Report of the Action Team on Financial Literacy

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The action team was charged with identifying students’ wants and needs regarding financial literacy education, as well as collecting information about various modalities of instruction. Based on a study of current students and past efforts regarding financial literacy, the action team examined a range of methods for developing financial literacy skills. The group followed the recommendations set down in the original charge document (Appendix 1) to eschew credit-bearing options and to pursue diverse modalities, indicating which ones are more likely to work at Carleton given our mission as well as our institutional capacities. The work of the team began in the winter term of 2020, was interrupted by the pandemic during the spring, and resumed in the fall.

The following report outlines the main findings for both major sections of the charge:
(1) understanding student demands for financial literacy, and
(2) analysis of different modalities for conveying financial literacy

A survey undertaken at a small liberal arts college in Virginia by Hagadorn and Lahousse (2019) and subsequently published in the *Journal of Higher Education Theory and Practice* (19:5) informed our process. Using this study and one coordinated by the U.S. Financial Literacy and Education Commission (2019), we created and distributed a simple hash-mark survey to advisors for use during advising days in winter 2020. Team members also tabled in Sayles on February 25, 2020 to collect survey responses. The survey (see Appendix 2) asked students to mark the **top five financial skills they believe they most need now and post-Carleton** and the **top three preferred modalities** for developing these skills. Much like the survey used by Hagadorn and Lahousse, the purpose of the hash-mark survey was to understand the hierarchy of student preferences among skills and modalities. The table in Appendix 3 displays the aggregated data in sorted tallies for the two dimensions under study.

Besides the surveys of students, the action team consulted with individuals knowledgeable about financial literacy instruction in the higher education context. First, we consulted with the Career Center, CSA, and TRIO on-campus to discuss existing efforts including a co-sponsored investing workshop open to the entire campus, CashCourse.org (a free online training resource), and TRIO financial literacy workshops. Second, we inquired with individuals at other institutions of higher education who represented well-regarded financial literacy programs that were mentioned in our secondary research. Third, we consulted with HR and Alumni Relations to discuss opportunities for collaboration. As we note below, these sources allowed us to better understand our Carleton-specific survey results and to put in a broader context our options for moving forward with an effort to promote financial literacy at Carleton.

In the sections that follow, the action team details
- what we learned about student demand for financial literacy at Carleton
- how other institutions of higher education have built their financial education programs
- possible financial literacy program models for Carleton, based on these insights

Rather than propose a single path, we believe that it is more useful to consider a range of possibilities and, more importantly, to imagine how a financial literacy program might first emerge at Carleton and evolve over time.

Understanding Student Demand for Financial Literacy at Carleton

Responses from the hash-mark and tabling surveys (see Appendix 3) suggest that students want to learn more about *all* areas of financial literacy, but especially

- investing
- retail banking
- managing a lease/rental agreement
- negotiating salary and benefits
- health and other insurance

The above skills weigh heavily in the decision-making of recent graduates. R.J. Holmes-Leopold, the Director of the Career Center, was unsurprised by these results. He noted simply that "people want to learn about things that they do not know about and they want to learn about them at a time when it is useful," pointing to the exit interview in the student loan process as an example of this.

Financial literacy skills such as personal budgeting, managing student debt, and using credit reports received fewer marks on our survey. To be sure, the survey did not capture class year, socioeconomic status, or prior experience of respondents, which may skew the results. It is our intuition, based on the responses, that upperclassmen (juniors and seniors) and students from higher socioeconomic backgrounds were the majority of our sample. This has substantive implications for our findings. While the most popular topics that interest students apply largely to all students, low-income students in particular need more help with some of the more basic financial literacy skills, as do underclassmen more so than upperclassmen. Likewise, students without loans are unlikely to want more information on that topic, and students in TRIO may have already attended workshops on budgeting or consumer credit. Therefore, we prefer to read our findings with these qualifiers in mind.

