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In the Interest of Students: A Model for Incorporating Financial Literacy into the Higher Education Classroom

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Abstract As student loan debt continues to rise, financial literacy among young adults who attend post-secondary education is becoming more and more imperative. While many colleges and universities acknowledge the significance of this issue, most do little to ensure that students understand the investment they are making or the impact borrowing will have on their future. This article explores a model for incorporating financial responsibility into first-year curriculum at a large research-intensive university. Information and discussion surrounding this topic was incorporated into a first-year seminar course in the College of Physical Activity and Sport Sciences at West Virginia University. The curriculum of this course carefully portrayed accurate data and other pertinent financial information in a manner that was age-and-experience appropriate and which could resonate with even young adults who, by and large, had little knowledge or familiarity with personal finance. Data collected through analysis of written reflections throughout the course and an end-of-course assessment indicated an overwhelming attentiveness and appreciation of learning about this topic.

Keywords: *student loan debt, teaching of financial responsibility, first-year seminar*

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1. Introduction

The cost of college, or more precisely the corresponding student loan debt used to front the cost of college, is arguably the most important economic issue confronting millennials. For the graduating class of 2015, the average student loan debt among borrowers was about $35,000 per student [7]. On a standard repayment plan, this corresponds to a monthly repayment of around $350 for ten years. And as troubling as is the sheer volume of outstanding student loan debt, the issue is even more concerning when realizing how many borrowers are failing to make payments toward these loans after departing from their college or university. A search on the U.S. Department of Education website College Scorecard will indicate that, at most public universities, among those who were charged in-state tuition, approximately 30% or more of students had not made a single principal payment toward their student loans three years after their departure from the institution. In other words, years after their departure, usually around a third or more of students attending in-state and public 4-year institutions had not repaid a single dollar towards the principal balance of their debt [8]. The statistic is typically higher for those who attended private or out-of-state institutions, and is notoriously high at institutions which are for-profit [4].

This debt burden nearly guarantees that tens of millions of young Americans will struggle to repay their loans. With the exception of those whose debt will be forgiven after making decades of income based repayments, most of the rest, within the current structure, will owe this money until it is repaid or their death. Student loan debt, with few exceptions, is not currently eligible for bankruptcy [1]. For those whose debt is forgiven through an income based repayment plan, they will be paying a significant portion of their salary for 20 to 25 years toward the repayment of these loans [3]. Not exactly a big picture victory. Even for those that can make sufficient monthly payments, many will delay important economic and personal milestones such as becoming homeowners, getting married, or having children. This is alarming to think about for this college professor.

The cost of college itself is a hot button issue, and one that is complicated for students - or really anyone - to understand fully. It's not a secret that prices have increased substantially over the past decade. But, perhaps the more relevant issue for young adults, considering the investment needed to attend, is that the exact cost for any one individual is difficult to calculate upfront. Universities start with a tuition "sticker" price which is the starting point used to calculate the cost of attendance. Yet, the sticker price is largely irrelevant, because most students receive some form of grants or scholarships which reduces the out of pocket cost, often significantly. For this reason, students often have no reason to care about the theoretical sticker price, but rather, are justifiably concerned with the net price. This is the price they are required to cover after these grants and/ or scholarships are applied. Also complicating the issue, universities regularly charge course, lab, technology, recreation, and health fees not included in the original sticker price. Rarely can students opt out of these fees. To calculate the actual cost of attending, a student is required to add tuition plus fees, then subtract their various forms of grants or scholarships. Next, students must determine how the remaining balance will be divided between their own upfront payments, the upfront payments of their parents or others, a parent-plus loan which someone else will be responsible for repaying, and/ or a student loan in which the student his or herself must repay.

Obviously, this process of evaluating and understanding the cost of attending college is difficult. Frankly, from my perspective through working with hundreds of incoming college students, few are motivated to conduct this level of analysis. This is likely impacted by the fact that, in addition to the equation being complex, for the majority, this cost will be covered mostly by student loans which will not be required to be repaid for years. Years are an almost incomprehensible unit of measurement for many 18 and 19 year olds.

