MONEY MANAGEMENT BEHAVIORS OF TRADITIONAL-AGED COLLEGE FRESHMEN AND SOPHOMORES: A QUALITATIVE STUDY

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ABSTRACT

The purpose of this study was to explore how students manage their financial resources. Data consisted of student records of their expenditures and income over a one month period of time, reliable financial documents provided by the respondents (i.e., checkbook registers, credit card statements), and individual interviews. This study was designed to gain a better understanding of the financial behaviors of college students at a large, public, research university. Specifically, this study was designed to explore the following research questions:

1. How do traditional-aged, lower-division college students manage their financial resources?
2. What are the financial management behaviors of freshmen versus sophomore on-campus students?
3. What are the financial management behaviors of on- versus off-campus sophomore students?

A stratified purposeful sample of 17 traditional-aged freshman and sophomore students was selected for study. Students who transitioned directly

from high school to college were considered traditional-aged students. Students who were in their first or second year of college were considered to be freshman or sophomore students, respectively.

The data were analyzed for two purposes. The first purpose was to understand where participants spent their money, on what kinds of items, and their sources of income. This information was collected through a qualitative analysis of documents. The second purpose was to understand how and why the participants made the financial decisions they did during the period under study, and to gain an understanding of their larger financial situations. This information was collected through a qualitative analysis of individual interviews.

The results of this research contributed to both practice and research. In terms of practice, the results of this study informed three constituencies. Student affairs professionals might use the results to develop programs and services that assist students in managing their financial resources while in college. Students might benefit from the results by identifying management behaviors to employ, and those to avoid. Parents of traditional-aged students might benefit by assisting their students with management skills before they matriculate. Future researchers might elaborate on the present study and examine financial management skills in relation to other issues in higher education, such as retention and academic success. Additionally, future researchers might examine financial management education programs and services at campuses nationwide, or further examine financial management behaviors of college juniors and seniors.

Results revealed several important findings. First, spending patterns can be traced to developmental issues associated with lower division students. For example, freshmen spend more money on food and entertainment than their sophomore counterparts, suggesting that social adjustment and making friends are important issues for first year students. Second, students from families which discuss financial issues have better money management skills. Third, students do not discuss financial matters outside their families, even with close friends. Finally, students spend as much as five times more than they earn in a month. Coupled with the study's other findings, these results suggest campuses need to provide programs and services related to financial management skills if students are to develop sound personal budgeting skills while in college.

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CHAPTER 1

INTRODUCTION

Recently, the profession of student affairs has adopted a new perspective. The Student Learning Imperative (SLI) (American College Personnel Association, 1994) is the focus of a national movement designed to enhance holistic student development and create purposeful learning outcomes, by blending learning, or cognitive growth, with personal growth. This movement encourages student affairs professionals to link student learning with personal growth, so that student development through purposeful learning outcomes becomes the primary mission of undergraduate education. Students gain more than an education: they integrate skills which serve them in their post-graduate life.

Purposeful learning is a core value in higher education. It involves helping students gain information and understanding about specific fields and the issues that our society faces. Historically, challenges to students' learning have been cognitive challenges, which address elements usually taught in a classroom: reading; writing; critical thinking; math; hard sciences; philosophy; and, liberal arts. Learning was thought to occur strictly within the classroom, and out-of-classroom experiences were not considered a true part of holistic student learning.

However, promoting personal growth is a core value in the student affairs profession. Experiences which occur outside of the classroom are often associated with such personal growth. For example, living with a roommate in a residence hall provides social challenges for the student, such as learning to communicate effectively with a roommate, and learning how personal actions affect the entire residence hall community. Other developmental challenges occur through psychological, vocational, physical, personal, and spiritual experiences. Together, these challenges help promote personal growth in a holistic manner.

To help make sense of developmental goals, scholars have designed models around which to promote personal growth. In the late 1970s, the Wellness model (Hettler, 1980) described several components of personal growth (e.g., social, emotional), operating from the assumption that campuses offering a breadth of programs and services promote students' cognitive and personal development. The model helped student affairs professionals make sense of the services and programs they provide.

The impact of the Wellness model (Hettler, 1980) is evidenced by the programs and services offered by many colleges and universities. To promote a smooth transition for students entering college, admissions services and orientation sessions are provided to students. Social development is promoted through residence hall community living and programming. Counseling services promote psychological and emotional well-being. The physical development of students is addressed through health clinics, recreational facilities, and recreational programming. Career services and academic advising programs focus on enhancing students' vocational development. Student-run clubs and activities offer developmental opportunities in many areas. Overall, personal development is promoted through comprehensive programs, services, and activities in which students are involved outside of the classroom.

One element of personal development, however, seems to have been overlooked in the emergence of student services on campus: helping students manage financial resources. In particular, services relating to developing students' financial management skills are not often provided on campus. Although financial aid offices help students obtain the financial resources they need to attend college, very few institutions teach students how to manage their personal finances.

Historically, students who attended college were assumed to posses financial support from families. Student affairs professionals found no need to question, or interefere with, students' financial situations. This allowed student affairs professionals to promote personal development in other areas. Today, more students arrive at college with diverse financial support, backgrounds, and skills. This diversity suggests that promoting financial management development is an issue that needs to be addressed on campuses.

Financial management is a skill which relates to personal growth. As students live on their own at college, most are responsible for keeping track of their expenses. This responsibility helps students understand financial management issues, and allows them to make financial decisions. Learning how to make these individual decisions promotes students' personal development.

At present, financial management skills are not being taught in any effective and comprehensive way at most institutions of higher education. However, higher education seeks to create purposeful learning outcomes with a holistic student development perspective by providing students with a broad spectrum of experiences. Developing financial management skills could enhance learning and personal growth, hence promote development of the whole student.

While scholars have examined many elements of college student development, there is little literature relating to development of college students' financial skills. Additionally, no evidence exists to demonstrate how development of these skills impacts personal growth. Therefore, a review of literature related to college students and finances was conducted, including topics like consumerism, credit, financial aid, and money management.

Some research has been conducted on college students and consumer education, knowledge and awareness, and behaviors (Bailey & Rudge, 1992; Carsky, Lytton, & McLaughlin, 1984; Churaman, 1985; Dickenson & Shaver, 1982; Garman & Bach, 1995).

These studies report a lack of comprehensive consumer education, and limited knowledge of consumer issues among college students and other populations.

Other research has examined the issue of credit card use among college students (Armstrong & Crave, 1993). The findings indicate a wide variety of behaviors among college students. A majority of students were found to have poor habits when using credit cards.

Still other research has examined students' attitudes toward, and knowledge about, educational debt (Bodfish & Cheyfitz, 1989; Hira & Brinkman, 1992; Holland & Healey, 1989; Mortenson, 1989). Although students have a favorable view toward educational loans, they are unaware of repayment information specific to their loans.

Additionally, some research has been conducted on college students and money management issues (Anderson, Camp, Kiss, Wakita, Weyeneth, & Fitzsimmons, 1993; Archer & Lamnin, 1985; Danes & Hira, 1987; Heckroth, 1993; Ingalls, 1990; Jackson & Pogue, 1983; Murphy & Archer, 1996). These studies offer insights about college students' needs, attitudes, and knowledge about money management.

Despite these studies, there is little research relating to the actual fiscal management behaviors of college students. While many consumer educators agree that financial management is an essential component of education, studies on the particular behaviors students use to manage their finances are scarce (Herrmann, 1982). The present study was designed to explore this gap in the existing body of literature on college student development.

Purpose of the Study

The purpose of this study was to explore how students manage their financial resources. Data consisted of student records of their expenditures over a one month period of time, reliable financial documents provided by the respondents (i.e., checkbook registers, credit card statements), and individual interviews. The study was designed to gain a better understanding of the financial behaviors of college students at a large, public, research university. Specifically, the study was designed to explore the following research questions:

1. How do traditional-aged, lower-division college students manage their financial resources?
2. What are the financial management behaviors of freshmen versus sophomore on-campus students?
3. What are the financial management behaviors of on- versus off-campus sophomore students?

Significance of the Study

The results of this research contributed to both practice and research. In terms of practice, the results of this study might inform three constituencies about the issue of financial management. Student affairs professionals might use the results to develop programs and services that assist students in managing their financial resources while in college. Students might benefit from the results by identifying management behaviors to employ, and those to avoid. Parents of traditional-aged students might benefit by assisting their students with management skills before they matriculate.

In terms of research, this study was designed to collect data about financial management behaviors of college students, and provide information about current financial responsibilities of college students. Scholars might benefit from this information by further integrating money management skills into instruments that measure development. Specifically, studying the financial management behaviors could provide more information about skills related to the psychosocial development tasks of developing autonomy and clarifying purpose. Finally, future researchers might elaborate on the present study and examine financial management skills in relation to other issues in higher education, such as retention and academic success.

Limitations

As with all research, the present study was not without some limitations. First, this research only examined traditional-aged, freshmen and sophomore students at the institution under study. Hence the results only revealed information about lower-division students.

Second, the sensitive nature of the topic may have inhibited subjects in their responses. Although assurances of confidentiality were incorporated into the design of the study, the nature of the self-report techniques employed in the research risked answers which were not completely candid.

Third, the study was designed to examine only 18 respondents. This is a very small sample, which suggests that the generalizability of the results is limited. It is possible that a larger sample would be needed to draw even conclusions about the freshmen and sophomores at the institution under study. The results of the investigation must be considered in this context.

Despite these limitations, this study was valuable because it informed student affairs practitioners about students’ financial management behaviors. It also described a research design that student affairs professionals at other institutions might replicate. Overall, the present research provided valuable data about how students manage their financial resources while in college.

Organization of the Study

The study is organized around five chapters. The first chapter served as a general introduction to the issue under study, and described the purpose and significance of the research. Chapter II provides a review of the related literature. The third chapter describes the methodology and procedures employed in the study. Chapter IV presents findings from the study, while a summary and discussion of the findings is presented in Chapter V. Implications of the findings for future research and practice are also offered in the final chapter.

CHAPTER 2

LITERATURE REVIEW

In order to examine the financial management behaviors of traditional-aged lower-division college students, it was necessary to review the research which has been conducted on this subject. An examination of the literature relevant to the present study revealed four guiding topics which serve to organize the review: consumerism; credit; financial aid; and, money management.

Consumerism

The topic of money management is considered a part of the larger issue of consumerism, and has been taught as part of consumer education courses (Garman & Bach, 1995; Glade, 1991; Herrmann, 1982). Some studies have examined aspects of consumer education in textbooks (Garman & Bach, 1995; Glade, 1991; Herrmann, 1982). Other research has focused on knowledge and awareness of consumer issues (Carsky et al., 1984; Dickenson & Shaver, 1982; Hampton, Greninger, Kitt, & Bouton, 1985). Additionally, researchers have studied consumer behaviors (Bailey & Rudge, 1992; Churaman, 1985). Within the arena of consumerism, therefore, research on consumer education, knowledge and awareness, and behavior is relevant to the present study.

Consumer Education

One survey of American school chiefs in all 50 states and the District of Columbia elicited data about consumer education. The participants were asked to describe consumer education in their curricula for grades kindergarten through eight, and grades nine through 12. Consumer education was described in four major areas: economic decision-making; economics; personal finance; and, consumer rights and responsibilities. Every respondent reported that consumer education, in particular, personal finance, should have more emphasis in the curriculum than it currently does (Glade, 1991).

Another study examined 15 high school consumer education textbooks, published from 1938-1978, to determine which consumer education topics were addressed most frequently and to identify any changes in the coverage of the topics over time. Budgeting, savings and investment, life insurance, and housing were the only four of 50 topics addressed in all the texts. Over the 40 year period, high school level consumer education texts have not made the changes needed to educate students about current consumer social and economic trends. This limits the amount of knowledge students gain about consumer issues (Herrmann, 1982).

A similar review of five college-level consumer economics textbooks was conducted for content in six areas: credit; checking and savings accounts; auto insurance; housing rental; food purchases; and, car purchases. A four-point scale was used to assess the degree to which each textbook addressed each of the six concepts. A rating of three indicated thorough coverage of a concept, while a rating of zero indicated No coverage of a concept. Two of the five textbooks addressed all six content areas with thorough coverage. The remaining three textbooks addressed only a few of the concepts, and they did so without much detail. Overall, concepts about important consumer issues are not incorporated into college-level textbooks. One possible explanation for this failure to include key concepts in college texts is that the authors of such books assume that college students have been exposed to those concepts prior to attending college (Garman & Bach, 1995).

Consumer education at all levels is not comprehensive (Garman & Bach, 1995; Glade, 1991; Herrmann, 1982). Furthermore, the topics may be outdated. These conclusions suggest consumers are not given appropriate consumer education. An examination of the research on knowledge and awareness of consumers provides insight about what consumers have learned.

Consumer Knowledge and Awareness

Although levels of consumer knowledge among the general population of college students is not known, one study examined the knowledge and attitudes of students who had taken a consumer education course. Researchers administered pre- and post-tests of the Test of Consumer Competency (TCC), and the Consumer Issue Attitude Inventory (CIAI) to students enrolled in a lower-division, elective consumer education course at a mid-sized university in the Northeast. The TCC is designed to assess cognitive consumer knowledge before and after formal instruction on the subject, while the CIAI differentiates the attitudes of consumer advocates, business representatives, and consumers, on consumer issues. It was assumed that students who reported consumer advocate attitudes would be most prepared to make effective consumer decisions. Though most students gained some amount of knowledge from the course, students who benefited most were upper-division arts and science majors, and lower-division business and other professional majors. Consumer attitudes of students changed significantly between the beginning and the end of the course, reflecting a movement away from a consumer advocate position. This movement suggests that students are less prepared to make effective consumer decisions (Carsky et al., 1984).

In a related study, Dickenson and Shaver (1982) designed an instrument to measure adult awareness of consumer information sources, protection laws, and channels of recourse. Researchers administered preliminary forms of the instrument to multiple groups of adult college students, and found the samples fell short of optimum levels of consumer awareness. An optimum level was defined as correctly answering more than half of the questions on the instrument. It would appear, therefore, that there is a lack of overall consumer awareness on the part of college students, as well as adults.

Knowledge about Automatic Teller Machine (ATM) use is consistent with this conclusion (Hampton et al., 1985). Researchers conducted telephone interviews with randomly selected respondents in a large Southwest city. Using a reliable survey instrument, researchers asked respondents questions about: demographic characteristics; financial management practices; ATM use and concerns; and, knowledge regarding federal protective legislation pertaining to ATMs. Thirty-five percent of the respondents could correctly answer questions pertaining to federal protective ATM legislation. Age was found to be negatively related with knowledge of ATM use and legislation. Therefore, consumers of all ages share a lack of knowledge about ATMs and related legislation.

Research indicates that consumer knowledge of college students and adults is limited (Carsky et al., 1994; Dickenson & Shaver, 1982; Hampton et al., 1985). Knowledge and attitudes of consumer issues, however, are different than actual consumer behavior. Additionally, knowledge and attitudes of adults are not necessarily the same as those of college students. To further understand college students, their consumer behaviors have been examined (Bailey & Rudge, 1992; Churaman, 1985).