To that end, we believe that our initial findings underscore that Carleton students

- are interested in a variety of financial literacy topics
- demand financial literacy skills that focus on their immediate lives *post-Carleton*
- are likely to be best served by support that provides information specific to each student's financial profile

This final finding was further supported by the data emerging from the second half of the hash-mark survey, which asked respondents to indicate their preferred modalities for conveying financial literacy skills. Far and away the most selected item was **one-on-one support**. Other forms of active instruction--**periodic workshops and speakers and non-credit-bearing classroom instruction**--were next on the preference ordering. Passive methods were least preferred: newsletters, webpages and videos, emailed information, and online games. As we note below, the action team found that there are an assortment of widely available (mostly free) sources of financial literacy materials available, especially on the internet. However, Carleton students prefer more personal and instructional forms, knowing perhaps all too well, that these are most likely to be effective in responding to their particular needs.

Different Methods for Conveying Financial Literacy

To inform our examination of methods for conveying financial literacy, we turned to the national association most dedicated to financial literacy education, the Higher Education Financial Wellness Alliance (HEFWA). HEFWA is the most comprehensive resource for understanding student demands in higher education for greater financial knowledge. The association also profiles ideas and educational resources at its annual mid-summer summit. HEFWA membership allows access to the Alliance Coaching Experience (ACE), a unique program matching those creating new financial wellness initiatives with coaches from established programs across the country. HEFWA is currently developing a training repository for institutions with peer-to-peer mentor programs.

The action team also consulted other institutions of higher education that were either mentioned in secondary source materials or identified as models by our informants. Team members contacted individuals mentioned in connection with financial literacy at the following institutions: St. Catherine University, Babson College, Lake Forest College, North Central College, Olin College of Engineering, Denison University, Champlain College, and Abilene Christian University.

Based on these interviews and information gleaned from best practices at HEFWA, the team identified several prominent modalities that have been implemented by other institutions:

- Periodic or regular workshops on financial literacy topics, some involving alumni speakers
- Occasional events or fairs (larger events) timed to coincide with the decision-making of different classes (e.g., seniors preparing to graduate, first-year students managing budgets for the first time, etc.)
- Peer-to-peer counseling
- Webpages containing videos and software to teach financial literacy skills
- Financial literacy courses (either for credit or to fulfill graduation requirements)

Periodic/Regular Workshops
Periodic or regular workshops appear as key initiators of financial education programs and continue in many established programs. Workshops build the thematic curriculum of financial education and serve as the chief vehicles for distributing the expertise of external speakers, alumni, faculty, and staff. Institutions commonly offer one or two large sessions/events during the year accompanied by smaller, more focused workshops delivered at regular intervals (e.g., St. Catherine, Babson). Olin delivers many of its workshops in April, which it designates "financial literacy month."

The downsides of workshops include unpredictable (i.e. low) attendance and variable (i.e. poor) quality of the programming. For instance, our respondent at Olin admitted that some outside speakers use scare tactics--especially in presentations about how to manage credit--and other approaches that can turn off students. For similar reasons, our informant at St. Catherine's noted that they usually ask new speakers to submit a copy of their presentation beforehand. Similar editing of outside speakers' content may be necessary during the first phases of a financial education program at Carleton, but this will be less important once a curriculum and a set of trusted outside speakers is established.

Another challenge can be finding qualified presenters, but many of our surveyed institutions have found solutions. St. Catherine's hires a Lutheran Social Services credit counselor to teach six sessions and help train the program's peer mentors. Several of our respondents noted that selective use of alumni has helped tremendously, so establishing close ties to the Alumni Relations office is a sound tactic when establishing any financial education program.

Occasional Events
Another modality for conveying financial education uses more occasional events that are larger in scale and attention than a workshop. These may be one-off events that play a role in initiating a regular series of workshops (e.g., Babson's experience), or they become part of an annual schedule that highlights "financial literacy milestones" for particular classes (e.g., Champlain). Some of our institutional respondents piloted workshops focused on particular cohorts (e.g., first-gen/low-income students at Babson; seniors at Wellesley) and then scaled these events to address the interests of larger numbers of students.

