What the Empirical Research Has to Say

Lessons and Practical Advice
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Knowledge and Behavior

+ A sensible link that does not always have sensible data to support it
+ How is knowledge measured?
  + Objective (complexity)
  + Subjective (self-assessed; confidence)
+ Progression to Action
Example Behavior: Credit Card Use

- Knowledge is strongly associated with credit card use (gen pop or college)
- Causal shortcomings
- Subjective versus Objective measurement:
  - Credit Card Use (students)
  - Credit Card Use (gen pop)
  - AFS Use (gen pop)
The Burden of Debt

- Some Data on Degree Attainment
- Reduction of Hours
- Dropping Out (but coming back!)
- Psychological Burden (subjective costs)
College Student Attitudes

- Not as bad as we might think
- 6 themes
  - Costs of Attending
  - Spending behavior
  - Credit Card Use
  - Time management
  - Financial knowledge/education
  - Personal feelings and family roles

We are interested in learning as much as possible about issues facing college students related to money management, credit card use, and paying for their college education. Also, we are interested in any advice you might give to incoming freshmen. Please use this space below to tell us anything else you think might be important for us to know.
... Also, stay away from credit cards until you get out of college and have a good job so you can pay them off as they come in. Interest is nasty when you can only make the minimum payment... by the time I was 21, I was getting offers from everywhere. I made the mistake of getting one that had a 9,000 dollar credit line on it and needless to say, it messed me up a bit (mainly because I quit work and my money ran out quick) but I will take care of it sooner or later. The best thing to do, if you get a credit card offer in the mail, is to rip it up and throw it away.
Examples: Theme 5

I think that freshmen need to be aware of the long-term ramifications of their spending and saving habits at that point in their lives. The best (or most practical) course I took in college was a Personal Finance course which really prepared me to become independent and financially stable as a graduate student. I think it should be required of all students to take a course in finances.
Interrelationships

- Personal Feelings & Family Impact
- Time Use
- Spending Advice
- Credit Card Use
- Financial Knowledge & Education
- Costs and Methods of Payment

Advice

Credit Card Use

Financial Knowledge & Education

Costs and Methods of Payment

Spending Advice

Time Use

Personal Feelings & Family Impact
CEE Financial Literacy Standards

- Students
  - Learn how personal situations and preferences affect their financial decision making
  - Begin to understand trade-offs in every choice they make

Financial Literacy Standards: Topics

- Earning income
- Buying goods and services
- Saving
- Using credit
- Financial investing
- Protecting
People make many decisions over a lifetime about their education, jobs, and careers that affect their incomes and job opportunities.

Education, training, and development of job skills have opportunity costs in the form of time, effort and money.

People often use a portion of their savings to help themselves or their family members build human capital through education or job training.
People can use credit to finance investments in education and housing. The benefits of using credit in this way are spread out over a period of time and may be large. The large costs of acquiring the education or housing are spread out over time as well. The benefits of using credit to make daily purchases of food or clothing are short-lived and do not accumulate over time.
Using Decision-Making Skills Example: Using Credit

+ How would you finance your postsecondary education given the expected future earnings for your career choice?
+ Planning and goal setting
  + What information is needed to plan for and achieve goals?
+ Making the decision
  + What are the costs and benefits associated with the decision?
+ Assessing outcomes
  + How are results of the decision measured and when might it need to be reconsidered?