Although it is difficult to determine cost as an individual student, it is easier to determine how much a university charges all their students, on the whole. This is true because universities are required to indicate “net tuition and fees” on their annual financial reports. Net tuition and fees represent actual charges to students, after grants and scholarships have been applied. In other words, this is the out-of-pocket cost which students were charged. Below is a table of net tuition and fees at America’s 10 largest public universities. The chart compares net charges to students in fiscal year 2005 and fiscal year 2015 over which period enrollment remained relatively consistent [6]:

Table 1. Tuition and Fees at the Largest Public Universities 2005 to 2015

Institution	Net Tuition and Fees, Fiscal Year 2005	Net Tuition and Fees, Fiscal Year 2015
University of Alabama	$108 Million	$453 Million
Arizona State University	$302 Million	$1,021 Million
University of Illinois	$507 Million	$1,196 Million
Indiana University	$600 Million	$1,119 Million
University of Maryland	$778 Million	$1,221 Million
University of Michigan	$619 Million	$1,146 Million
University of Minnesota	$463 Million	$741 Million
Ohio State University	$502 Million	$850 Million
Penn State University	$893 Million	$1,697 Million
Texas A&M University	$398 Million	$1032 Million

While the increase at these largest public universities was particularly dramatic, substantial increases in the cost to students have also risen across the board. According to the National Center for Education Statistics, the average annual cost of attending a public university increased from $10,674 in 2005 to $18,110 in 2015. This is an increase of approximately 70%. The inflation rate over this period was approximately 20% [5].

As demonstrated through this data, the financial investment required to attend a college or university is even more significant now. This topic has practical implications for young people in America. Its attention by the media, as well as among policy makers, parents, and taxpayers alike is becoming increasingly difficult to ignore. It is now time for students themselves, *all* students, to join the conversation. Colleges and universities should ensure that students are exposed to and encouraged to explore the multifaceted topic of financial responsibility, particularly as it relates to student loans. It is important especially that the implementation of this information happens in a way that is not overly burdensome or dramatic. It could even happen with a simple curricular re-structuring of a course already in place. Arguably, beyond any other topic, teaching about this topic is in the best interest of students and their financial future.

2. Method

I incorporated a financial responsibility unit into my First-Year Seminar (FYS) course in the 2016-2017 academic year. This FYS course was designed for students in the College of Physical Activity and Sport Sciences (CPASS) at West Virginia University. It is a 1 credit hour requirement for all students at the university. Generally, the course meets for 50 minutes, one time per week, for a total of fifteen weeks. In my specific college, each FYS course enrolls a maximum of 25 students, and I teach all or nearly all of the sections. The university-at-large recently granted flexibility for specific topics covered in the course, therefore curricular decisions could be made at the college or unit level.

This course was structured to include a piece of media (e.g. article, video, website, etc.) relevant to the topic at hand for each class meeting. Students were required to view this piece and post a personal reflection to it prior to that week’s class. Approximately half of the class time was typically spent exploring the piece of media in a reflective and discussion-based format. Students were encouraged to share their thoughts on the piece, and to interact with each other particularly if their viewpoints, thoughts, or feelings were different from others. The second half of class was typically spent in a more lecture-style format, where I interpreted the piece of media or other material on the topic through my own understanding. Reflective posts within these financial literacy units asked students to answer questions such as “How much have you thought about the financial aspects of being in college?” “Have you ever thought about ways to minimize the cost of college?” “Have you ever talked with your friends or family about student loans/ student loan debt? If so, what were some of the most important things you remember them saying?”