Timely "getting ready for the real world" workshop series for seniors and "how to handle budgeting on your own" events for first-year students might well form the backbone of a growing financial education program. Babson's own experience with summertime workshops also showed that the timing of these workshops can vary while still producing robust participation. Holding such events as online, synchronous or asynchronous workshops, during breaks when students are "less stressed" became a viable option for Babson's program.

Peer-to-Peer
Peer-to-peer counseling allows individual students to access the information they need, when they need it, and with regard to their particular circumstances. These are all aspects of the best practices recognized by our informants on financial literacy. Well-trained peer counselors provide substantial services and refer students to other sources when they receive requests that are beyond their expertise.

The downside of peer-to-peer models is quality control, as our informant at Babson, which experimented with this model, noted. Peers graduate and must be replaced, so managing turnover and providing consistent training requires staffing on an ongoing basis. Perhaps the most developed system in our survey was represented by Champlain College, which brings in trainers each fall to prepare 20-25 peer coaches before the start of the term. This experience underscores the investment of resources necessary to guarantee the quality of peer counseling.

More modest-sized programs are also possible. For example, the program at St. Catherine's--started in 2009--relies on only four student workers who are trained in all aspects of financial management to act as "Money Mentors." This program pays the Money Mentors through federal student work study funds. At North Central, peer mentors are organized through a Financial Literacy Club and are paid to assist with presentations through Economics department funds. The club is a student organization that relies on funding from departmental budget lines. Olin's program employs one peer counselor, who is trained by the one designated staff person in financial aid who maintains the program. Of course, Olin's size (~330 students) and its focus on engineering help to greatly simplify the level of service required.

Webpages

Web-based content is common to all of the financial literacy programs the action team reviewed. Many institutions use CashCourse.org, which Carleton registered for in 2017. We also had respondents who highlighted EverFi and GradReady. Fee-for-service providers such as IGrad and the now-defunct SALT have been used at some of these institutions (e.g., St. Catherine, Olin). Yet even with web-based platforms, the importance of having a dedicated staff person responsible for maintaining and updating these resources is essential. Lake Forest's cautionary experience underscores this lesson. In this case, the "program" relies on the valiant efforts of a dedicated emeritus professor of finance who has no control over web-based resources at his former employer. Consequently, Lake Forest's financial literacy program no longer has a web-based service. This underscores that even the most passive instrument for conveying financial literacy requires an ongoing, active ingredient of dedicated staffing.

The impression that the action team received from our institutional respondents verifies what Carleton students told us in our surveys: passive methods for conveying financial education produce uneven results. Many of our respondents reported very low levels of student participation in web-based financial literacy programming. Of course, having such resources available is better than not having them and the costs of maintaining them can be close to zero. But clearly passively-delivered, web-based content cannot sustain a financial education program if the purpose is to generate real learning.

Financial Literacy Courses

Several institutions also offer for-credit courses (North Central) and/or courses that fulfill graduation requirements (Champlain). As this was explicitly not part of the action team's charge, we will simply note that respondents found these courses to be popular but emphasized that participation would likely be lower and more variable without an incentive, such as course credit or a more coercive instrument such as the use of registration holds.

Program Management

Regardless of the combination of modalities used for conveying financial literacy, our institutional respondents all had at least one person act as a vanguard for the financial literacy program. This person took on most of the logistical and programmatic responsibilities, particularly when establishing the program. Some of these models created a staff person (e.g., the Assistant Director of Financial Literacy at St. Catherine University) or used an existing staff person's position that included financial literacy in that person's portfolio (e.g., the Assoc. Director of Financial Aid Counseling). In several cases, faculty played the role of "director for financial literacy" (e.g., Babson, Abilene Christian, North Central).