Consumer Behavior

The consumer behaviors of college students have been studied in relation to Electronic Funds Transfer Systems (EFTS) use, and buying behaviors (Bailey & Rudge, 1992; Churaman, 1985). Churaman (1985) administered a questionnaire to college students enrolled in an upper-level finance course at a large, East Coast university. Results from the questionnaire allowed the researcher to determine patterns of ATM usage. At the time of the study, students reported using EFTS for over two and a half years. Eighty-eight percent of the respondents used ATMs to get cash, while 76% used ATMs to check account balances. Sixty-six percent of the respondents made deposits while using an ATM, 50% made transfers from savings to checking accounts, while 49% made transfers from checking to savings accounts. These patterns of high ATM use merit consideration when educating students in areas such as: debit versus credit; understanding features of an account; and, consumer protection legislation.

In a related study about college students' consumer behaviors, Bailey and Rudge (1992) surveyed randomly selected college students at a mid-sized residential university in the Midwest. Respondents identified sources of income, and rated their use of name-brand products in 12 categories. College students have a high degree of loyalty to, and most often use, name-brand products. In terms of income, 61% of the respondents receive income from jobs, while 51% receive an allowance from their parents.

The literature on consumerism reveals a pattern about college student and adult consumers. Textbook reviews at all levels lack comprehensive and current information about consumerism. Students and adults report a limited understanding of financial management and consumer issues. Moreover, what information they do hold may be dated, and no longer relevant in the current economic environment. A limited understanding is apparent in other financial management areas, as well.

Credit

One such area relates to credit and credit cards. Several researchers have examined people's attitudes toward, and knowledge about credit ("Banking on tomorrow," 1992; Broebeck, 1992; Danes, 1994; Danes & Hira, 1986; Kinsey & McAlister, 1981). Other scholars have examined credit card use among college students (Armstrong & Craven, 1993), or have advocated the need to monitor and educate high school and college students on credit card usage (McEldowney, 1994; Murdy, 1995; Norton, 1993; Rush, 1995).

Attitudes Toward and Knowledge About Credit

In a study examining the financial socialization of children, Danes (1994) asked a sample of parents to complete a questionnaire. Financial socialization was defined as the process of developing and acquiring attitudes, values, norms, standards, knowledge, and behaviors that contribute to the financial viability and well-being of the individual. It was assumed that much of financial socialization occurs within the context of the family. For each behavior on the questionnaire, parents were asked to indicate the appropriate age at which to share financial information with children. Data were elicited about six categories: beginning financial steps; involvement in family finances; future security of the family; establishing credit history; establishing financial credibility; and, asset building. Eighty-two percent of parents agreed that children should be over age 17 before being fully responsible for their own credit card. Additionally, 84.8% and 84.0% of parents believed their children should be over age 17 before applying for a personal loan, or making payments on a personal loan, respectively. These three behaviors in the credit category reflected the highest degree of concurrence among parents. As most traditional-aged college students are age 17 when they enter college, it is reasonable to suggest that college students not only begin to manage their own finances, but also have and use personal credit cards.

A telephone survey of a representative sample of the nation's population elicited data about attitudes toward credit cards, their importance, related credit information, and credit education (Broebeck, 1992). Those who are most concerned about meeting monthly payments, and most feel the need for information about credit card costs and benefits, are adults in the 18-24 year old age group. This same age group also feels a need for more information about credit rights. The survey asked about the importance of high school instruction in money and credit management, and 92% agreed that money and credit management should be a required course at the high school level.

A related study on credit knowledge of high school seniors supports the contention that money and credit management should be taught in school. A consumer literacy test was administered to a random sample of teenagers representative of the nation's high school seniors. The instrument tested knowledge in six areas: credit; checking and savings accounts; auto insurance; housing rental; food purchases; and, car purchases. Students were able to answer only 42% of the questions correctly, and had particularly low scores in the areas of credit, checking and savings accounts, and auto insurance. High scores were reported on those questions which required general knowledge, and the use of reasoning and computational skills. These findings reflect a lack of consumer education and awareness among high school seniors ("Banking on tomorrow," 1992).

Lack of education and awareness about credit is also a problem for adults in America. A study which examined knowledge about the costs of open-ended credit in terms of interest rates and in terms of dollars found only 6.4% of the participants know both the annual percentage rate and the corresponding dollar finance charge of a given financial situation. The researchers argued that such knowledge is important to understanding how to utilize credit without incurring economic losses. Since so few adults fully comprehend the credit market, the scholars concluded that adults have a large gap in their knowledge and understanding of credit (Kinsey & McAlister, 1981).

Another study investigated the relationships among knowledge of credit, attitudes toward credit, and credit practices of adults over age 18. Personal interviews were conducted with a sample of subjects living in selected housing units in a Midwest town. Information was obtained about the money managers of 198 households. The findings indicated a positive relationship between knowledge about credit and attitudes toward credit, and between knowledge about credit and credit practices. The researchers concluded that credit practices are influenced by knowledge of credit, and that attitudes toward credit influence credit practices. Including attitude development in educational materials about credit might positively influence credit practices (Danes & Hira, 1986).

These studies reflect a lack of awareness and education about credit among high school students and adults. Although no studies revealed information about college students' knowledge and awareness, actual behaviors of college students have been examined in relation to credit (Armstrong & Craven, 1993).

Credit Card Use Among College Students

Researchers examined several aspects of college students' credit card use, including the number and types of credit cards used, the frequency of card use, and general payment practices (Armstrong & Craven, 1993). The findings indicated a wide variety of behaviors among college students. Over sixty-six percent own three or fewer credit cards, while 2.6% of students own from 10 to 25 credit cards. Students reported that credit cards are more convenient than cash, and payments can be spread over time. Less than two percent of the respondents cited building a credit history as their primary reason for having a credit card. The vast majority of participants owned either a Visa credit card or MasterCard, and over half owned department store credit cards. The card types least often reported were: American Express; telephone; and, gas company cards. Twenty-one percent of the students surveyed owned more than one Visa card. Nearly half of the respondents responded that they use their Visa card most often. These findings suggest a high degree of credit card usage among college students.

The same survey also questioned students about their payment practices. More than 70% of the respondents had outstanding balances when surveyed, and over half chose to spread payments over time by making minimum or slightly higher payments on balances due. Only 27% reported that their balances were paid in full. Fifteen percent had debts under $200, 25% had balances between $201 and $600, 15% had debts ranging between $601 and $1000, 10% percent had balances between $1001 and $1600, and 6% of the respondents had higher balances, up to $1800. Not only do college students use credit cards often, they maintain outstanding balances on their cards on a regular basis (Armstrong & Craven, 1993).

Finally, students were asked about their knowledge of interest rates on their credit cards. Half of the respondents did not know or were unsure of the current interest rate of their credit cards. Of the students who indicated they did know the interest rate, only 44% could actually list those rates for their cards. Researchers recommended an investigation of the impact of high school consumer education courses on college students' use of credit cards and payment practices. They also argued that educators and mentors need to be as aggressive in reaching this population as credit card recruiters (Armstrong & Craven, 1993). The results from this study address the need for education on money management and credit, a need that has been acknowledged by other consumer advocates.

Advocates for Education About Credit

Scholars have called for increased education about consumer credit (McEldowney, 1994; Murdy, 1995; Norton, 1993; Rush, 1995). Consumer Action, a non-profit consumer advocacy and education organization, maintains statistics on callers who utilize its toll-free consumer information line (McEldowney, 1994). Many of the callers are young, and are confused about how to handle credit card debts. The Executive Director of Consumer Action urges the credit industry, and educators, to teach students about financial management issues.

The vice president for international risk management at American Express supported this argument (Norton, 1993), stressing the responsibility of creditors and educators to understand what credit means to people who use it. He also posits that the challenge with respect to more accessible credit is for the consumer to know how to use credit wisely. These goals can be met through collaborative efforts on the part of creditors, educators, and consumers.

Current major credit card companies have acknowledged this cry for education and awareness (Murdy, 1995; Rush, 1995). In addition to sponsoring educational programs at high schools across the nation, both Visa and MasterCard try to educate college students and adults about issues in a number of ways. Visa has developed a computer software program directed at college students which includes educational information, calculation worksheets, and a financial quiz (Rush, 1995). The company also maintains a web page which allows consumers to access educational literature and learn more about Visa's products.

MasterCard has organized an educational seminar which it conducts at college orientations and campus forums (Murdy, 1995). The seminar provides financial guidance in a manner geared towards the college student population. MasterCard also publishes an annual magazine for first-term college students who hold credit cards, and maintains a web site. Both the magazine and web site provide money management tips, as well as information related to credit and money. Both companies claim commitment to the education of consumers.

Although major credit card companies have responded to the call to educate students about credit cards and money management issues, they are not the only organizations which provide a source of money for students. Some college students also incur financial aid debt as part of their college education. Research about money management as part of college students' financial aid debt is relevant to the present study.

Financial Aid

Several aspects about the relationship between financial aid and college students have been examined. Some studies looked at students' attitudes toward educational debt (Bodfish & Cheyfitz, 1989; Mortenson, 1989), while other studies examined students' knowledge about financial debt (Hira & Brinkman, 1992; Holland & Healy, 1989). Still other research focused on the role of the financial aid office in helping students to understand their debts (Coomes, 1992; Dennis, 1983; McDougal, 1983; Moreland, 1986).

Attitudes Toward Educational Debt

Research has explored student attitudes toward educational debt. A study conducted at one small liberal arts school surveyed alumnae about their student loans (Bodfish & Cheyfitz, 1989). The results revealed that respondents' overall attitudes toward loan indebtedness are positive. In general, repayment of student loans has not caused problems for alumnae of the campus under study. The results were used to counsel current and prospective students at the institution.

A second study examined previous survey data about attitudes toward borrowing, and compared them to literature on characteristics of student loan defaulters. Loan defaulters are most likely to be students from groups who have a less favorable attitude toward spending (Mortenson, 1989).

Both studies concluded that Americans who have a consistently favorable view toward educational loans are less likely to default. However, research about attitudes toward financial debt does not necessarily reflect students' knowledge about financial aid.

Knowledge About Financial Debt

Studies conducted at Iowa State University looked at the relationship between students and educational debt. At loan exit interviews, surveys were distributed to students for the purpose of gaining socio-demographic information and student knowledge about financial aid. The resulting data demonstrated that graduating students are not knowledgeable about repayment information specific to their educational loans (Hira & Brinkman, 1992; Holland & Healy, 1989). One study concluded that counseling about financial management should occur in college, but the researchers did not specify a time frame in which that counseling should take place (Holland & Healy, 1989). A second study recommended that more in-depth financial aid counseling be provided to students when they first borrow funds for education (Hira & Brinkman, 1992). This recommendation was based on the finding that financial debt knowledge is significantly and positively related to age. Older students are more likely than younger students to know about financial debt. While they provide useful information and advice to student affairs practitioners, neither study specifies how to provide more in-depth counseling.

One possible option for providing in-depth money management counseling to college students has been recognized. Financial aid offices have been identified as possible sources to provide this type of counseling.

Role of Financial Aid Offices

Several recent articles have addressed the role of student financial aid offices in educating students about debt, including how these offices could provide more counseling to recipients of financial aid (Coomes, 1992; Dennis, 1983; McDougal, 1983; Moreland, 1986). A key concept evident in all the articles is that financial aid counseling should not be limited to the usual entrance and exit loan interviews. The authors argued that financial aid offices should operate from an educational and student personnel perspective (Coomes, 1992; McDougal, 1983). One suggests using a counseling frame of reference, in which the financial aid officer is willing and able to work with students on all financially-related issues (McDougal, 1983). This perspective suggests the financial aid officer should be aware of other student services to which the student might be referred.

Other research promotes a shift toward helping students plan their financial futures through established programs in financial counseling, debt management, and debt counseling (Dennis, 1983). These programs would be housed in the financial aid office, with financial aid officers teaching students about these topics. Officers would educate students about their whole financial situation, not just provide information related to borrowing money.

Still other scholars suggest that student development theories can be applied to better understand students, and to improve services in the area of financial aid (Coomes, 1992). Coomes (1992) suggests Chickering's (1969) theory of psychosocial development and Perry's (1970) theory of cognitive development could help financial aid officers understand the levels at which students might be operating. This understanding could then be used to interact with students at levels which make sense for them.

Overall, these articles discuss what should be done by financial aid officers in the area of financial debt and money management. However, they do not provide data on how students benefit from financial aid counseling, or whether such counseling improves their money management skills.

Money Management

Several studies address money management as one aspect of financial aid (Coomes, 1992; Dennis, 1983; Hira & Brinkman, 1992; Holland & Healy, 1989; McDougal, 1983; Moreland, 1986). Other research examines the relationship between money management and credit ("Planting the seeds," 1992; Broebeck, 1992; McEldowney, 1994; Murdy, 1995; Rush, 1995). A third body of research looks at money management as part of the larger issue of consumerism (Garman & Bach, 1995; Glade, 1991; Herrmann, 1982). These studies provide valuable insight about money management in relation to other financial management skills.

One financial management component, money management, has been examined in relation to college students (Anderson et al, 1993; Archer & Lamnin, 1985; Danes & Hira, 1987; Heckroth, 1993; Ingalls, 1990; Jackson & Pogue, 1983; Murphy & Archer, 1996). These studies offer insights about college students' needs, attitudes, and knowledge about money management.

Money Management Needs

Some research specifically addressed money management needs (Archer & Lamnin, 1985; Jackson & Pogue, 1983; Murphy & Archer, 1996). In a study about student expense budgets, male and female students reported different financial needs at different times in their college careers. For example, senior women spend more money in rent than senior men. This difference was attributed to a preference. Women are likely to pay more money for a nicer apartment. The researchers argued that more knowledge about student expenses would help in creating realistic budgeting seminars (Jackson & Pogue, 1983).

Related studies about money management needs were addressed in terms of personal and academic stressors (Archer & Lamnin, 1985; Murphy & Archer, 1996). In one study, a random sample of undergraduate students at a large Southeastern university were administered a survey which consisted of seven demographic variables, and two open-ended questions. Students were asked to briefly describe two conditions or situations which they found to be the most stressful in both personal and academic categories. Of the respondents, 7% listed problems with finances as their first or second academically-related stressor, while 27% listed problems with finances as their first or second personally-related stressor. Black students, and students age 22 and older listed financial stressors more often than other groups of students, and students who lived in the residence halls listed financial stressors less often than all other groups (Archer & Lamnin, 1985).

Eight years later, the same study was repeated, and 3% of respondents listed problems with finances as an academic stressor, while 31% listed problems with finances as a personal stressor. Problems with finances again were reported more frequently by older students, and those living off campus. Additionally, problems with finances were reported more frequently by those students in fraternities and sororities. Researchers concluded that financial concerns are not addressed effectively on campus (Murphy & Archer, 1996).

Students' money management needs do not explain what attitudes they may have about money management. Therefore, information about college students' attitudes toward money management are relevant to the present study.

Money Management Attitudes

One university professor surveyed college students about their money management attitudes prior to teaching class, and used the results from the survey to guide discussions throughout the semester. During one year, 70 students in two sections of the spring semester class, and 40 students in one section of the fall semester class, were surveyed. A five-point Likert scale, ranging from strongly agree to strongly disagree, was used to respond to 16 statements about money management. The statements which elicited the greatest degree of disagreement among respondents became the focus of the class discussions. Over 75% of the students similarly rated statements about how to keep the economy going, what money management components were familiar parts of married life, how to save, how to make family decisions regarding money, and how to make individual decisions regarding money. The majority of students felt that communication about money should occur with all members of the family, saving should be a priority, and advertising encourages people to spend money to keep the economy going. Less than half of the participants agreed on statements which addressed issues about allowance for adolescents, children who live at home after graduation, and children who know the amount of family income. Students held different opinions about whether adolescents should be given an allowance, whether children should pay rent if living at home after graduation, and when adolescents should be informed of the amount of family income. Although students agreed most on issues about saving and communication, they differed most about family issues of money management. These findings indicate students come from diverse family backgrounds, but have similar social backgrounds (Heckroth, 1993).

