to be enough? Are multiple interventions replicable in the long run?

- Random assignment
  - How are participants being assigned?
    - Self-selection
    - Helping those who most need help

- Sample size

The State of Current Knowledge

- Lots of attitudes, not a lot of concrete behavioral outcomes
  - Greater financial literacy associated with more positive views of attending graduate school during the COVID-19 pandemic

- Some cross-sectional data showing that students with higher financial literacy make "better" financial decisions, such as having less credit card debt, generally through self-report

- Very, very rare to have concrete, verifiable financial outcomes

Objective and Subjective Knowledge

- Xaio et al. (2014) collected data from 1,100 college students during their first and fourth years of college
- Early objective and subjective knowledge were somewhat correlated with reductions in risky repayment behavior, but not with risky borrowing behavior.
- Subjective knowledge was a stronger predictor of behaviors than objective knowledge
- Similar findings from Liu & Zhang (2021) in a single iteration survey of 539 college students in China

Financial Education in the Military

- Bell, Gorin, & Hogarth (2009) examined the impact of an optional two-day financial education course
- Soldiers who took the course were surveyed at the start of the course and again one year later
- Compared to soldiers who did not enroll, soldiers who took the course had a variety of positive behaviors including having a longer planning horizon, being more likely to save, less likely to pay bills late or pay overdraft fees, and many others

State Mandated Education

- Bernheim, Garrett & Maki (2001) examined the impact of state-mandated financial education on financial outcomes at adulthood
- Survey in 1995 of household that collected information on when and where the participant attended high school, and their memory of high school financial education coursework
- Savings rates were significantly higher for people who had attended school where there was a financial education mandate.

Student Financial Wellness Survey

- Annual survey of currently enrolled students
- **2.5 million** students surveyed
- Average **8% response rate**
- At **231 institutions**
- In **33 states**

Possible Causal Analysis

- Careful weighting at the institutional level to link with IPEDS
- Variation at state levels
  - APR caps
  - Lending laws
  - Financial education in K-12 curriculum
- Variation in policy changes at the federal level
  - COVID policy changes
  - Loan forgiveness

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Limitations/Challenges

- Lack of available data
- Varying program implementation and low response rates
- Short term vs long term outcomes

Food Security Classifications

FOOD SECURE

HIGH

"**No** reported indications of food access problems or limitations."

MARGINAL

"**One or two** reported indications – typically of anxiety over food sufficiency or shortage of food in the house. Little or no indications of changes in diets or intake."

FOOD INSECURE

LOW

"**Reports** of reduced quality, variety, or desirability of diet. **Little or no indication** of reduced food intake."

VERY LOW

"**Reports of multiple** indications of disrupted eating patterns and reduced food intake."

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Studying on Empty

Trellis interviewed 72 college students, once a month, for nine months

Resulted in 499 interviews and 291 hours of content

Topics included: academic goals, grades, challenges, attendance, personal finances, basic needs insecurity, and strategies for success

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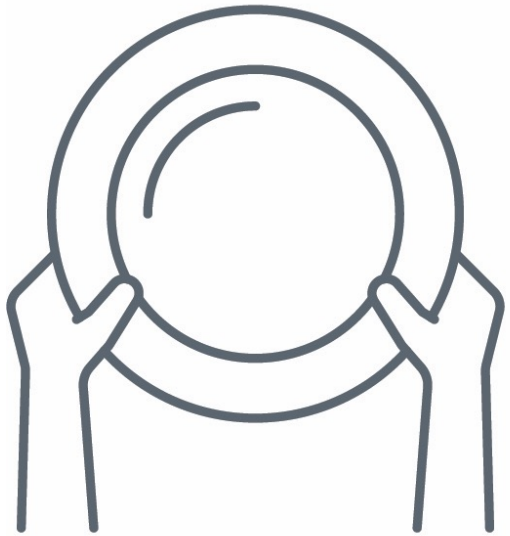
Prevalence of Food Insecurity – Studying on Empty



One in two students were **FOOD INSECURE** **at least once** during the duration of the study

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Shifting Food Security

- Few students saw their level of food security **stay the same** over the nine months
- For most, their level of food security shifted over time
- Twenty-six had their food security **decline at least once**; 30 students saw their circumstances **improve one or more times**