Our informants unanimously emphasized the need for staff time to match the maintenance needs of the program. For example, housing a robust program in an academic department could require course releases for faculty or substantial stipends and dedicated budget lines. In the case of peer-to-peer counseling, staffing must be consistent over time to sustain the training of peer mentors. In programs without peer-to-peer counseling, the designated staff person may be the one to meet individually with students. Denison's program, for example, is organized around a Financial Wellness Director who provides financial coaching. This person also handles the emergency funding process, which requires financial coaching as a condition of some grants.

The institutions we consulted housed their financial literacy programs in a variety of locations. For some, the Office of the Director of Financial Aid plays the key coordinating role (e.g., St. Catherine University). In other cases, the Career Center provided space and dedicated staffing (e.g., Champlain). This is especially true of programs that combine personal finance and career readiness in their programs. In cases with salient faculty leadership, the Economics Department often houses the financial education program (e.g., Abilene Christian, North Central). One point to note here is that faculty leadership can be variable, as our contact at North Central underscored, making overreliance on the faculty a poor basis for a program. Some designated financial literacy counselors are stand-alone operations that are based in the student union but report to Financial Aid (e.g., Denison).

Sources of funding also vary, but the programs enjoying the most consistent support have designated staff and budgets sustained by larger administrative budget lines (financial aid, career services, academic departments). Where student organizations play a primary role (e.g., North Central), funding has been more variable. In these cases, and in others where the designated staff financial counselor is not maintained by the regular budget, our institutional respondents mentioned greater effort to secure support from alumni and other external sources (e.g., Denison). Funding can be precarious if the designated staff person's job description does not explicitly include financial literacy duties. This is the case of the nascent program at Olin, where our respondent's position is budgeted as a financial aid counselor, but the financial education component of her position is entirely due to her own initiative.

In our work, the action team developed a good sense of the origins of the financial literacy programs of our sample of institutions:

- Many programs began with an intentional effort, led by faculty and/or staff in the form of an exploratory committee to study programs elsewhere and to make recommendations based on these other experiences.
- Several programs evolved from a start in one division (e.g., student life) to become more continuous elements of other offices (e.g., career center, financial aid).
- Many programs piloted workshops using on-campus staff and external speakers before expanding to more continuous point-of-service peer counseling after a training program was established.
- All programs started small, largely offering instruction in 2-3 high-demand topics such as personal finance, and then grew.

As they expanded, programs that initially used external speakers typically developed on-campus and continuous expertise and moved presentations in-house. The more developed programs added additional funding for assessment and mechanisms to increase (or require) participation. External funding played a role in the origins of some of these programs. In some cases, grants funded external speakers (e.g., St. Catherine University), or donors were responsible for funding a designated staff position (e.g., Denison). Also, on the more developed end, we found programs that forged extra-institutional partnerships with nearby institutions. This was the case of the Babson-Olin-Wellesley partnership that has been collectively beneficial in the sharing of curriculum and speakers. Babson is now in the business of subcontracting itself to other institutions of higher education in the U.S. to prototype its workshops for a nominal fee of $200-$300 per unit. Olin, for example, started up its financial education program with the Babson curriculum, and then adjusted its schedule and offerings to suit the particular demands of its students with home-grown staff and content.

The programs under study tracked student participation rates differently, but the overall impression they gave was that students turned out for financial literacy programming at increasing numbers over time, with the more established programs regularly serving thousands of students (e.g., St. Catherine). On the more organized end of the gamut, the Champlain program uses a structured calendar of workshops that tracks students' achievement of requirements using the e-learning portal, Canvas, and enforces participation with holds on registration for students who fail to complete milestones. But most of our institutional respondents did not attempt to target high levels of participation. The most common perspective was to try to build the program's participation organically and through periodic advertising and word-of-mouth on-campus.

When reflecting on how to build their programs further, our institutional respondents turned to the same key areas: more support for dedicated staffing, more space, and more funding to sustain programming. A desire for including faculty on a more regular basis also appeared among the top responses. In the same vein, some of our respondents hoped to see financial literacy integrated into the core curriculum as a requirement for graduation. At the same time, we detected a degree of modesty in terms of what any undergraduate financial education program could accomplish. Rather than set their sights on high levels of expertise, the more sustainable and usable programs have concentrated on providing basic financial education.