Another study provided more comprehensive information about college students' attitudes toward money management. Students enrolled in two general education courses at a Northern university provided a convenient sample. A two-part questionnaire, which included the Money Attitude Scale and a demographics section, was administered to explore four attitudes: power-prestige; complaining-doubting; retention-time, and compulsive-compensatory. Students feel low levels of power and prestige when they have limited financial resources. Students who receive need-based scholarships and other types of non-specified income are more likely to have suspicions and doubts about their financial situations, perhaps because those who have little money are more likely to question their financial transactions and money management experience. Results also revealed that students budget and save less for current events as they move from freshmen to senior status. The researchers argued that college students view money management in ways which reflect a lack of education (Anderson et al., 1993).

This research about money management attitudes points to a lack of knowledge about money management. Specific studies about college students' knowledge of money management issues help to create a clearer picture about this issue (Danes & Hira, 1987; Ingalls, 1990).

Money Management Knowledge

One component of money management is understanding the social security system (Ingalls, 1990). A researcher examined students' knowledge about the social security system. Twenty-five "true or false" items were included in a questionnaire which was administered to a representative sample of students at a large, Midwestern university. The questions related to specific types of social security benefits, such as retirement, disability, and survivor benefits. The average number of correct responses was 12/25. Males scored slightly higher than females, as did respondents over the age of 21. Scores increased gradually from responses given by freshmen to responses given by seniors. Thirty-five percent of the questions were correctly answered by the respondents, leading the researchers to conclude that students were not very knowledgeable about the social security system.

A more recent and comprehensive study described the money management knowledge of college students, and identified characteristics that help explain the differences in students' knowledge (Danes & Hira, 1987). The scholars administered an instrument which included five categories of money management knowledge: credit cards; insurance; personal loans; record keeping; and, overall financial management. Students correctly answered 81.8% of the questions in the record keeping section, 73.0% of the questions in the personal loan section, 57.4% of those in the credit card section, and 48.8% of the questions in the insurance section. Two-thirds of the overall financial management section questions were correctly answered. The findings suggest a need for education on specific money management areas, as students were more knowledgeable about general facts related to money management than they were in the other four areas examined.

In the same study, students' socio-demographic characteristics were also analyzed, and the results suggested that money management education might best be targeted toward specific student populations. Class status (e.g., freshman, sophomore) was positively related to knowledge in each section. Freshmen scored lower in all areas, prompting the researchers to suggest that money management education be directed at the freshmen student population. The researchers called for more research on the financial management practices and attitudes of students.

Conclusion

This literature review describes research on consumerism, credit, financial aid, and money management knowledge among populations including high school students, college students, and adults. The research that has been conducted on college students focuses on needs for, attitudes about, and knowledge of money management, and describes some behaviors relating to ATM use, buying practices, and credit cards. Much of the data was collected through questionnaires and surveys, reflecting a high degree of self-reported information. There is little research examining the actual fiscal management behaviors of college students. As more students assume greater amounts of debt to acquire an education, research about how that debt is managed is limited (Danes & Hira, 1987). Additionally, while many consumer educators agree that financial management is an essential component of education, studies on the particular behaviors which education should address are limited (Herrmann, 1982). The current study was designed to address this gap in the literature by exploring the financial management behaviors of college students.

CHAPTER 3

METHODOLOGY

The purpose of this study was to explore how students manage their financial resources. Data were collected by asking students to keep records of their expenditures over a one month period of time, to provide the researcher with copies of reliable financial documents (i.e., checkbook registers, credit card statements), and to participate in an interview to discuss their money management practices. The study was designed to gain a better understanding of the financial behaviors of college students at a large, public, research university. Specifically, the study was designed to explore the following research questions:

1. How do traditional-aged lower-division college students manage their financial resources?

2. What are the financial management behaviors of freshmen versus sophomore on-campus students?

3. What are the financial management behaviors of on- versus off-campus sophomore students?

Sampling Techniques

Population

The institution under study enrolls approximately 18,000 undergraduate students. All freshman students are required to live on campus. About half of the campus' 8,100 bed spaces are occupied by freshmen each year. The remaining spaces are filled primarily by sophomores, though some juniors, seniors, and graduate students are housed on campus each year. The remaining 9,900 undergraduate students are housed in off-campus facilities. The population for the present study included traditional-aged (18-24 years) freshman and sophomores at the institution under study.

Sample

A stratified purposeful sample of 18 traditional-aged freshman and sophomore students was chosen for the study. Students who transitioned directly from high school to college were considered to be traditional-aged students. These participants lived on and off campus at the time of the study, and were enrolled on a full-time basis at the institution under study in the fall of 1996. Since all students who attend this institution are required to live in on-campus housing during their freshman year, the freshman participants in the study all lived on campus.

Many students move off campus after their freshman year, though some sophomores remain on campus. In order to elicit data related to the second and third research questions, it was necessary to select some sophomores who lived on campus and some who lived off campus.

Definitions

For purposes of this study, freshmen were defined as students who had graduated from high school in the spring of 1996 and enrolled in their first year of college the following fall. It was assumed that freshman who met this criteria would have limited financial obligations because they were living on campus and did not have to deal with paying rent, utilities, and related living costs. It was also assumed that such freshmen would have limited financial management experience because they had likely only managed their own finances for the short time since leaving their parents' homes.

Sophomore on-campus students were defined as students who graduated from high school in 1995, were enrolled in their second year of college, and were living on campus. It was assumed that on-campus sophomores who met these criteria would have limited financial obligations because they were living on campus, and did not have to deal with paying rent, utilities, and related living costs. It was also assumed that on-campus sophomores would have greater financial management experience because they had been living independently from their parents for more than a year, and had likely managed their own finances for that time period.

Sophomore off-campus students were defined as students who graduated from high school in 1995, were enrolled in their second year of college, and were living off campus. It was assumed that off-campus sophomores who met these criteria would have greater financial obligations because they were living off campus and had to pay rent, utilities, and other related living costs. It was also assumed that off-campus sophomores would have greater financial management experience, because they had been living independently from their parents for more than a year, and had likely managed their own finances throughout that time.

Formal academic standing (e.g., 24 completed academic units or less equals freshman standing) was not factored into the criteria used to define freshmen and sophomore students because it was more important to address the time during which students had been living on their own and managing their own finances. The number of credits students had accumulated had no impact on their level of financial management experience.

On-campus Sample Selection

The Department of Residential and Dining Programs (RDP) at the institution under study was asked to generate two lists. The first list included all freshmen residing in a particular residence hall on campus in 1996/97, sorted by gender. The second list included all sophomores residing in a particular residence hall on campus in 1996/97, sorted by gender. Although these lists utilized academic standing to determine freshman and sophomore status, participants were screened upon contact to ensure they fit the appropriate definitions for the study. Each list was used to select one group of participants for the study.

Prior to selecting participants, the researcher eliminated one group of students from consideration. Resident Advisors (RAs) were eliminated from the lists of on-campus freshmen and sophomores. On this campus, students who are selected for RA positions are assigned additional responsibilities that typical on-campus students do not have. This study sought to understand typical freshmen and sophomores, so RA's were eliminated from the pool from which on-campus students were selected.

The list of all freshmen residing in a particular residence hall on campus in 1996/97, sorted by gender, was used to select three male and three female on-campus freshman participants. Only one residence hall was used because room rates at the campus under study varied by type of hall. Since the researcher wanted to examine students who had similar financial obligations, selecting students from a single residence hall was reasonable.

The list of all students who were sophomores and living in a particular residence hall on campus in 1996/97, sorted by gender, was used to select three male and three female on-campus sophomore participants. These sophomores were selected from one residence hall for the same reason as freshmen were selected from a single hall: to examine students with similar financial obligations.

<u>Off-campus Sophomore Sample Selection</u>

A slightly different technique was employed in order to select off-campus sophomore participants whose financial demands were equivalent. In the town surrounding the campus under study, apartment complexes vary in the services they provide in exchange for rent. Some charge rent, and require tenants to be responsible for utilities including gas, electricity, water, sewage, phone, and others. Other complexes calculate the cost of utilities into the monthly rent figure. For purposes of this study, it was assumed that all participants living at one selected apartment complex would have equivalent financial obligations. Therefore, one apartment complex was identified and participants for the third sample group, off-campus sophomores, were selected from students living at this complex.

The management company of the chosen apartment complex was contacted for permission to recruit participants on the property site. The researcher then posted flyers at the complex, asking for male and female sophomores to participate in the study (see Appendix A). Those students who contacted the researcher, and met the criteria, comprised the third group of participants: three male and three female off-campus sophomores.

The sampling procedures resulted in 18 participants: three male on-campus freshmen; three female on-campus freshmen; three male on-campus sophomores; three female on-campus sophomores; three male off-campus sophomores; and three female off-campus sophomores. The researcher wanted to collect detailed information about the financial management behaviors of participants. Equal numbers of participants in each category were selected to ensure that reasonable comparisons could be made when the data were analyzed.

Participants who knew one another were not disqualified from selection, as the researcher believed they might motivate and monitor each other during the course of the study. Although it was possible that acquaintances might influence one another, this risk was outweighed by a need to maintain participation throughout the duration of the study and to minimize attrition once data collection was initiated.

Procedures

The steps used to collect data included the following: initial preparation and soliciting participation; a participant instructional meeting; and final, individual interviews with participants. Each step was designed to collect data related to the research questions under study.

Initial Preparation and Soliciting

Initial preparation for this study began by obtaining approval to conduct research from the Institutional Review Board for Research on Human Subjects at the institution under study. Stratified purposeful sampling was then employed to identify potential participants. A letter with information about the researcher and the purpose of the research was sent to the selected participants, including off-campus sophomores who had contacted the researcher. The letter described: an incentive for participating in the study; participant requirements and responsibilities; a time frame for the study; and, other details about the research project. The letters invited the students to participate, and stated that the researcher would call in a few days to confirm their willingness to participate (see Appendix B).

Four days after letters were mailed, the researcher called participants to ask if they had make a decision about participating. Those students who agreed to participate were provided information about the instructional meeting they were required to attend.

If students declined to participate, letters were sent to other selected participants who matched the appropriate characteristics (e.g., on-campus freshmen). These newly selected participants were contacted four days later to confirm their willingness to participate. This process was repeated until 18 participants with the required characteristics agreed to participate.

Participant Instructional Meeting

All participants were required to attend an instructional meeting as part of the study. One week prior to the required instructional meeting, all participants were called and reminded of the meeting. This meeting was designed to train all the participants at one gathering. Although this meant that participants met each other before data collection started, therefore, might have influenced one another's behavior during the course of the study, the researcher decided that the advantage of explaining the procedures to all participants at one time, and answering questions in one single session, outweighed any disadvantages that might result from familiarity among participants.

At the meeting, introductions were made, and the purpose of the study was reiterated. The researcher reviewed participant requirements and responsibilities. The time frame of the data collection period was described, and a supply of log sheets was given to each participant (see Appendix C).

Participants were asked to record all expenditures and income on the log sheets for a one month period of time. Participants were also told what information was needed for the final individual interview: all log sheets; checkbook registers from their personal checking accounts; and, current credit card bills from the month during which data were collected.

The researcher discussed the issue of confidentiality, and stressed the importance of candor when reporting data. To ensure confidentiality, participants were assigned identification numbers which were noted on all their records and documents. Participants were told that the numbers identified them by gender, class, and living arrangement only. The researcher hoped that assigning identifiable numbers to respondents would assure them that their confidentiality would be guaranteed, hence, maximize their willingness to participate fully and candidly.

The remainder of the meeting was used to answer any questions the participants had about the study or what was required of them. If questions were raised that could not be answered as they might skew the participants' responses, participants were told that such questions would be answered in full at the end of the study. For example, if a student wanted to know exactly what would be examined from the credit card statements, the researcher explained that an answer might cause participants to behave differently than they normally would during the period under study. To avoid that, the researcher asked participants to wait until the end of the study to learn why such documents were required. The researcher did assure participants that they could eliminate their credit account numbers from any documents before submitting them to the researcher. The instructional meeting was audio taped, with the permission of the participants, to ensure that any unanswered questions were addressed at the end of the study. An agenda for the instructional meeting is provided in Appendix D.

The incentive for participating in the study was a cash award of $50. This incentive was paid to the participants in two increments in order to maintain participation over the duration of the study. An initial $10 was paid to the participants at the conclusion of the instructional meeting. Each participant signed a statement promising to complete and return the log sheets, provide the researcher with their checkbook registers and credit card statements, and participate in a final individual interview. If any of the requirements were not completed, the participant was responsible for returning the $10 to the researcher and would not be eligible for payment of the remaining $40 (see Appendix E). The balance of the incentive was paid to participants at the conclusion of their final interviews.

Final Interviews with Participants

During the month that they were recording data on log sheets, the researcher called participants weekly to find out how data collection was proceeding and whether they had any questions or concerns. During the third weekly phone call, participants were asked to schedule a time for their final individual interview. Two days prior to the interview, each participant was called and reminded to bring the appropriate documents to the meeting.

With the permission of the participant, each final individual interview was audio taped. Some initial comments, four major questions, and some final comments guided the interview. A protocol was employed to conduct the interviews, and is provided in Appendix F.

Initial Comments

The initial comments of the final interview were designed to accomplish three things. First, the sensitive nature of the interviews was acknowledged, since the participant's personal financial situation would be discussed. Second, the process for ensuring confidentiality was addressed, and the participant was asked to give honest and candid answers to the interview questions. Third, participants were told that they would not be judged on any information they disclosed to the researcher, as the researcher was only interested in what behaviors they engaged in when managing money, not whether their behaviors were "good" or "bad." Following these comments, the four major questions were asked.

Four Major Questions

The main purpose of the interview was to understand what behaviors the participants engaged in. The interview questions were designed to elicit data related to the research questions. The researcher wanted to learn where students spent their money, on what kinds of items, and how and why students made the financial decisions they did. To accomplish this, information was needed about: the log sheets of expenditures and income; the participant's larger financial picture; any effect this study had on the participant; and, how the participants rated themselves on handling money. This information was collected by asking the participants four major questions. Participants were given time to respond to these questions, and to answer other prompt questions, if necessary.

To understand the log sheets, the first question asked participants to explain each entry. As the participant did so, the researcher interjected questions asking why a particular purchase was made, or what was going on when an expenditure was noted. These questions were tailored to each individual's logbook, in order to understand why participants made decisions to spend money in the ways they did.

The second question was designed to understand the participant's larger financial picture. The researcher asked participants to explain where their income and spending money came from, and to characterize their financial relationship with their family. The researcher prompted this discussion with questions about who was paying tuition, whether the participant had a job or received financial aid, and the specific amounts of money which contributed to income.

To determine if the log sheet exercise had any effect on participant behavior, the third question asked participants to talk about their experiences with the log sheets, and to describe any changes they made since beginning the log sheet exercise. The participants were asked if the log sheets were difficult to maintain, or if there were any problems that they discovered while recording the data.