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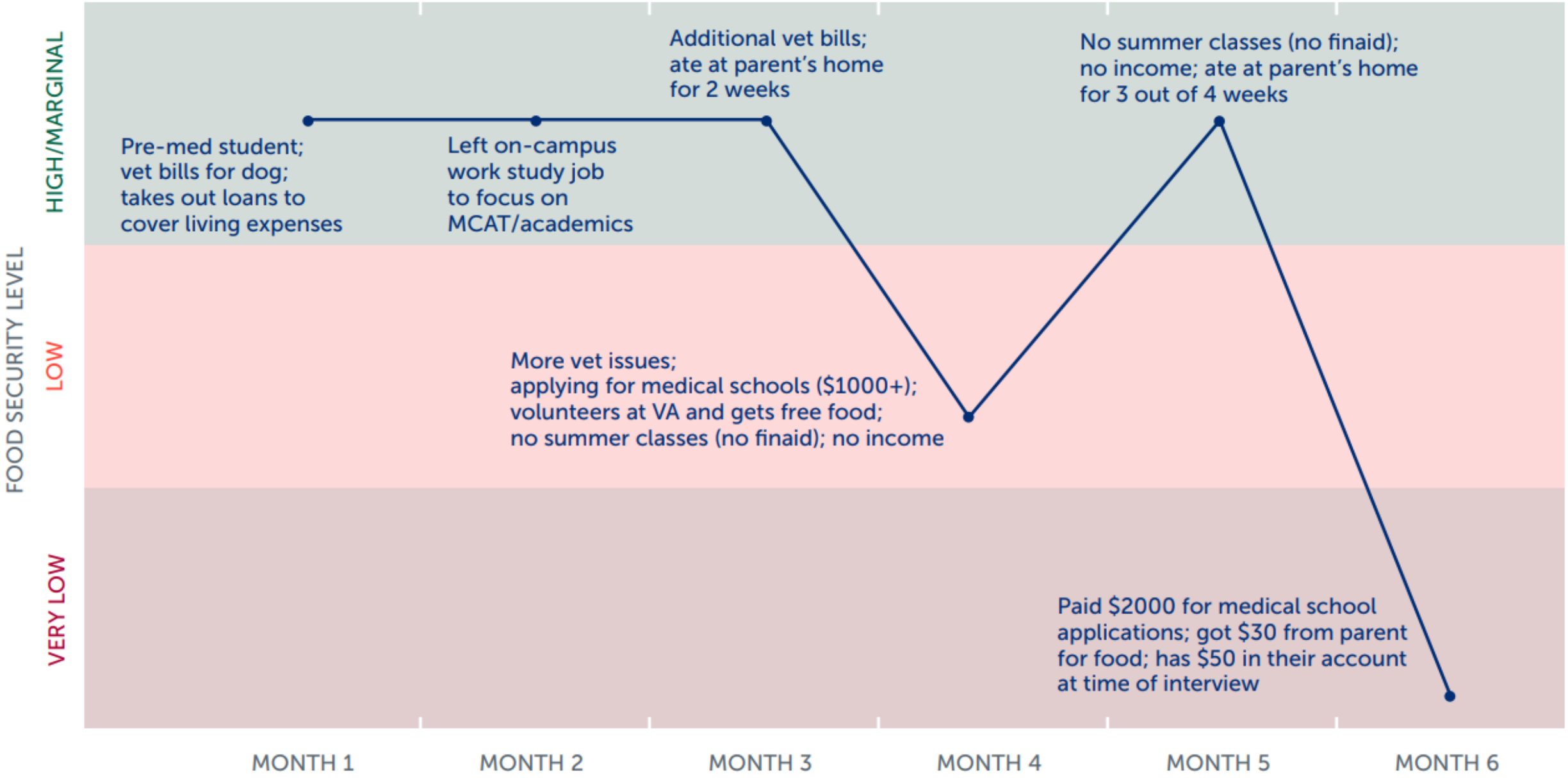

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Drivers of Declining Food Security

DRIVERS	DECLINING
EMPLOYMENT	Erratic work hours; loss of job; low pay; long commute; underemployed
FINANCIAL RESOURCES	Loss of financial aid; insufficient aid package; loses academic or merit-based scholarship; classified as dependent student when actually independent
SOCIAL NETWORKS	Parent loses job or becomes ill; is a single parent or has dependents; abrupt changes in childcare (i.e., lost access or increased cost); sibling or parent(s) requires financial support; separation/divorce from romantic partner
EXPENSES	Car needs repair; unexpected medical bills; price of daycare rises; cost of textbooks; lab fees; roommate moves out or doesn't pay share of rent; rent increases; utility bill spikes

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Drivers of Improving Food Security

DRIVERS	IMPROVING
EMPLOYMENT	Stable pay; receives a living wage; easy commute; work schedule accommodates school
FINANCIAL RESOURCES	Gains access to federal, institutional, or supplemental aid (e.g., Pell grant or SNAP); financial aid disbursement (beginning of semester)
SOCIAL NETWORKS	Parent(s) send money; student returns home to live with parent(s); moves in with sibling; parent(s) visits and buy groceries; friend(s) give meal “swipes” or pick up the check; romantic partner helps pay for and prepare meals
EXPENSES	Has time to grocery shop and plan meals; family member provides childcare; moves to less expensive apartment; receives transportation voucher from school; has classes with open resource textbooks

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Here is What We See:

- Almost no pre-college financial wellness education—how are students getting locked into bad financial decisions early?
- Some research needed earlier on so choices can change BEFORE college.
- Causal gap—almost nothing here.
- Unrealistic expectations of programming—taking one course will not be revolutionary.
- Qualitative studies in spurts—nothing sustained.
- Lots of surveying, almost no follow up.

What is Missing?

- What do you want to see?
- What is most important to you?
- What would help in your current role?
- What is leadership asking for?

Thank You! and Contact Information

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Description

- Although the field of financial wellness and higher education is in its nascent stages, there is much that the financial wellness research field has already addressed. But what do professionals and practitioners want? What research would help practice? This session provides a discussion-based roundtable with participants and audience members to discuss what financial wellness research has addressed and what it must address in the future to assist professionals and practitioner.