Some Considerations for a Carleton-Specific Program in Financial Literacy

Through our consultation with other institutions of higher education, we identified four levels of financial literacy programs in higher education:

- Level 1 - Occasional sessions over the academic year
- Level 2 - Regular/recurring sessions every year
- Level 3 - Regular/recurring sessions every year, plus:
    - Peer-to-peer mentoring, or
    - One-on-one counseling with professional staff
- Level 4 - Financial literacy as a credit bearing course/graduation requirement

Institutions commonly begin at level 1, as Carleton has with occasional CSA- and Career Center-sponsored programming. However, the most enduring and successful programs achieve a higher level of regularity and individualized education. We know that at this time having financial literacy as part of the curriculum or required for graduation is not an option. However, as a financial literacy program at Carleton evolves, it could be integrated into requirements, similar to the writing portfolio.

Through our on-campus consultations, we determined that Alumni Relations would be a willing collaborator, while HR was unsure what role they might play in collaborative programming. Additionally, existing curriculum, including TRIO's class-specific financial literacy workshops, could be repurposed for a larger audience.

The action team imagines that the emergence of a financial literacy program at Carleton would take on many of the dynamics that we have detected at other institutions. Following these lessons, we can expect that the origins of the program will be modest, perhaps focusing on key cohorts of students or just a particular class (e.g., seniors), adding other classes during subsequent iterations.

We also want to emphasize the finding that consistent staffing and budgeting are crucial pillars to sustain any financial literacy program. We are agnostic as to how to produce such staffing or where this position would reside at the College, though the example of other colleges suggest that Student Financial Services and the Career Center should be involved. We also note that the role of alumni, especially in providing content for occasional workshops and events, would require a role for Alumni Relations. In what follows, we focus on the program structure and content and leave the staffing question aside as an issue that our action team cannot resolve, other than to underscore the need for a dedicated staff leader in this area.

In considering what a Carleton-specific program in financial literacy might look like, we ask four questions:

- *What would we pilot?*
- *What superstructure would we build based on these pilots?*
- *How would we sustain the program?*
- *How would we grow the program?*

Drawing on the experiences of other colleges, developing a curriculum in financial literacy is a logical first step. Tapping the resources of HEFWA and designing a webpage for the program are year-one tasks that any Carleton program will need immediately. Similarly, we anticipate that the content of various initial workshops could rely on existing curricula that can be purchased. Babson's workshop models, which can be prototyped at Carleton and then replicated for future use, provides one option for the first year. Other workshops might be based on what alumni experts might be able to offer on particular topics. Faculty and staff on-campus might also be tapped to produce workshop curriculum.

Some workshops might be organized into a series with a particular focus on a class year and marketed the way that Sophomorphosis gathers events under one brand and targets second-year students at a timely moment during their sophomore year. As with Sophomorphosis, such events could be advertised to parents as well as students, to encourage participation. On-line self-tests and other interactive elements might also be used to foster student interest. A series of workshops focused on investment, leases, basic finance, and other post-Carleton financial skills might target seniors in a week or two during spring term of senior year. First-year students may receive help with budgeting, banking, and consumer credit as they navigate living away from home. Additional specialized programming might target specific groups (e.g. loan repayment for those with student loans).

Once a critical mass of workshop curriculum is available and a schedule of recurring events (e.g., workshop series) is established, Carleton could use this material to train peer counselors, starting small and expanding as needed. Following the example of other schools, the position of financial peer counselor at Carleton could be designed as student employment. Students who had taken a certain sequence of financial workshops and/or engaged in more advanced training could apply to work one-on-one with fellow Carls, similar to other peer counselor programs at Carleton (e.g., SWAs, Critical Conversations).