The fourth question was designed to examine how participants rated themselves on handling money. The participants were asked to rate their money management skills, on a scale of one to five, where one represented poor and five represented excellent. Participants were then asked to explain why they had rated themselves in the way they had, and were asked if there were any specific money handling skills they would be interested in learning. Although none of the research questions was designed to rate students' money management behaviors, these data were solicited so that they might inform the researcher about skills that might be addressed in future professional practice and programming.

Final Comments

After participants responded to the four major questions, the researcher summarized what had been discussed into key points. Each participant was offered an opportunity to add, delete, or make changes to the key points. The researcher then made photocopies of the participants' remaining data, which included checkbook registers dated during the same period as the log sheets, and any current credit card statements. While the participant was still in the room, the researcher coded all the collected data by writing the appropriate participant number on all documents, and eliminating any other information on the documents which might identify individual participants. The researcher reassured participants that their confidentiality would be respected, and thanked them for their time. The balance of the incentive ($40) was paid, and participants were told to contact the researcher if they had any further questions.

Data Analysis

The collected data were analyzed for two purposes. The first purpose was to understand where participants spent their money, and on what kinds of items. This information was collected through analysis of the documents.

The second purpose was to understand how and why the participants made the financial decisions they did during the period under study, and to gain an understanding of their larger financial situations. This information was collected through analysis of the individual interviews.

Document Analysis

The documents which were analyzed included the log sheets, checkbook registers, and current credit card statements submitted by participants. All the documents were reviewed for frequency of different kinds of entries. It was assumed that certain groups of entries would likely emerge about the kinds of expenditures students incurred. These entries were assigned to categories of expenditures and categories of income. For example, entries relating to food items were likely to be recorded. These entries were assigned to subcategories. For example, some entries indicated that students had eaten food at a restaurant, while others indicated that students had gone to the grocery store. Those entries were placed into subcategories under a main category entitled “food”. Entries which related to restaurant expenditures were assigned to the “restaurants” subcategory of the “food” category. Entries which related to grocery store expenditures were also assigned to the “food” category, but were placed in a “grocery store” subcategory. Each item on the log sheets, each item on the checkbook registers, and each item on the credit card statements was placed into a category, and an appropriate subcategory.

Similarly, it was assumed that certain groups of entries would likely emerge about the kinds of income students received. For example, entries relating to money from jobs were likely to be recorded. These entries were assigned to subcategories. For example, some entries indicated that students had received money from a regular job, while others indicated that students had received money from a one-time only job. Those entries were placed into subcategories under a main category entitled “jobs”. Entries which related to regular jobs were assigned to the “regular” subcategory of the “jobs” category. Entries which related to one-time only income were also assigned to the “jobs” category, but were placed in a “one-time only” subcategory. Each income item on the log sheets, and each income item on the checkbook registers was placed into a category, and an appropriate subcategory.

Types of expenditures and income were then counted for frequency. A ratio between monthly income and expenses was calculated to discover if students spent more, or less than their monthly income during the period under investigation. Finally, the frequency with which students used checks, cash, and credit cards were calculated to determine which payment method students used most for expenditures. These results were then combined with data elicited from the interviews, and reported for the different groups of students: on-campus freshmen, on-campus sophomores, and off-campus sophomores.

Interview Analysis

To analyze the data collected in the interviews, the interview tapes were first transcribed. It was assumed that as the tapes were transcribed, certain themes would emerge about the financial management behaviors of students. As these themes emerged, subthemes also emerged. For example, a theme about sources of income was likely to emerge since all participants were asked to describe their sources of income. Each time the participants mentioned sources of income related their to fathers, mothers, parents, or grandparents, the comments were assigned to the “sources of income” theme, and the “family” subtheme within that theme. Each time the participants mentioned work-related words, those comments were placed into a “job” subtheme, also within the “sources of income” theme. The frequency with which themes and subthemes were mentioned were calculated. This technique enabled the researcher to not only identify the themes participants used to describe their money management behaviors, but the weight which could be assigned to each theme and subtheme in interpreting the results. These results were then combined with the document analysis and reported for the different groups of students: on-campus freshmen, on-campus sophomores, and off-campus sophomores.

The document analysis and the interview analysis allowed the researcher to describe the general financial management behaviors of participants. These data were used to answer the first research question about how students managed their financial resources.

To answer the second research question under study, the differences between on-campus freshmen and on-campus sophomores, the data were sorted into freshmen and sophomore on-campus students. The data were compared to produce results which answered the second research question.

To respond to the third research question about differences in the money management behaviors of on- versus off-campus sophomore students, the data were sorted into groups of on-campus sophomores and off-campus sophomores, and compared. The results from this comparison allowed the researcher to answer the third research question.

Authenticity and Trustworthiness

The authenticity of this study was enhanced in two ways. First, two of the three documents from each participant were primary sources. The checkbook registers and current credit card statements were documents which directly related to the participants' financial management behaviors and which could not be manipulated to any great extent by participants. Second, the interview protocol was examined by several people with expertise on the topic to ensure that the questions would elicit appropriate data that was relevant to the research questions.

Trustworthiness for this study was enhanced in three ways. First, it was reasonable to assume that any student who had a checking account and credit card would be able to produce checkbook registers and credit card statements. These documents were not unique to the participants in the study. It was possible that any number of students could have been selected for this study and would have been able to produce the same documents.

The second way trustworthiness was enhanced was through triangulation of the data recorded in the three types of documents and the data provided through the interviews. Consistent data elicited through two or more data sources (triangulation) enhances the trustworthiness of results in qualitative studies (Stage, 1992).

Third, trustworthiness was enhanced through participant confirmation of information. At the end of the individual interview, the participant's key points were summarized, and the participant was offered an opportunity to add, delete, or make changes about that information, thereby ensuring that the results actually represented what the respondents thought was important.

Summary

This chapter described the sampling procedures, the data collection procedures, and the data analysis techniques employed in the study. A combination of techniques was used to gather data about the financial management behaviors of traditional-aged lower-division college students. The two techniques, document analysis and interviews, were deemed sufficient to gather the information relevant to the research questions posed in the study.

CHAPTER 4

RESULTS

In order to explore how students manage their financial resources, participants maintained log sheets of expenses and income for a one month period of time and then participated in hour long individual interviews with the researcher. Respondents also provided the researcher with copies of current credit card statements and checking account registers. Results from the data collection are described in this chapter. First a description of the sample is provided. Second, data collection procedures are described. Third, data analysis of the documents and interviews are reviewed. Finally, the results from each group (on-campus freshmen, on-campus sophomores, off-campus sophomores) are provided.

Description of the Sample

On-campus Participants

Solicitation of on-campus participants proceeded as outlined in Chapter Three, with two exceptions. The first related to the residence halls on campus from which participants were selected. At the campus under study, during the housing application process, students identify residence halls they prefer to live in. If students have a particular interest, they might opt to live in the hall where most students with that interest reside (e.g., the hall where many band members live). In order to broaden the sample so that participants would have varying interests, students were randomly selected from five residence halls rather than a single hall. These halls included: one large co-educational residence hall; two small co-educational halls; one small female residence hall; and, one small male residence hall. The halls were distributed geographically across the campus at the institution under study.

The second exception related to the actual number of participants in the study. After the first mailing of letters and follow-up phone calls, two male and three female freshmen, and two male and three female sophomores agreed to participate. Letters were then mailed to one additional male freshman and one additional male sophomore. Four days later, the two students were called to confirm their willingness to participate. The male sophomore agreed to participate. This respondent was then provided with information about the instructional meeting he was required to attend. The male freshman declined to participate, so the process was repeated twice more but failed to yield a third on-campus male freshman participant. At this point, the instructional meeting had taken place, and the data collection period had begun, so the researcher elected not to solicit any more participants and to analyze the results of the freshman on campus group based on five, rather than six, participants.

Off-campus Participants

Flyers advertising an incentive for participating in research were posted at a selected apartment complex. Students who called to respond to the flyer were screened for the appropriate characteristics (i.e., off-campus sophomore). The first three female and three male participants who met the criteria and agreed to participate were confirmed as participants in the study. These participants were then provided with information about the instructional meeting they were required to attend.

Overall, then, 17 total students participated in the study. The on-campus freshman group had five participants, the on-campus sophomore group had six participants, and the off-campus sophomore group had six participants. The number and gender of participants by group are provided in Table 1.

See Table 1

Data Collection Procedures

All participants were required to attend an instructional meeting as part of the study. This meeting was designed to train all the participants at one gathering. Not all participants were able to attend the first instructional meeting. A second instructional meeting was scheduled and took place within 24 hours of the first instructional meeting. This step allowed the researcher to provide all participants similar instructions. At the end of each meeting, respondents knew what was required to participate in the study, had signed informed consent forms, and were given the first portion of the incentive ($10).

After the first instructional meeting, it was clear that participants needed an example of how to complete the log sheets. The researcher wrote some guidelines for the log sheet experience, and distributed them at the second instructional meeting. The researcher then mailed the guidelines to all participants who attended the first instructional meeting as well (see Appendix G).

During weekly phone calls to participants, the researcher asked participants how the data collection was going, and asked participants to read their expenditures and income for particular dates. This served to encourage participants to maintain their log sheets on a daily basis. Additionally, participants were asked to confirm their subject number, or if they needed any more log sheets. During the second weekly phone calls, in addition to the previous questions, participants were asked if they had a credit card and if they had a checking account. These questions were asked to determine what specific information the researcher could expect from each participant at final interviews. The third weekly phone calls included questions similar to the first weekly phone calls. As the data collection period neared an end, participants were called to confirm their individual interviews, and reminded to bring copies of their credit card statements and checking account registers to that interview.

Once all the log sheets, checking account registers, and credit card statements had been collected, and all interviews had been conducted and tapes of the interviews transcribed, data analysis bagan. The log sheets were analyzed first, followed by the credit card and checking account registers, and finally, the transcripts.

Data Analysis

Log Sheet Decision Rules and Data Assignment

The log sheets were reviewed to identify different kinds of entries and the researcher created categories of expenditures. Subcategories of expenditures were also created. Every expenditure on every log sheet was then assigned to an appropriate category and appropriate subcategory.

The data revealed five major categories of expenditures. The first major category related to expenditures on Food. The Food category included subcategories of: Dining Dollars; Fast Food; Groceries; Meal Plan; and, Restaurants. Dining Dollars are an option offered by the Dining Services department on campus. Students allocate an amount of money from their meal card as money which can also be spent in the university bookstore, at vending and laundry machines on campus, and at local merchants. This option allows students to spend money for items other than food, without having to carry cash. The Dining Dollars subcategory included entries in which students spent money from their meal plan card for on-campus items such as food, drinks and snacks out of vending machines, laundry, and, bookstore items. Although some of these items are not truly food items, they could not be distinguished by the researcher as such, and such expenditures were limited. The Fast Food subcategory included entries in which students spent money at fast food restaurants (e.g., MacDonald's, Taco Bell), on snacks and drinks not from campus vending machines (e.g., Seven-Eleven), on alcohol, and for pizzas. Entries which indicated students had expenditures at grocery stores were placed in the Groceries subcategory. The Meal Plan subcategory included entries in which students spent money from their meal plan card to pay for a meal at an on-campus dining facility. The Restaurant subcategory included expenditures on food at restaurants.

Some participants indicated that they spent money off campus for food, but did not indicate whether it was Fast Food or Restaurant. The researcher determined that expenses less than $10 would be placed in the Fast Food subcategory, and expenses greater than $10 would be placed in the Restaurant subcategory.

Some students did not indicate on their log sheets the type of meal plan they used. Therefore, the researcher, with permission from the participants, retrieved computerized transactions of on-campus meal plan records from the Department of Residential and Dining Programs. The transactions were compared to the log sheets to determine whether expenditures should be assigned to the subcategories of Dining Dollars or Meal Plan.

The second major category related to expenditures on Entertainment. The Entertainment category included three subcategories: Amusement; Party; and, Other. The Amusement subcategory included entries in which participants spent money on CD's, videos, and movies. The Party subcategory included entries in which participants spent money at a bar, or to enter a club or party. Entries which indicated expenses on one-time only items, such as conferences, greek rush, and band competition, were placed in the Other subcategory.

The third major category related to expenditures on Transportation. Two subcategories, Car Maintenance and Gas, were created under the Transportation category. All entries which indicated students spent money on maintenance for their cars were placed in the Car Maintenance subcategory. Entries which indicated students spent money on gas, the bus, or metro, were placed in the Gas subcategory.

Expenditures related to bills were placed in a Bills category. Subcategories of bills included: Phone; Rent; Utilities; and, Credit Card. Although phone bills may be considered a utility, the researcher determined that phone expenditures would be compared by group, and therefore placed all phone expenditures in a separate subcategory. All entries relating to expenditures on rent were placed in the Rent subcategory. The Utilities subcategory included entries in which students spent money on water, electricity, internet, and cable. The Credit Card subcategory included entries in which students spent money to pay credit card bills.

The fifth major category related to expenditures on Miscellaneous items. This category was further itemized into five subcategories. The first subcategory, Beauty, related to entries in which students spent money on hair cuts or beauty supplies. Entries which indicated students spent money on clothes were placed in a Clothes subcategory. The Toiletries subcategory included entries in which students spent money on toiletries or paid to uses for laundry machines. The Computer subcategory included entries in which students spent money for computer-related costs. Any entries in which students spent money on photocopying, cigarettes, newspapers and magazines, and other items, were placed in the Other subcategory. One participant paid a room and board bill during the data collection period. This expenditure was also placed in the Other subcategory.

Similarly, major categories emerged about the kinds of income students received during the month under study. The researcher created five categories of income. Entries from log sheets were then assigned to categories of Income. The researcher determined the Income categories to be clear enough that no subcategories were necessary. The categories of Income included: Allowance; Financial Gifts; Job;

Reimbursements; and, ATM Withdrawals. The Allowance category included entries in which students received money from parents to support their living expenses. Entries which indicated students received financial gifts from friends or relatives were placed in the Financial Gifts category. The Job category included entries from a job or revenues from participating in this research. The Reimbursements category included returned items, rebates, and any money that was repaid to participants by friends. Finally, a separate category was created for ATM withdrawals. Although ATM withdrawals are not a true source of income for students, students were instructed to list these withdrawals as income for purposes of log sheets. These entries were placed in the ATM category.

For each category and each subcategory of expenditures, and each category of income, the total frequency of transactions per group was determined. An average frequency of transactions per group was determined. The total amount spent on transactions per group and the average amount per transaction per group were also calculated. For each category of expenditures and each category of income, the number of transactions per group handled in cash was determined. The same calculations were performed on transactions handled through credit cards and by check.

Credit Card Statement and Checking Account Register Analysis

The original research design called for the researcher to verify checking account registers and credit card statements at the time of individual interviews. Of the 17 participants, 14 reported one (or more) checking account(s). Nine (9) participants had one (or more) credit card(s).

Additionally, during the course of interviews, the researcher discovered students had other forms of financial accounts, including savings accounts, stocks and bonds, and Certificates of Deposit (CDs). Of the 17 participants, there were a total of 15 students with one or more savings account. Four (4) students had stocks and / or bonds, and four participants had CDs. As each group is described below, detailed information about financial accounts is provided.

Transcript Decision Rules and Data Assignment

A review of the transcripts revealed three themes. The first theme described students' Financial Relationships with their family. The second theme indicated whether students had well-developed, or under-developed Financial Skills and Knowledge. A third theme emerged that focused on participants' Self-Ratings of Financial Skills and Financial Knowledge.