While this course covered a variety of topics including curriculum planning, campus resources, and opportunities for engagement, financial responsibility was a major part of it in whole. This topic was covered over three separate course meetings. FYS traditionally meets 15 times throughout the semester and this topic persisted for approximately a fifth of the course. Following is an outline of the course materials addressed in the CPASS FYS course, week by week:

Table 2. CPASS FYS Curriculum by Week

Week of Class Meeting	Topic
1	Introduction to class and classmates
2	Syllabus and class expectations
3	CPASS majors/ minors, academic policies, and managing time and resources
4	Financial responsibility for college students 1: Financial aid
5	Financial responsibility for college students 2: Student loans
6	Financial responsibility for college students 3: Evaluating the system
7	Planning for your degree 1: Logistics of a college degree
8	Planning for your degree 2: Plan of study, admission, and degree completion
9	Planning for your degree 3: Advising workshop/ evaluating the system
10	West Virginia University: Opportunities for engagement
11	CPASS Panel Day
12	West Virginia University: Resources for success
13	Immersive experience presentation day/ Evaluating the system
14	College student housing
15	Concluding your first semester at WVU

Following its conclusion, an evaluation of this course, and specifically the financial responsibility units, was conducted in a few ways. First, I went back to the students' reflective posts on the topic and conducted an analysis to determine how thoroughly each student responded to the prompt. This process gave me insight into how appropriate these materials and discussion questions were. In addition, following the course, I conducted an end-of-the-semester survey assessment, separate from the university administered course evaluations, which asked students specific questions regarding various aspects of the course.

3. Results

Results of the data, while diverse to some degree, indicated that students reflected thoroughly on, learned from, and appreciated being exposed to units on financial responsibility. This was apparent first through the reflection posts on the topic, which asked students to respond to various questions and materials on the logistics and impact of the student loan structure. Following is an example of a response from a student who admittedly knew little about how the student loan process worked:

> "I suppose that I should concern myself more with the financial aspect, but at this point I am solely focused on making good grades. I have talked to my parents about my student loans. We have the means to protect ourselves and the ability to pay them back on time. Outside of that, my knowledge of my own student loans are minimal to say the least."

This response was characteristic of many when initially asked to respond about their knowledge of student loan debt, and how it impacted young Americans. Most students indicated they knew this was an important topic and felt they should understand better how it functions and how, specifically, it impacts the financial lives of those who rely on it to pay for a higher education. Of the students who reflected on the material, approximately half wrote about feeling ignorant about the topic of how student loans impact a borrower's future. Another approximately fourth wrote about how, while they had a basic understanding of the process, they wished they knew more. There was a small sub-set of students who indicated that they would not be impacted by student loans because they were not relying on them, and another, even smaller group who indicated they felt well-informed on the impact of student loans.

In addition to generally feeling uninformed, students also indicated feeling a pressure to attend higher education, regardless of circumstance. Many students wrote about feeling like this was not a choice, which made the upfront investment seem less important to calculate. Several students conveyed that they did not see any other option and therefore accepted the debt as necessary. Few wrote about comparing costs across institutions. Rather, the majority seemed to look at all debt as equal. In other words, once they accepted debt was necessary to complete a college degree, they stopped short of scrutinizing how to minimize this debt. This attitude was reflected by a student who, while describing his views on the topic, indicated:

> "One thing I noticed about all these people (in the video prompt) was that they were motivated to go to college by their parents because there (sic) parents wanted them to go and succeed. With that being said, they were not properly informed about the debts that they would be facing when it came to this choice in further education . . . It is obvious that there is a problem in our society when it comes to college education."

This student was referring to the phenomenon, described by many other students as well, which was that he felt many students do not actively consider if their investment in higher education will pay off. Instead, they make the investment because they feel pressured by their family, friends, or society as a whole and see few alternative options.

Also conveyed in the posts was the notion that expected debt is difficult to calculate because of the complex state of tuition and financial aid. Some students indicated feeling as though universities "complicate" the financial aspect of being a student because they do not want prospective or current students to be able to easily calculate the investment needed. Others blamed this convoluted system on the government, indicating that the system for borrowing student loans could be more straight-forward. A majority of students revealed that they were not sure how the net cost, or even tuition, at their current institution compared to others. Students did, however, overwhelmingly understand the typical difference in cost between attending an in-state institution versus and out-of-state institution.