The action team envisions a variety of ways in which a financial education program might grow and be sustained at Carleton. Alumni could be recruited to not only provide workshop content but to enhance the one-on-one counseling model with occasional small-group counseling on particular subjects. Following the experience of Babson, Olin, and Wellesley, building collaborative programming with St. Olaf could allow both colleges to share curriculum and speakers.

Finally, as a financial education program became more established at Carleton, it would benefit from regular assessment and evaluation. As with other programs at the College, financial literacy would be subject to periodic review. Such oversight would ensure that the curriculum and the methods for conveying it are up-to-date and effective.

Appendix 1

CEDI Action Team on Financial

Literacy Winter-Spring 2020

This action team should consider a framework for conveying financial literacy skills at Carleton. The team is charged with

- Taking stock of student audiences seeking financial literacy skills and the specific skills being sought.
- Gathering information about past efforts to address these needs. Solicit ideas from experts on campus.
- Developing a range of ideas. Credit-bearing solutions are not presently on the table, but there are many other possibilities. It is unlikely we will devise a "one-size-fits-all" solution. What are some of the modalities that are likely to work best? (e.g., non-credit classes, podcasts, etc.)
- Studying the experiences of our peers who have developed effective programs for teaching financial literacy outside the credit-bearing curriculum.
- Developing recommendations for what we might try to pilot first.
- Submitting to the CEDI Leadership Board a report covering this information.

In addition to drawing on the expertise of Action Team members, it is recommended that the Team consult with Human Resources and Alumni Affairs (for alumni resources with expertise in this area). The CEDI Leadership Board will discuss the report and recommendations and determine whether and how to carry suggestions forward to the Tuesday Group and College Council.

Time frame:

- Date of written preliminary report to CEDI Leadership Board: Monday, April 20, 2020
- Date of final written report to CEDI Leadership Board: Monday, May 11, 2020

Status reports:

A CEDI member on the Action Team will report on the status of the Action Team's work at CEDI Leadership Board meetings throughout winter and spring terms in 2020.

Appendix 2

CEDI Financial Literacy Action Team Hash Mark Survey

Dear Adviser: Please print one copy and either post on your office door and direct advisees to this survey or hand to advisees during Advising Days appointments.

Please place a hash mark in the column next to the **top five financial skills** areas that you believe would be most important for you to develop now and/or in preparation for your post-Carleton life.

Banking, interest rates, amortization of long-term loans	
Negotiating simple-interest loans for purchasing cars and other large items	
Personal budgeting and spending	
Personal savings	
Investing	
Managing student loan debt (i.e., understanding repayment options)	
Managing consumer credit (e.g., credit cards)	
How to read a lease and understand common rental practices	
Use of credit reports and understanding diagnostics such as FICO scores	
Understanding health and other kinds of insurance (e.g., rental, personal, vehicle)	
Negotiating salary and benefits with employers	

Please place a hash mark in the column next to the **top three modalities** that ought to be developed further for conveying these financial skills at Carleton.

Non-credit-bearing classroom instruction	
Webpages with relevant information and links	
Periodic workshops and speakers	
One-on-one support (e.g., walk-in counseling, financial skills office hours, etc.)	
Emailed information	
Online instructional videos	
Online, interactive instructional games	
Newsletters	

Appendix 3

Choice	Tally
Investing	343
Banking, interest rates, amortization of long-term loans	289
How to read a lease and understand common rental practices	273
Negotiating salary and benefits with employers	258
Understanding health and other kinds of insurance (e.g., rental, personal, vehicle)	254
Managing consumer credit (e.g., credit cards)	216
Personal savings	209
Negotiating simple-interest loans for purchasing cars and other large items	203
Personal budgeting and spending	184
Managing student loan debt (i.e., understanding repayment options)	175
Use of credit reports and understanding diagnostics such as FICO scores	174
One-on-one support (e.g., walk-in-counseling, financial skills office hours, etc.)	410
Periodic workshops and speakers	298
Non-credit-bearing classroom instruction	246
Webpages with relevant information and links	237
Online instructional videos	173
Emailed information	120
Online, interaction instructional games	75
Newsletters	35