Financial Relationships

The researcher analyzed the transcripts for participants' Financial Relationships with their families. The researcher rated each participant as having a good, fair, or poor Financial Relationship with family. Issues within this theme included: how family and students communicated about monetary issues; the extent of financial support from family; and, family's desire for their student to take financial responsibility.

The researcher determined that students with a good Financial Relationship were able to have financial conversations with family members. They described their parents as discussing financial issues with them, and challenging them to be financially responsible while in college. Students who were rated by the researcher as having a good Financial Relationship said the following kinds of things:

> I was really totally against it [getting a credit card] but, my parents wanted me to do it for credit reasons. For one thing, so I have some basis of credit for wherever I try to go, financially. So I have a background. Also for traveling uses, since I was traveling eight hours away for school (male on-campus sophomore).

> I had a CD for a while and then we put that into my account, and my dad said, 'This is for college, you don't really have any control over it but we are just going to put it in here so you can learn how to deal with it.' They pretty much set it up for me and told me how to work it. Then I had to take control of it, as far as calling the company and finding out what the rates were (male on-campus freshman).

The researcher determined that students with a fair Financial Relationship were also be able to hold financial conversations with family members, but in very different terms. They reported their parents asked if they were surviving on their available money, but did not challenge them to be financially responsible. Students who were rated by the researcher as having a fair Financial Relationship said the following kinds of things:

> My mom takes care of our living expenses, and then, with my parents being divorced, I think my dad likes, as far as money, he just spoils us so we will always know he's there. They never told us about budgeting (female on-campus sophomore).

> No. They [parents] never told me what to do. They know that I'm pretty well off with money so far. But if I did spend a lot of money, I would tell

> them. Maybe they would tell me to save up a little bit but they really wouldn't interfere with what I buy or do (male on-campus sophomore).

The researcher determined that students with a poor Financial Relationship were not able to have financial conversations with family members. They reported their parents did not ask or discuss money until it was too late and money had already been spent. Students who were rated by the researcher as having a poor Financial Relationship said the following kinds of things:

> She just called me up and she was like, oh, I have a question for you. She said, I got your bank statement today and I had almost $500 in my account, and now I'm down to $40. And she just wondered where all the money went. It was my money, and well, I got to choose how I wanted to spend it because it is money I worked for. But she was still mad at me. You know, cause that's a lot of money (female on-campus freshman).

> Right now, neither one of us are real happy about it but I'm pretty much financially dependent on my parents. Usually, I'll call Mom, bills are due, I have no money, send me money. She says okay I have no money either we'll work out something, and about a week later there's a check in the mail (female off-campus sophomore).

<u>Evaluation of Financial Skills and Knowledge</u>

A second theme identified in the transcripts was that of participants' Financial Skills and Knowledge. Participants' language was rated for well-developed and under-developed financial skills and knowledge. Language in the transcripts which were assigned to the well-developed Financial Skills and Knowledge category included comments which reflected students had long-term financial goals, and understood complex financial issues, such as interest rates. Examples include:

> If something happens and I have to pay for my college education, I want to be able to do that. And that's basically why I saved my money [over the summer]. So we talk about that and we talk about how we're gonna pay for college the next three years (female on-campus freshman).

> I know that [you should] pay your bills on time, avoid making interest payments on all credit cards, and by all means, maintain some kind of order. Organization has been a big problem this semester, but with my household expenses in my checking account, I can maintain organization fine on those, cause you're gonna have to (male off-campus sophomore).

> I've always been pretty good with money. I've never really been in debt, or owed large sums of money. I've always maintained enough money so I never really have a problem. So I always have money to buy things that I'm not expecting to. If my car breaks down, I can always handle that (male on-campus sophomore).

Language in the transcripts which was assigned to the under-developed Financial Skills and Knowledge category included comments which reflected students did not have long-term financial goals, and did not understand complex financial issues, such as ATM surcharges and credit card interest rates. Examples included:

> I also have a credit card but I haven't used that in like four months because I already maxed it out. I am still trying to pay all the bills. Well, actually, my mom is paying all the bills because she knows that I can't afford it so she's trying to pay off that bill (female on-campus sophomore).

> I didn't know it [ATM machine] was still taking out the 75 . Because I thought, by using the Credit Union one, like it wasn't going to do that, but it did anyway, because my mom told me, cause she called me a couple of days ago, and yelled at me for how much money I spent, but that's another story. But it turned out they took away $9 because of all the withdrawals I made (female on-campus freshman).

> I wrote a check and ended up owing them [the bank] $2.33. I just had to go pay it off. I deposited money and I tried to get it out and it said that my account was delinquent, so I had to pay them the $2.33 and then I was good. That's overdraft protection (male off-campus sophomore).

<u>Self-Ratings of Financial Skills and Financial Knowledge</u>

A third theme identified in the transcripts was that of participants' Self-Ratings of Financial Skills and Financial Knowledge. The researcher asked each participant how they would rate themselves on their Financial Skills on a scale of one to five, where one represented poor and five represented excellent. Participants responded with a number, then explained their response. The same scale was used to ask participants how they would rate themselves on their Financial Knowledge. The researcher determined that Self-Ratings would be compared with the researcher's evaluations of participants' Financial Skills and Knowledge.

Results from the analysis are described for each of the three groups. Specifically, each group is described in three areas: expenditures and income, financial accounts, and transcript themes.

On-Campus Freshmen

Expenditures and Income

During the one-month data collection period, Group 1, the on-campus freshmen, made 437 expenditures, totaling $2,517.73. A description of how the researcher organized the data on the table might assist the reader in interpreting that data. For example, of the 437 expenditure transactions, this group made 419 transactions in cash, and 17 transactions by check. Only one expenditure was made with a credit card. In the Food category, the on-campus freshmen spent a total of $1,108.50, an average expenditure of $3.10 per transaction. They made a total of 358 Food transactions, and averaged 71.6 transactions per person. The group's total income, less ATM withdrawals, was $501.88, received through 16 transactions. In the Allowance category, the on-campus freshmen reported a total group allowance of $328.44. Details on the remaining categories of expenditures and income are provided on Table 2.

See Table 2

Credit Cards / Checking Accounts

The on-campus freshmen had a total of six checking accounts, and three credit cards. One participant did not have a checking account, while two had one checking account, and the remaining two participants reported they had two checking accounts. Two respondents did not own a credit card and three owned one credit card each. Two students owned major credit cards (e.g., Visa, MasterCard), while one student carried a credit card paid for by his / her parent. This group had a total of eight savings accounts. Two students in this group mentioned having Certificates of Deposit (CDs) and one student mentioned owning some stock. Table 3 provides further account information about the participants in this group.

See Table 3

Transcript Themes

Of the on-campus freshman group, two students were found to have good financial relationships with families. Two other participants were found to have fair financial relationships with families, and one participant was found to have a poor financial relationship with his / her family (see Table 4).

See Table 4

The same students who were placed in the good Financial Relationship category were also placed in the well-developed Financial Skills and Knowledge category. Three participants were placed in the under-developed Financial Skills and Knowledge category. Both students in the well-developed category used a computer program, Quicken (1994), to maintain their financial accounts.

The freshman on-campus group Self-Ratings were varied. The participants who rated themselves most accurately, as compared to the researcher's ratings, were the two who had been placed (by the researcher) in the well-developed Financial Skills and Knowledge category.

On-Campus Sophomores

Expenditures and Income

During the one-month data collection period, Group 2, the on-campus sophomores, made 430 expenditures, totaling $2,891.89. Details about the group's expenditures and income are provided in Table 5. Of the 430 expenditure transactions, this group made 409 transactions in cash, and 17 transactions by check. Four expenditures were made with credit cards. Again, an example of how data on the table is organized may assist the reader in interpreting the information. In the Food category, the on-campus sophomores spent a total of $956.68, an average expenditure of $2.84 per transaction. They made a total of 337 Food transactions, and averaged 56.2 transactions per person. The group's total income, less ATM withdrawals, was $5,344.97, received through 28 transactions. In the Allowance category, the on-campus sophomores reported a total group allowance of $1,375.00.

See Table 5

Credit Cards / Checking Accounts

The on-campus sophomores had a total of ten checking accounts, and three major credit cards. One participant did not have a checking account, while one had one checking account, and the remaining four participants reported they had two or more checking accounts. Three respondents did not own a major credit card and three owned one major credit card each. One student had his / her own credit card, while two students carried a credit card paid for by a parent. One participant also owned a department store credit card. This group had a total of six savings accounts. One student in this group mentioned having CDs, and two students mentioned owning some stock. Table 6 provides further account information about the participants in this group.

See Table 6

Transcript Themes

Of the on-campus sophomore group, two students were found to have good financial relationships with families. Three other participants were found to have fair financial relationships with families, and one participant was found to have a poor financial relationship with his / her family (see Table 7).

See Table 7

Three students were placed in the well-developed Financial Skills and Knowledge category. Three participants were placed in the under-developed Financial Skills and Knowledge category.

The sophomore on-campus group Self-Ratings were varied. Only one student in this group rated him / herself inconsistent with the researcher's rating of under-developed Financial Skills and Knowledge. The remaining participants in this group self-rated in a manner consistent with the researcher's ratings.

Off-Campus Sophomores

Expenditures and Income

During the one-month data collection period, Group 3, the off-campus sophomores, made 241 expenditures, totaling $4,589.67. Details about the group's expenditures and income are provided in Table 8. Of the 241 expenditure transactions, this group made 198 transactions in cash, and 37 transactions by check. Six expenditures were made with a credit card. To provide the reader with an example of how to interpret the data on the table, in the Food category, the off-campus sophomores spent a total of $875.10, an average expenditure of $5.09 per transaction. They made a total of 172 Food transactions, and averaged 28.7 transactions per person.

See Table 8

The group's total income, less ATM withdrawals, was $3,186.80, received through 36 transactions. For example, in the Allowance category, the off-campus sophomores reported a total group allowance of $1,583.00.

Credit Cards / Checking Accounts

The off-campus sophomores had a total of five checking accounts, and four major credit cards. One participant did not have a checking account, while the remaining five participants reported they had one checking account each. Three respondents did not own a major credit card, two owned one major credit card each, and one respondent owned two major credit cards. Two students had their own credit cards, while one student owned one major credit card and carried a second major credit card paid for by a parent. One participant also owned a department store credit card. This group had a total of nine savings accounts. One student in this group mentioned having CDs, and one student mentioned owning some stock. Table 9 provides further account information about the participants in this group.

See Table 9

Transcript Themes

Of the off-campus sophomore group, three students were found to have good financial relationships with families. Two other participants were found to have fair financial relationships with families, and one participant was found to have a poor financial relationship with his / her family (see Table 10).

See Table 10

Four students were placed in the well-developed Financial Skills and Knowledge category. These students had good or fair Financial Relationships with families. Two participants were placed in the under-developed Financial Skills and Knowledge category.

The sophomore off-campus group Self-Ratings were varied. Only one student in this group rated him / herself inconsistent with the researcher's rating of under-developed Financial Skills and Knowledge. The remaining five participants in this group self-rated in a manner consistant with the researcher's ratings.

Summary

The results reported in this chapter revealed some very interesting patterns and trends which can be used to respond to the research questions posed in the study. A discussion of these results and their implications for future practice and research is provided in the final chapter of this report.

CHAPTER 5

DISCUSSION AND IMPLICATIONS

The purpose of this study was to examine the financial management behaviors of traditional-aged college freshmen and sophomores. Freshmen and sophomores who lived on campus were compared. Differences between sophomores living on campus and sophomores living off campus were explored as well. Data were collected in the form of a log sheet of expenditures and income over a one-month period of time, reliable financial documents (i.e., checkbook registers, credit card statements), and individual interviews.

The following summary is divided into eight sections. The first section provides a general description of each group. The next three sections directly answer the three research questions posed in the study. The fifth section relates the results from this study to previous literature. Implications for future practice and future research are provided in the sixth section. The seventh section discusses limitations to the study. General conclusions about the study are offered in the final section.

Description of Each Group

On-Campus Freshmen (Group 1)

The on-campus freshman group spent large amounts of money on food ($1,144.86), and the frequency of fast food transactions was highest in this group (14.8 per person). They also spent more money for parties than the other groups ($56 versus $52 for Group 2 and $6 for Group 3), and attended parties more often (4 times per month per person versus 1.5 per person for Group 2 and 0.5 per person for Group 3). These behaviors may indicate that freshmen are adjusting to eating in a dining hall and attempt to cope by eating something that is more similar to food consumed before college, fast food. Additionally, the frequency with which they expend monies on parties, and the amount they spend suggest that freshmen actively pursue social involvement to gain acceptance in their new environment. Spending money on food and at parties may allow members of this group a place and manner in which to be social and develop relationships.

The freshmen also reported high phone bills ($197.01). Their phone bills are likely long distance calls to family and friends from high school and may indicate a lingering attachment to home. Calling friends and family may reflect another coping mechanism for adjusting to college life.

Costs for miscellaneous items ($651.72) may be associated with items needed for new living arrangements (e.g., posters, bedding). Again, such costs may be associated with the behaviors freshmen engage in to adjust to college life.

The freshman on-campus group’s total monthly expenditures ($2,554.09) were five times greater than their total monthly income ($501.88). These figures suggest that students spend money other than their monthly income, or that monthly income from parents and jobs is not enough to cover a freshman's monthly expenses. Money for these additional expenditures may have been saved prior to college, possibly from a summer job. It is also possible, however, that savings did not occur, or did not occur in sufficient amounts to continue to cover the difference between income and expenses that accrue over the full academic year. In other words, the income and expense patterns revealed in this analysis suggest that freshmen may well run out of funds long before the end of the academic year, and that budgeting does not seem to be prevalent among the members of this group.

These data do not reflect expenses associated with tuition and room and board fees, which were paid at the beginning of the semester. With a monthly portion of these fees included, this group's expenditures are even higher than reported in the study.

Many of the students in this group managed more than one financial account, usually one at home, and one at school. Such data suggest students must make choices about the accounts from which they choose to withdraw money. The data also indicate that students and parents make conscious choices to open local bank accounts, hence create local financial access while at college.

Students with both well-developed and under-developed Financial Skills and Knowledge had different types of financial accounts and different numbers of accounts. The data suggest there was no relationship between students' management of finances and their ratings in terms of Financial Skills and Knowledge. For example, one student managed four accounts, but was rated as having under-developed Financial Skills and Knowledge. Therefore, it is possible for students to have a limited understanding of financial management, yet still manage more than one account. These data suggest some freshmen students are being placed in financial situations which are beyond their management capabilities.

It should be noted that Group 1 consisted of five participants, as opposed to six participants in Groups 2 and 3. If an additional participant had been included, this group's data could have revealed different patterns. This should be kept in mind as groups are described and compared.

<u>On-Campus Sophomores (Group 2)</u>

The sophomores on campus lived within their income for the one-month period under study. Their expenditures amounted to $4,212.65, while their total income was $ 5,344.97. It is important to note that Group 2 was the only group to live within their means for the time period under study.

Students in this group spent more on personal amusement items in the Entertainment category than participants in other groups ($166.24 versus $40.34 for Group 1 and $73.14 for Group 3). Consistent with the description of on-campus freshmen who possibly purchase items to adjust to college life, perhaps on-campus sophomores are more adjusted to living on campus, and therefore spend less money pursuing social involvement and more money on items for personal amusement.

Group 2 spent a significant amount of money on miscellaneous items like clothes, beauty supplies, and football tickets for friends ($2,288.44). It is possible that sophomores on campus recognize their food and entertainment expenses are lower than the previous year, hence, choose to spend money in different ways. Perhaps sophomores on campus are still looking for ways to make residence hall living comfortable by purchasing miscellaneous items.