Even though students admitted that their knowledge of the financial aspect of college was limited, they did feel the topic was of importance. Beyond that of any other course topic, students wrote about this in depth in their reflective posts. Many students wrote about how this was a topic they had heard a lot about in the media or from their families. This was surprising to some degree, as it seemed conflicting with the corresponding finding that most students felt they didn't understand the topic well. They knew it was important but didn't necessarily understand why, and they felt they should have a better understanding. Most wrote about feeling this way primarily because they could not recognize exactly how this debt would impact their future. This was portrayed by a student who wrote:

> "Money is a college student's biggest concern. I find myself thinking about financial aid quite often. I think about the thousands of dollars that are being spent so I can experience college life and receive a degree. Sometimes I feel worried that the debt might pile up so high that I won't be able to get myself out of it. Other times I feel assured that my degree will pay off."

In addition to reflecting thoroughly on this topic, students engaged extensively in this topic during classroom discussion. The majority of students indicated that they had confidence that their investment would be worthwhile. Most conveyed that a further understanding of how their student loan debt would be repaid helped them to feel assured about the topic. They felt as though their new understanding regarding repayment made it seem possible. In addition, an understanding of this topic motivated them to make their investment worthwhile.

A final measure to access student learning and satisfaction with this portion of the course was conducted by administering and analyzing a course assessment survey. This survey asked students various questions related to their personal experience and development during the course. It did not ask about the financial literacy portion of the course directly, but did ask open-ended questions including "Did the course teach you important strategies about being a student?" and "Do you think a CPASS-only section of First-Year Seminar (as opposed to a university-wide section) was beneficial?" These open-ended questions gave insight into perceived learning and satisfaction. Again, results were diverse. Feedback was both positive and negative, but the majority of students indicated the course was useful and the material presented was important. Some significant commentary included students who indicated the course "taught the things you need to know but never get taught" and "the financial aid classes helped a lot for my understanding of debt." These comments were reflective of the positive commentary gathered through this assessment in general. Most students who mentioned a specific portion of the class mentioned the units on financial literacy directly. Negative commentary primarily indicated the class was "boring."

4. Discussion

It was apparent through the reflective posts and class discussion that most students want to know more about the nature of student loan lending. Particularly, students wanted to understand how this will impact their future. This is the likely the case because, especially recently, this topic has gained national attention. It is understandable that conversation regarding this topic has extended because student loan debt has increased substantially in the past decade, now surpassing even credit card debt [6].

It is easy to understand, with this trend in mind, why students are increasingly worried about financial responsibility as it relates to their college education. The findings that students in this course were already thinking about how their investment in higher education would impact their future was to be expected. What was less predictable, however, was the finding that students understood so little about how the system works. Overwhelmingly, students indicated they knew this was an important topic, but were not able or motivated to find information about the specific impact their borrowing would have.

The conclusion that students were appreciative of learning about student loan debt and personal finance was reassuring. While this topic was alarming to students, it did not appear to be a detriment to their desire to continue pursuing a higher education. Very few students indicated through their reflection that they regretted their decision to attend college, or they were considering withdrawal. The vast majority indicated that a better understanding of their investment helped them to feel motivated and gave them a better understanding of the implication of this venture. Most students indicated they would take their education more seriously after better understanding their investment.

While the data collected through this process indicated an appreciation for learning about debt and finance as it relates to the funding of college, it did not provide any insight to how, or even if, this information actually led to more responsible financial decision-making. Future research should explore more thoroughly how this knowledge may impact choices associated with debt.

5. Conclusion

In examining the data related to student borrowing, as well as the data collected through this study, it is apparent that students want - and should be given the opportunity - to better understand the implication of their student loan debt. It is important for students to understand this as early as possible within their collegiate journey [2]. What is much more complicated is how to convey that information in a way that makes sense to those who are usually young and financially inexperienced. While many methods may be utilized to convey this information, it appears from this study that it is essential to engage the students in a way that allows them to understand practical implications, such as how certain amounts of debt may correlate to a certain monthly repayment.

Universities can no longer ignore the impact their price tag has on the future of students. Too much is at stake. All reasonable university administrators, faculty, and other stakeholders must begin or continue a conversation about the best way to convey financial literacy to all students who borrow to finance their education. It is the right thing to do. It is in the best interest of students.

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