The data also do not reflect expenses associated with tuition and room and board fees, which were paid at the beginning of the semester. If a monthly portion of these fees were prorated over the academic year and included in the expenses analyzed in the study, this group's expenditures would have been higher than reported here. In other words, it is possible that students in this group spend even more than actually reported.

These students reported receiving more allowance ($1,375) from parents than the freshman group ($328.44), and their income ($5,344.97) was greater than their expenditures ($4,212.65). Perhaps sophomore students have had conversations with their parents about first year finances, and have made efforts to change spending habits. It is possible sophomores have chosen to limit their spending, or that parents recognized students need more spending money.

All but one student in this group were still managing bank accounts at school and at home. This data is consistent with the on-campus freshmen group. Perhaps students and parents feel that management of financial accounts in two locations worked well the previous year, and therefore did not choose to alter their account status.

Five out of six students self-rated their Financial Skills and Knowledge consistent with the researcher's evaluation of Financial Skills and Knowledge. Only one participant rated him / herself as having Financial Skills and Knowledge of "four" or higher, yet was rated by the researcher as having under-developed Financial Skills and Knowledge. There was no relationship between well-developed or under-developed Financial Skills and Knowledge and the number and types of bank accounts students had. Similar to the freshmen group, it is possible for students to have a limited understanding of financial management, yet still manage more than one account.

Off-Campus Sophomores (Group 3)

Students in this group spent less money on food in general ($875.12 versus $1,144.86 for Group 1 and $956.68 for Group 2). The highest amount reported for food was in the Grocery subcategory ($362.92). Off-campus sophomores did not eat fast food as often as the other groups (7 times per month per person versus 14.8 per person for Group 1 and 9.5 per person for Group 2). These behaviors indicate that students who live off campus have kitchens and cook their own meals. Hence, they spend more on groceries, and do not go out to eat as often as other groups.

Additionally, this group spent less money on parties in the Entertainment category ($6 per person per month versus $56 for Group 1 and $52 for Group 2). Perhaps this is because students who live off-campus have their own space to entertain, so they chose to remain at home more often.

During the course of interviews, sophomore students indicated they did not go home as often as the year before. This information was not reported in the previous chapter because it did not directly relate to the research questions. However, in analyzing the transcripts, the researcher made note of this reported behavior. Off-campus sophomores spent less money on gas ($59.25 versus $99.16 for Group 1 and $73.88 for Group 2), and did not mention going home to family as often in their interviews. Consistent with the assumption that sophomores have adjusted to college life, these sophomores chose to remain close to campus, rather than go home to visit family and friends.

Additionally, a majority of this group reported in their interviews that they rode the bus to school, a form of transportation which is free to students at the institution under study. It is possible sophomores off campus are more cost conscious. It is equally as possible that they use public transportation because they are unable to find available parking on campus. In either case, their expenses are lower than for the other two groups.

The off-campus sophomores paid the highest amount of money in monthly bills ($2,988.36), due to increased monthly costs associated with living in an apartment. It should be noted that the data on bills may be slightly misleading. One participant in this group did not pay any bills during the one month under study, and relied on his/her roommates to cover for him/her. This student had very little money, and was rated as having under-developed Financial Skills and Knowledge. Therefore, the dollar amounts spent on bills reported in the results were really generated by only five of the six participants in the group. In other words, the data are possibly disproportionately low.

This group also spent less money on miscellaneous items ($351.02). It is possible that sophomores who live off-campus had already purchased many of the items they need (e.g., bedding, posters) when they were freshmen, and no longer have the need to spend funds for such items once they move off campus. Such an explanation would be somewhat surprising, though, since living off campus also normally entails purchasing items like pots, pans, dishes and furniture. Perhaps students obtain these items from families, or purchased these items prior to the data collection period, as the data collected here do not suggest they are spending funds on items needed for apartment living.

Group 3's monthly expenses were greater than their monthly income by $1,500. Like Group 1, off-campus sophomores spend money other than their monthly income. Perhaps they planned ahead for the cost of living off campus, and saved money from a summer job to cover living expenses. It is also possible that this group did not fully account for off-campus living costs, because their knowledge was limited to on-campus living costs, as experienced the previous year.

Off-campus sophomores received the highest amount of monthly allowance from parents ($1,583). This may be explained by the fact that students who live on campus do not have monthly expenses for room and board; those were paid at the beginning of the semester. It is possible parents give off-campus sophomores greater amounts per month to cover monthly expenses.

Half of the participants in this group maintained bank accounts at home and at school. With all other financial obligations associated with off-campus living, such as rent, phone, utilities, and groceries, it is possible that these students combined accounts to better manage their finances. Perhaps students living on campus, who do not have off-campus financial obligations, do not feel such a need to better manage their financial accounts.

All the participants in this group self-rated their Financial Skills and Knowledge consistent with the researcher's evaluation of their Financial Skills and Knowledge. There was no relation between the researcher's evaluation of Financial Skills and Knowledge, and the number of financial accounts that students in this group manage. As with Groups 1 and 2, it is possible for students to have a limited understanding of financial management, yet still manage more than one financial account.

General Financial Management Behaviors

The total amount of expenditures for all 17 participants was $11,582.54. These participants made 1,104 expenditure transactions in one month. Their monthly income totaled $9,033.65. Therefore, students spent $2,548.89 beyond their monthly income. To examine this pattern, the researcher calculated the money spent in each category and what percentage of overall expenses each category represented.

Expenditures in the Food category totaled $2,976.66, which accounted for 26% of the total expenses of all participants. Six percent (6%) of the total funds expended were spent on Entertainment ($702.63), and 4% of the total funds expended were spent on Transportation ($510.99). Students spent $4,101.08 (35% of total expenses) on Bills. The amount of expenditures on Miscellaneous items totaled $3,291.18, which was 28% of the total funds expended. In general, they spent the highest percentage of their funds on Bills (35%), followed by Micellaneous items (28%), Food (26%), Entertainment (6%), and Transportation (4%).

A similar process was used to calculate what percentages of total monthly income were spent on each category of expenses. The amount spent on Food ($2,976.66) represents 33% of monthly income, while Entertainment expenditures ($702.63) represent 8% of monthly income. Transportation costs, which totaled $510.99, represent 6% of monthly income. Forty-Five percent of monthly income was allotted toward Bills ($4,101.08), while 36% was spent on Miscellaneous items. These percentages total 128% of monthly income. Therefore, students spent all of their monthly income, plus an additional 28%.

The total monthly expenditures for all three groups exceeded their total monthly income, in one case by five fold. This leads the researcher to posit that students may not budget their finances on a monthly basis. Perhaps they planned ahead for college spending habits by saving money from summer jobs. It is also possible, however, that they do not budget at all, and simply spend more than they can really afford.

The latter conclusion is supported by additional information that emerged in interviews. Some students managed their finances only with available cash, and did not incur debt through use of credit cards or loans (n = 14). Other students utilized credit cards to make purchases, did not pay their credit card balance in full each month, hence carried a debt from month to month (n = 3). These data suggest that some students mismanage their personal finances by incurring debt and possibly a bad credit history, while others manage their personal finances without incurring debt, but may not employ long term (academic year) budgeting skills.

Contrary to the researcher’s assumption that sophomores both on and off campus would have greater financial management experience than freshmen, and, therefore, more well-developed financial skills and knowledge, sophomores described varied Financial Relationships and demonstrated varied Financial Skills and Knowledge. There is no indication that as these students gained financial experience, or assumed additional financial responsibilities, they developed better Financial

Skills and Knowledge, or better Financial Relationships. In particular, Financial Skills and Knowledge seem to be a result of the family's influence on students, and the family's attitudes about money. For example, some students who had fair Financial Relationships also had under-developed Financial Skills and Knowledge (n = 4). These students and their families rarely communicated with one another about money or financial issues, and were rarely challenged to be financially responsible. This negative influence inhibited students from learning about financial issues from family.

Participants in this study generally managed more than one bank account, usually one near the institution under study, and one near home. If students chose not to open an account near the institution, they dealt with extra expenditures like surcharges associated with ATM withdrawals. These behaviors suggest that students (and parents) do not make financial arrangements which are advantageous and may save money. For example, combining two savings accounts into one savings account might increase the interest earned on the total amount if one account carries a higher interest rate. Another example would be to establish accounts at a bank which is located both near campus, and near home, taking advantage of financial incentives that may exist for multiple accounts at the same bank (e.g., withdrawing money without incurring ATM charges).

During the course of interviews, students reported they had few conversations with peers about issues of money management. This information was not reported in the previous chapter because it did not directly relate to the research questions. However, in the transcripts, the researcher made note of these reported behaviors, as they seemed relevant. In general, money seems to be one subject students do not discuss with one another. If participants did discuss financial situations with roommates or friends, participants reported these conversations to be difficult and frustrating. Examples include:

> I'm always going around and turning their lights off, and their computer off, things like that. I'm the one who says, I bought the peanut butter this month, 50 in the jar, please. Neither of them even seem to think that way (female off-campus sophomore).

> Basically, we [participant and roommate] have a third roommate, that is his girlfriend, that is not paying a cent towards me, for food, and residence, and stuff like that. But she does her equal share, I guess, of taking care of things. Does it piss me off? Yes (male off-campus sophomore).

> Now that I know she has the money, I'm gonna make it real clear that when I write the big check to pay the bills, I want checks from both of

> them right there. Before I knew she didn't have a lot of money, so I kinda let it slide. But now that I know she has it, I'm definitely going to be more up front about it. I don't like having people owe me so much money like that, especially so much (female off-campus sophomore).
>
> We [participant and one roommate] are basically a lot alike in that we budget money. We can spend this much money this week. My other roommate ends up about two weeks before the month is out, flat broke and trying to weasel money and food out of us. That gets annoying, but the two of us try to keep a handle on what's going on (male off-campus sophomore).

These data suggest that students view personal finances privately, and are uncomfortable discussing financial matters publicly. Perhaps this relates to the social taboo of disclosing family income and financial background or status. Students did not seem able to differentiate between discussing personal finances, and discussing issues related to joint financial responsibilities, as in a roommate situation. Any financial conversation with friends and roommates was perceived as a difficult conversation. Students seem to lack the communication skills, confidence, and assertiveness, necessary to discuss financial matters with friends and roommates.

Money Management Among On-Campus Residents

Similarities

On-campus freshmen and sophomores spent a similar amount of money on parties in the Entertainment category ($56 for Group 1 and $52 for Group 2). It is likely that students who live on campus do not feel that residence hall life is exciting enough, hence go out more often to be entertained. Additionally, traditional freshmen and sophomores are not of legal drinking age, and are more likely to be reported by a Resident Advisor if caught drinking on campus. Attending off-campus parties therefore becomes an easy way to access alcohol, as well as an opportunity to leave their residence hall rooms for a while.

Both these groups managed more than one account, usually one near home and one near campus. Perhaps students maintain financial accounts near home to have access to funds during school holidays and summer vacations, while they maintain financial accounts near campus to have easier access to their finances during the school year. At any rate, the pattern is the same for both groups.

Differences

One major difference between on-campus freshmen and sophomores is the amount of money they spend on food. Freshmen spend money more frequently on food (71.6 versus 56.2 transactions per month), and they spend more money than sophomores on food ($3.20 versus $2.84 per transaction). It is possible that these behaviors relate to freshman transition issues. Freshmen could be attempting to use these food expenditures (eating out with groups of friends) as means to gain social acceptance, to fit in and make friends. Sophomores arrive for a second year at college with an established group of friends and are comfortable living at college, hence may spend less on food.

Another difference noted was the subtotal of expenditures. On-campus sophomores spent almost twice as much money as on-campus freshmen over the one month period of time ($4,212.65 versus $2,554.09). However, the sophomore group's income was significantly higher ($5,344.97 versus $501.88), which would allow this group to spend more freely. Additionally, the sophomore group's income exceeded their monthly expenditures, which was not the case with the freshman group. Perhaps sophomores living on campus have a greater sense of living costs because they have been on campus for an additional year, hence have more experience related to finances while at college.

Again, however, it should be noted that data may be misleading because the freshman group consisted of five participants, while the sophomore group consisted of six participants.

Money Management Among Sophomores

Similarities

Two similarities were noted between the on- and off-campus sophomore groups. One similarity related to the total amount of expenditures the groups made. Both the on- and off-campus sophomores had monthly expenses totaling over $4,000 ($4,212.65 for Group 2 and $4,815.80 for Group 3). This similarity may be surprising because costs normally associated with on-campus and off-campus living seem vastly different. Off-campus sophomores pay rent, utilities, and other costs not associated with living on campus. The results do not reveal any explanation for this similarity, but it is important to note nonetheless.

The second similarity between the two groups was that a majority of sophomores (n = 11) rated their Financial Skills and Knowledge consistent with the researcher's evaluation of their Financial Skills and Knowledge. Perhaps because these students have been living on their own for an extended period of time, they have come to realize their Financial Skills and Knowledge in the context of financial issues most adults face.

Differences

Overall, those sophomores living off-campus incurred greater expenses in the Bills category ($2,988.36 for Group 3 versus $605.71 for Group 2). Perhaps this discrepancy in cost is associated with the differences between on- and off-campus living. Naturally, apartment living incurs greater monthly expenses, including rent, phone, cable, and other utilities. For those living on-campus, these costs are factored into room and board fees, which are paid for at the beginning of the semester.

Additionally, off-campus sophomores incurred fewer expenses in the Food ($875.12 versus $956.68) and Miscellaneous categories ($351.02 versus $2,288.44). These differences are likely also attributed to the differences between on- and off-campus living. Students who live off-campus are not required to purchase a meal plan, as opposed to those students living on campus. Therefore, off-campus students purchase their food from groceries and cook it at home, while on-campus students must utilize their meal plans to purchase pre-prepared food, which costs more, or spend their own money at restaurants off campus.

The total monthly amount spent on Phone Bills was $522.97 for on-campus sophomores and $408.93 for off-campus sophomores. At this institution, on-campus students pay only for long distance calls as the monthly cost of having a phone is included in room and board fees. Therefore, on-campus students spent a significant amount of money for long distance calls, as opposed to off-campus sophomores, who paid for long distance calls in addition to a basic monthly charge. Perhaps on-campus residents perceive the phone as a way to cope with living on campus, while off-campus students perceive phone calls as an additional bill. It is equally possible that the results are simply an anomaly of the small sample size.

Finally, on-campus sophomores kept their expenses ($4,212.65) to levels within their monthly income ($5,344.97), while off-campus students spent more ($4,815.80) than their monthly income ($3,186.80). It is possible that this difference occurred because students and parents compared monthly living expenses to the previous year, when students lived on campus as freshmen. Those students who moved off campus might not have fully accounted for off-campus costs, while those students who remained on campus knew what expenses to account for.

Relation to Previous Literature

Some of the findings of this study confirm conclusions found in previous research, though one finding in the present study contradicts previous literature.

These findings relate to the topic areas of consumerism, ATM usage, credit, and, money management.

Eight of the 17 participants in the study were rated by the researcher as having under-developed Financial Skills and Knowledge. This rating was based on students' language in their interviews. Students who were placed in the under-developed category were those who did not have long-term financial goals and did not understand complex financial issues. Students who were placed in this category are likely less prepared to make sound consumer decisions. These findings confirm the conclusions of Carsky et al. (1984), who suggested that college students are less prepared to make effective consumer decisions. These findings also confirm those of Dickenson and Shaver (1982), who reported there is a lack of overall consumer awareness on the part of college students.

During the one-month data collection period, students reported the amounts and frequency with which they withdrew money from an ATM machine. These numbers were calculated for each group. Group 1 made ATM withdrawals totaling $786.50, Group 2 made ATM withdrawals totaling $345.08, and Group 3 reported making ATM withdrawals totaling $210. These behaviors suggest students utilize ATM machines for account transactions. These findings are consistent with the findings made by Churaman (1985), who discovered patterns of high ATM use among college students.

Groups 1 and 3 were found to spend more than their total monthly income. This suggests students do not know how to budget their finances. Armstrong and Craven (1993) conclude from their study that there is a need for education on money management and credit.

However, contrary to research by Armstrong and Craven (1993), which suggested a high degree of credit card usage among college students, only five of the seventeen participants in the study were found to own credit cards.

Perhaps most important to note when discussing the relationship between the present study and previous research, however, is the fact that very little literature on this topic exists. Jackson and Pogue (1983) argue that more knowledge about student expenses is needed, and while this study provided some additional information to that body of knowledge, additional studies are still needed.

Implications

The present research revealed implications for both future practice and future research.

Future Practice

This study revealed data about actual financial management behaviors of college students. The results demonstrate students are in need of education about finances, ranging from basic budgeting to complex investing. One step toward meeting these needs would be to create institutional practices to meet these needs.

Institutions might enhance students' financial management skills by integrating information about such skills into basic level math or business courses. Students could be required, as part of the course, to keep track of their finances, establish a budget, and report on their experiences. Such an assignment would allow students to realize how much they spend, and on what items. They might better understand the implications of budgeting personal finances, and recognize how they can improve their current fiscal management behaviors.

Creating on office on campus which focuses on financial management issues might be another way to address this educational need. The office could be managed by financial counselors or graduate students with degrees in finance who would be available to students on a walk-in or by-appointment basis. As students identify specific financial management needs, financial counselors could educate and counsel students to meet those needs. If students felt they could discuss their financial matters in a non-judgmental and confidential manner, they might be more likely to take advantage of such a service. The costs associated with developing such an office include: creating and maintaining office space; purchasing videos, references, and other relevant materials that address financial issues; and, hiring and training financial counselors to work with students. Campuses need to weigh such costs against the benefits they might provide to students, but developing such services certainly merits consideration.

A third implication for future practice could involve student peer leaders. Peer leaders, including peer educators, resident advisors, orientation leaders, and business majors could be taught the basics of personal budgeting and financial management during the training they routinely receive related to their leadership roles. These students could then serve as peer advisors for students with financial concerns, or refer students to other campus or community agencies that could assist them. This approach could be advantageous as students frequently seek advice from peers, and such peer leaders would have first hand experience on how to deal with such issues. The disadvantages associated with such an approach might be that students would not feel comfortable confiding their personal finances to a peer, and would not seek advice. As the results in this study revealed, students do not talk about finances with their friends.

Additionally, orientation programs could address issues of budgeting, financial management, and credit card management with matriculating students and their parents. Sessions could be designed to create conversations between students and their parents about how money will be handled at college.

To promote communication about financial issues, institutions could provide workshops which focus on getting roommates and friends to discuss financial responsibilities. Workshops might target freshmen students and address how they might maintain communication with family about their personal financial situation at college. Workshops might also target students about to live off-campus, and focus on the greater responsibilities such students are about to assume. Programs could also be targeted to students currently living off campus and might focus on the expanded financial responsibilities they have assumed and how to cope with those responsibilities.

On many campuses, credit card companies are allowed to solicit students. Two students in the current study, who were rated by the researcher as having under-developed Financial Skills and Knowledge, reported during interviews they had credit cards on which they had reached their credit limits. Other interviews revealed that participants did not know the annual interest rate associated with their credit cards. It is likely that some students use credit cards inappropriately, or have little knowledge about finance charges associated with using credit cards. These results suggest that institutions should evaluate their current policies for allowing credit card companies to solicit on campus. Institutions could require companies to educate students about credit before approving and issuing credit cards.

Future Research

The present study also revealed several avenues for future research. While this study examined financial management behaviors of students at one institution, an investigation of student financial management behaviors at other institutions would enhance this body of literature. Students at institutions which provide financial management education could be studied to identify differences from students at campuses where no such services are provided. Likewise, a study about services related to financial management skills for students are currently being offered by campuses would be of interest.

An examination of student financial decision-making factors might shed light on why students make the financial decisions they do. For example, one participant chose to spend her money on items other than the bills she owed roommates. Understanding why she made these financial decisions might shed light on her financial priorities, and allow practitioners to program accordingly.

Finally, research on the financial management behaviors of college juniors and seniors might provide data about financial issues of upperclassmen. It would be interesting to see if such behaviors differ significantly from those of the freshmen and sophomores studied in this project.

Limitations

As with all research, the present study was not without some limitations. First, this study was limited because only students at one four-year institution were studied. The financial management behaviors of these students are not generalizable to college students at other institutions.

Second, this study targeted traditional-aged college freshmen and sophomores. Therefore, the results are not generalizable to non-traditional age students.

Third, the sensitive nature of the topic may have inhibited subjects in their responses. Although assurances of confidentiality were incorporated into the design of the study, the nature of the self-report techniques employed in the research risked answers which were not completely candid.

Additionally, participants were all volunteers, who may have differed in some way from non-volunteers. For example, the respondents may have volunteered for the study because of the $50 incentive offered for participation. If non-volunteers were utilized for the study, results might have differed.

Finally, assumptions that guided this study may have influenced the results. For example, the research assumed that freshmen and sophomores had sufficient knowledge to provide data that was trustworthy. If that was an inaccurate assumption, the results of the study are further limited.

Despite these limitations, this study informed student affairs practitioners about students’ financial management behaviors. It also described a design that student affairs professionals at other institutions might replicate. Overall, the present research provided valuable data about how students manage their financial resources while in college.

Final Conclusions

The results from this study revealed some interesting trends about college students and their financial management behaviors. First, students do not seem to budget on a monthly basis, often have expenditures which exceed their income, and, in some cases, misuse credit cards. Additionally, students do not become more responsible with their finances as they enter their second year of college or move off campus. Finally, students seem unable to discuss personal finances or financial responsibilities with peers and roommates. These trends demonstrate students lack basic financial management skills.

Student affairs professionals are committed to enhancing students' development through purposeful learning outcomes. Professionals provide opportunities which encourage holistic growth and development through comprehensive programs, services, and activities. However, financial management skills are overlooked as an aspect of this holistic development.

Although financial management is one responsibility college students must assume as adults, it is clear college students are unprepared for this responsibility. Currently, colleges and universities do not provide education or promote experiences related to financial management. This issue will not resolve itself; colleges and universities need to examine their practices in relation to educating students about financial management. Until college students have a full grasp on financial management skills, they will continue to graduate from college unprepared for adult life.

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Appendix A: Sophomore Off-Campus Flyer

WANT TO EARN **$50?**

If you are a Sophomore living in this apartment complex, please call me.
I need your help with my graduate research.

Heather 552-4679	Heather 552-4679
Heather 552-4679	Heather 552-4679
Heather 552-4679	Heather 552-4679

Appendix B: Participant Invitation

October 24, 1996

Student
Address

Dear Student:

You have been randomly selected as one of six on-campus freshmen to participate in a research project. You will be paid $50 for your full participation.

The purpose of this research is to understand how freshman and sophomore students manage their money. This study entails the following commitments:

1. Attend an informational meeting (1 hour) about the study. You'll receive $10 of the $50 at this time.

2. Maintain a log book of your income and expenditures for one month on the log sheets provided at the instructional meeting.

3. Meet with the researcher individually at the end of the month (for about 1 hour) to go over your log sheets and answer a series of questions. You will be asked to bring with you copies of your checking account register for that month, and any credit card statements you receive that month. When we're done with this interview, you will receive the remaining $40.

THAT'S IT. However, I realize some of this information is sensitive. The results of this study will be kept confidential. Your name will be eliminated from any information you provide, and only a subject number will identify you in any written reports of the research. The instructional meeting and interview will be audio recorded and the tapes will be destroyed after two years. You will receive an Informed Consent Form to review and sign at the instructional meeting.

I hope you will consider participating in the project, and I will be contacting you in the next couple of days to find out if you are willing to do so, and to answer any questions you might have about the study. In the interim, thank you for your consideration.

Sincerely,

Heather Nick
Graduate Student
College of Education and Human Resources

Appendix C: Log Sheet

See Appendix C

Appendix D: Instructional Meeting Protocol

Instructional Meeting Protocol

I. Introductions

A. Researcher and researcher's background

B. Participants

II. Purpose of the Study

III. Participant Requirements and Responsibilities

A. Log Sheets- maintain for one month

B. Final Individual Interview- bring log sheets, checking account register, current credit card statements

C. Incentive- discuss how incentive will be paid

IV. Other

A. Confidentiality- explain how documents and interview transcripts will be coded to ensure confidentiality.

B. Honesty

C. Non-judgmental

D. Question and Answer

V. Incentive

A. Informed Consent

B. Distribute first portion of incentive ($10)

Appendix E: Informed Consent

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

Informed Consent for Participants of Investigative Projects

Title of Project: Money Management Behaviors of Traditional-Aged

Freshmen and Sophomores: A Qualitative Study

Investigator: Heather Nick

I. Purpose of the Study

The purpose of the study is to explore how students manage their financial resources. Data is collected by asking 18 students to keep records of their expenditures over a one month period of time, and to provide the researcher with copies of reliable financial documents (i.e., checkbook registers, credit card statements). The study is designed to gain a better understanding of the financial behaviors of college students at a large, public, research university.

II. Procedures

Data will be collected in three phases: an instructional meeting, data collection on log sheets for a one-month period of time; and a final, individual interview. At the instructional meeting, the purpose of the study, participant requirements and responsibilities, and other relevant information will be discussed. Log sheets will be distributed. From October 21 to November 18, 1996, participants will log all expenditures and income on the log sheets. At the end of this time period, subjects will participate in a final individual interview. This interview will involve a series of questions, and copies of subjects' checking account registers and credit card statements for the period October 21 - November 18, 1996 will be collected. All information will remain confidential and anonymous.

III. Risks

There are no major risks associated with the study. Participants may experience some unease with revealing information of a personal nature (i.e., financial behaviors).

IV. Benefits of this Study

Participants will receive $50 for full participation in the study.

The results from this study will contribute to knowledge about how college students manage their financial resources.

Subjects may contact the researcher in May of 1997 to request a summary of the research results.

V. Extent of Anonymity and Confidentiality

Students will be assigned a subject number, to be referred to on all documents and interviews. Each subject number identifies the subject by class, gender, and living arrangement (e.g., on- or off-campus).

Audio taping of the instructional meeting and final interviews will occur. The tapes from those sessions will maintained in a locked box in the researcher's home. The tapes will be destroyed two years after completion of the study.

VI. Compensation

A portion of the incentive ($10) will be paid to participants at the end of the instructional meeting. The remaining balance of the incentive ($40) will be paid to participants at the end of the final, individual interview, provided all requirements have been fulfilled.

VII. Freedom to Withdraw

Participants are free to withdraw from the study at any time. However, participants are responsible for returning the first portion of the incentive ($10) to the researcher, if they do withdraw.

VIII. Approval of Research

This research project has been approved, as required, by the Institutional Review Board for Research Involving Human Subjects at VA Tech.

IX. Subject's Responsibilities

I voluntarily agree to participate in this study. I have the following responsibilities:

- I will honestly maintain a log book of income and expenditures for one month, 21 October to 18 November, 1996.
- I will schedule, attend, and participate fully in a final interview with the researcher, Heather Nick, and provide her with my completed log sheets, and copies of my checking account registers and credit card statements for the time period specified above. I will also answer any questions as honestly as possible.
- If I do not maintain my log book and/or participate in a final interview and/or submit appropriate documents, I understand that the $10 I have received today must be returned to Heather Nick. I also understand that I cannot expect to receive the remaining $40 incentive.

X. Subject's Permission

I have read and understand the Informed Consent and conditions of this project. I have had all my questions answered. I hereby acknowledge the above and give my voluntary consent for participation in this project.

If I participate, I may withdraw at any time without penalty. I agree to abide by the rules of this project.

____________________________________ ______________________

Signature Date

Should I have any questions about this research or its conduct, I may contact:

Heather Nick, Investigator..............................552-4679

Joan Hirt, Faculty Advisor...............................231-9700

Tom Hurd, Chair, IRB, Research Division.....231-5281

Appendix F: Interview Protocol

Final Individual Interview Protocol

I. Initial Comments

A. Explain process for interview

B. Discuss sensitive information, confidentiality and anonymity

C. Honest data, please

D. Non-judgmental

II. Can you go over your log book with me?

A. Where were expenditures made?

B. Was there anything out of the ordinary this month?

C. What do you think about your spending habits?

III. Please explain where your income comes from.

A. What is your cost of living? Break it down.

B. Who pays for what?

C. How would you describe your financial relationship with family? What kinds of conversations do you have with them about money? Are there any other financial relationships in your life?

D. Do you have a job? What do you do with your paycheck?

E. How are things different between your senior year in high school and your freshman year? What about between your freshman year and sophomore year?

F. What financial changes do you expect to make between now and when you graduate? After you graduate?

G. How did you learn what you know?

IV. How was the log book experience?

A. Did it make you think about your money differently?

B. Have you made any financial changes?

C. Any problems or difficulty in recording data?

V. How would you rate yourself on your money handling skills? What about your financial knowledge?

A. On a scale of 1-5, 1 = poor, and 5 = excellent

B. Why?

C. What financial or money management skills would you be interested in learning more about?

VI. Final Comments and Actions

A. Gather photocopies of checking account register, current credit card statements

B. Double check identifying number on all paper

C. Confidentiality and anonymity

D. Answers to unanswered questions from Instructional Meeting

E. How to get copy of results- send written request

F. THANK YOU

G. Distribute remaining portion of incentive ($40)

Appendix G: Log Sheet Guidelines

Guidelines for the Log Sheet

Please maintain a daily log. As this log sheet is for research purposes, it is imperative that it be absolutely accurate.

- Include all monetary transactions. Possible transactions include:

Date:	E I:	Amount:	Item, what for:	$$ Check CC:	If Income, source:
10/30	E	$6.00	Halloween Candy	$$	------
10/31	I	$50.00	ATM Deposit Check		Mom
11/5	I	$20.00	Withdrawal Cash	$$	ATM
11/5	E	$2.43	Lunch at Owens	$$	------
11/6	E	$23.67	Groceries	Check	------
11/12	E	$34.83	Phone Bill	Check	------
11/15	E	$56.74	New Clothes	CC	------

**Note the following: ATM deposits are considered Income, as are ATM withdrawals. Hokie Passport usage is recorded. Credit Card and Bills are recorded.

- You don't have to itemize (e.g., if you buy groceries, just record groceries in the Item section, not: milk; bread; cheese; cereal.)
- Anytime you go to an ATM, record that as Income. If you get a check from Mom, that's Income (Getting a check from Mom and depositing it are the same thing, you don't have to record it twice).
- If you get money from the ATM, record that as Income.
- If you purchase something illegal, such as beer (and you're under 21), please report this anyway. I will report my data anonymously, so you will not get in trouble.
- If you have a question, call me at 552-4679.
- I will be calling you on a weekly basis to see how things are going. PLEASE RETURN MY PHONE CALLS, as I have specific questions to ask you during the month.
- START DATE: MONDAY, OCTOBER 21, 1996. END DATE: MONDAY, NOVEMBER 18, 1996.
- Please don't forget copies (that I can read) of your checking account register and credit card statements when we meet in November.

Log Sheet

Subject # ___________________ Sheet # ____________

Date	Type E I	Amount	Item, What for	Payment Type $$ Check CC	If Income, Source of $
	E I			$$ Check CC	
	E I			$$ Check CC	
	E I			$$ Check CC	
	E I			$$ Check CC	
	E I			$$ Check CC	
	E I			$$ Check CC	
	E I			$$ Check CC	
	E I			$$ Check CC	
	E I			$$ Check CC	
	E I			$$ Check CC	
	E I			$$ Check CC	
	E I			$$ Check CC	
	E I			$$ Check CC	
	E I			$$ Check CC	
	E I			$$ Check CC	
	E I			$$ Check CC	
	E I			$$ Check CC	
	E I			$$ Check CC	
	E I			$$ Check CC	
	E I			$$ Check CC	
	E I			$$ Check CC	

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Table 1

Gender of Participants by Group

Gender	Freshman On-Campus Group	Sophomore On-Campus Group	Sophomore Off-Campus Group	Total
Male	2	3	3	8
Female	3	3	3	9
Total	5	6	6	17

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Table 2

Freshmen On-Campus Group Frequencies, Amounts, and Averages by Category (N = 5)

Category	Total Frequency	Group Average Frequency	Total Amount of Transactions	Average Amount per Transaction	# Transactions in Cash	# Transactions by Check	# Transactions by Credit Card
Expenditures							
Food	358	71.6	$1,144.86	$3.20	354	4	0
Dining Dollars	47	9.4	68.54	1.46			
Fast Food	74	14.8	303.49	4.10			
Meal Plan	221	44.2	553.46	2.50			
Restaurants	7	1.4	95.02	13.57			
Groceries	9	1.8	124.35	13.82			
Entertainment	28	5.6	$151.34	$5.41	26	2	0
Amusement	6	1.2	40.34	6.72			
Party	20	4.0	56.00	2.80			
Other	2	0.4	55.00	27.50			
Transportation	9	1.8	$99.16	$11.02	8	1	0
Car Maintenance	0	0.0	0.00	0.00			
Gas	9	1.8	99.16	11.02			
Bills	5	1.0	$507.01	$101.40	1	4	0
Phone	4	0.8	197.01	49.25			
Rent	0	0.0	0.00	0.00			
Utilities	0	0.0	0.00	0.00			
Credit Card	1	0.2	310.00	310.00			

Table 2 (continued)

Freshmen On-Campus Group Frequencies, Amounts, and Averages by Category (N = 5)

Category	Total Frequency	Group Average Frequency	Total Amount of Transactions	Average Amount per Transaction	# Transactions in Cash	# Transactions by Check	# Transactions by Credit Card
Miscellaneous	37	7.4	$651.72	$17.61	30	6	1
Beauty	1	0.2	10.00	10.00			
Clothes	4	0.8	245.60	61.40			
Computer	2	0.4	41.80	20.90			
Other	21	4.2	193.82	9.20			
Toiletries	9	1.8	160.50	17.83			
Subtotal of Expenditures	437		$2,554.09		419	17	1
Income							
Allowance	3	0.6	$328.44	$109.48			
Gifts	4	0.8	$31.75	$7.94			
Job	5	1.0	$50.00	$10.00			
Refunds	4	0.8	$91.69	$22.92			
Subtotal of Income	16		$501.88				
ATM Withdrawals	24	4.8	$786.50	$32.77			

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Table 3

Number of Accounts by Type for Each Participant in the On-Campus Freshman Group (N = 5)

Type of Account	Male Participant 1	Male Participant 2	Female Participant 1	Female Participant 2	Female Participant 3	Total
Checking	2	2	0	1	1	6
Savings	2	2	1	1	2	8
Major Credit Card	1 (own)	0	1 (parents')	1 (own)	0	3
Store Credit Card	0	0	0	0	0	0
Stocks/Bonds	0	0	0	1	0	1
Certificates of Deposit	1	0	0	1	0	2

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Table 4

Transcript Themes for Each Participant in the On-Campus Freshman Group (N=5)

Freshman On-Campus Participant	Financial Relationship (Good, Fair, or Poor)	Financial Skills and Knowledge (Well-Developed, Under-Developed)	Self-Evaluation of: Skills (Scale of 1 to 5, 1= Poor and 5= Excellent)	Knowledge
Male 1	Good	Well-Developed	4.0	3.0
Male 2	Fair	Under-Developed	4.0	3.0
Female 1	Poor	Under-Developed	3.0	5.0
Female 2	Fair	Under-Developed	3.5	3.5
Female 3	Good	Well-Developed	3.0	4.0

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Table 5

Sophomore On-Campus Group Frequencies, Amounts, and Averages by Category (N = 6)

Category	Total Frequency	Group Average Frequency	Total Amount of Transactions	Average Amount per Transaction	# Transactions in Cash	# Transactions by Check	# Transactions by Credit Card
Expenditures							
Food	337	56.2	$956.68	$2.84	335	1	1
Dining Dollars	20	3.3	20.61	1.03			
Fast Food	57	9.5	239.12	4.20			
Meal Plan	253	42.2	594.21	2.35			
Restaurants	4	0.7	80.49	20.12			
Groceries	3	0.5	22.25	7.42			
Entertainment	25	4.2	$218.24	$8.73	23	2	0
Amusement	16	2.7	166.24	10.39			
Party	9	1.5	52.00	5.78			
Other	0	0.0	0.00	0.00			
Transportation	10	1.7	$143.58	$14.36	8	0	2
Car Maintenance	1	0.2	69.70	69.70			
Gas	9	1.5	73.88	8.21			
Bills	6	1.0	$605.71	$100.95	1	5	0
Phone	4	0.7	522.97	130.74			
Rent	0	0.0	0.00	0.00			
Utilities	1	0.2	12.70	12.70			
Credit Card	1	0.2	70.04	70.04			

Table 5 (continued)

Sophomore On-Campus Group Frequencies, Amounts, and Averages by Category (N = 6)

Category	Total Frequency	Group Average Frequency	Total Amount of Transactions	Average Amount per Transaction	# Transactions in Cash	# Transactions by Check	# Transactions by Credit Card
Miscellaneous	52	8.7	$2,288.44	$44.01	42	9	1
Beauty	4	0.7	81.34	20.34			
Clothes	8	1.3	172.06	21.51			
Computer	1	0.2	5.21	5.21			
Other	30	5.0	1996.58	66.55			
Toiletries	9	1.5	33.25	3.69			
Subtotal of Expenditures	430		$4,212.65		409	17	4
Income							
Allowance	7	1.2	$1,375.00	$196.43			
Gifts	10	1.7	$216.00	$21.60			
Job	10	1.7	$427.97	$42.80			
Refunds	1	0.2	$3,326.00	$3,326.00			
Subtotal of Income	28		$5,344.97				
ATM Withdrawals	12	2.0	$345.08	$28.76			

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Table 6

Number of Accounts by Type for Each Participant in the On-Campus Sophomore Group (N=6)

Type of Account	Male Participant 1	Male Participant 2	Male Participant 3	Female Participant 1	Female Participant 2	Female Participant 3	Total
Checking	2	3	2	0	2	1	10
Savings	0	2	0	1	2	1	6
Major Credit Card	0	1 (parents')	1 (own)	0	0	1 (parents')	3
Store Credit Card	0	0	0	1	0	0	1
Stocks / Bonds	0	1	0	1	0	0	2
Certificates of Deposit	0	0	1	0	0	0	1

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Table 7

Transcript Themes for Each Participant in the On-Campus Sophomore Group (N=6)

Sophomore On-Campus Participant	Financial Relationship (Good, Fair, or Poor)	Financial Skills and Knowledge (Well-Developed, Under-Developed)	Self-Evaluation of: Skills (Scale of 1 to 5, 1= Poor and 5= Excellent)	Knowledge
Male 1	Fair	Well-Developed	4.0	4.0
Male 2	Good	Well-Developed	3.5	3.5
Male 3	Good	Well-Developed	3.5	3.0
Female 1	Fair	Under-Developed	1.0	1.0
Female 2	Fair	Under-Developed	2.0	2.0
Female 3	Poor	Under-Developed	4.0	4.0

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Table 8

Sophomore Off-Campus Group Frequencies, Amounts, and Averages by Category (N = 6)

Category	Total Frequency	Group Average Frequency	Total Amount of Transactions	Average Amount per Transaction	# Transactions in Cash	# Transactions by Check	# Transactions by Credit Card
Expenditures							
Food	168	28.0	$875.12	$5.21	161	11	0
Dining Dollars	40	13.3	59.25	1.48			
Fast Food	42	7.0	199.42	4.75			
Meal Plan	67	22.3	208.88	3.12			
Restaurants	3	0.5	44.65	14.88			
Groceries	16	2.7	362.92	22.68			
Entertainment	14	2.3	$333.05	$23.79	12	2	0
Amusement	8	1.3	73.14	9.14			
Party	3	0.5	6.00	2.00			
Other	3	0.5	253.91	84.64			
Transportation	10	1.7	$268.25	$26.83	5	0	5
Car Maintenance	2	0.3	209.00	104.50			
Gas	8	1.3	59.25	7.41			
Bills	22	3.7	$2,988.36	$135.83	5	17	0
Phone	5	0.8	408.93	81.73			
Rent	5	0.8	2339.00	467.80			
Utilities	11	1.8	204.63	18.60			
Credit Card	1	0.2	36.10	36.10			

Table 8 (continued)

Sophomore Off-Campus Group Frequencies, Amounts, and Averages by Category (N = 6)

Category	Total Frequency	Group Average Frequency	Total Amount of Transactions	Average Amount per Transaction	# Transactions in Cash	# Transactions by Check	# Transactions by Credit Card
Miscellaneous	23	3.8	$351.02	$15.26	15	7	1
Beauty	1	0.2	21.95	21.95			
Clothes	0	0.0	0.00	0.00			
Computer	0	0.0	0.00	0.00			
Other	15	2.5	215.64	14.38			
Toiletries	7	1.2	113.43	16.20			
Subtotal of Expenditures	237		$4,815.80		194	37	6
Income							
Allowance	12	2.0	$1,583.00	$131.92			
Gifts	2	0.3	$95.00	$47.50			
Job	11	1.8	$692.69	$62.97			
Refunds	11	1.8	$816.11	$74.19			
Subtotal of Income	36		$3,186.80				
ATM Withdrawals	9	1.5	$210.00	$23.33			

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Table 9

Number of Accounts by Type for Each Participant in the Off-Campus Sophomore Group (N=6)

Type of Account	Male Participant 1	Male Participant 2	Male Participant 3	Female Participant 1	Female Participant 2	Female Participant 3	Total
Checking	1	1	1	0	1	1	5
Savings	1	2	2	1	2	1	9
Major Credit Card	1 (parents')	0	0	0	2 (own & parents')	1 (own)	4
Store Credit Card	1	0	0	0	0	0	1
Stocks/Bonds	0	0	0	0	1	0	1
Certificates of Deposit	1	0	0	0	0	0	1

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Table 10

Transcript Themes for Each Participant in the Off-Campus Sophomore Group (N=6)

Sophomore Off-Campus Participant	Financial Relationship (Good, Fair, or Poor)	Financial Skills and Knowledge (Well-Developed, Under-Developed)	Self-Evaluation of: Skills	Knowledge
			(Scale of 1 to 5, 1= Poor and 5= Excellent)	
Male 1	Fair	Well-Developed	3.0	3.0
Male 2	Good	Under-Developed	3.0	4.0
Male 3	Good	Well-Developed	4.5	2.0
Female 1	Poor	Under-Developed	3.0	1.5
Female 2	Good	Well-Developed	4.0	4.0
Female 3	Fair	Well-Developed	4.0	3.0

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HEATHER A. NICK

Current Address:
609 South Main Street #3
Blacksburg, VA 24060
(540) 552-4679
hnick@vt.edu

As of May 17, 1997:
205 Darkwood Court
Lexington, SC 29073
(803) 794-7036

PROFESSIONAL SKILLS

* Computer Literate: word processing, spreadsheets, presentation applications and internet experience
* Excellent written, verbal, and counseling communication skills
* Budgeting and accounts payable experience
* Conflict Resolution/Conflict Mediation skills

EDUCATION

Master of Arts in Education, College Student Affairs
Virginia Tech, Blacksburg, VA, May 1997

Thesis: Financial Management Behaviors of Traditional-Aged Freshmen and Sophomores

Bachelor of Arts, Communication Studies
Seattle University, Seattle, WA, June 1995

EXPERIENCE

Employment History

Health Educator
University Student Health Services, Division of Student Affairs, Virginia Tech
June 1996-Present

- Selected, trained, and advised 12 paraprofessional Wellness Promotion Team members
- Presented educational and interactive programs on issues of health and wellness, alcohol, contraceptive choices, sexually transmitted diseases, HIV/AIDS, and cancer
- Created and implemented communication and facilitation skills training for 20 Peer Educators
- Coordinated campus-wide National Collegiate Alcohol Awareness Week (NCAAW) consisting of week-long events, including alternative programs, activities, and speakers
- Developed strategies for addressing health education needs of college students

Community Assistant
Residential and Dining Programs, Division of Student Affairs, Virginia Tech
August 1995-May 1996

- Hired, trained, and supervised staff of 100 Night Monitors, 8 Fitness Room Monitors
- Advised 9 Hall Councils on educational and recreational programming
- Acted as programming resource for 60 Resident Advisors
- Assisted with educational programs for 9 residence halls
- Provided safety and security training to 100 Night Monitors
- Maintained programming and staff development budgets for 9 residence halls, 9 Hall Councils

Practica

Residential and Dining Programs
Division of Student Affairs, Virginia Tech
Summer 1996

- Assisted in establishing Program Resource Room for Resident Advisors
- Compiled filing system of resources for Resident Advisors, including information and educational material

· Created procedures manual for administering recruitment and selection of 120 Resident Advisor candidates

YMCA Student Programs
Division of Student Affairs, Virginia Tech
Spring 1996

· Advised 3 Program Leaders for YMCA Student Programs

· Planned and implemented week-end retreat leadership training for 25 YMCA Program Leaders

Related

Facilitator, Resident Advisor Training Course
Residential and Dining Programs, Division of Student Affairs, Virginia Tech
Spring 1997

· Facilitated classroom instruction for 20 Resident Advisor candidates

· Performed weekly evaluation on 5 Resident Advisor candidates

Facilitator, Mock Interview Program
Career Services, Division of Student Affairs, Virginia Tech
Spring 1997

· Interviewed students in simulated employment interviews

· Evaluated performances of interviewees

· Advised students on effective interviewing techniques

First Year Experience - Residential Planning Committee
Residential and Dining Programs, Division of Student Affairs, Virginia Tech
Fall 1996-Spring 1997

· Developed and defined student staff job descriptions

· Created processes for staff application, selection, hiring, and placement

· Served on staff selection committee

· Designed student staff training program

· Created and marketed program to potential students

Senior Class Committee Coordinator
Center for Leadership and Activities for Students, Seattle University
September 1994-June 1995

· Coordinated Senior Class Committee of 10 members

· Managed $10,000 budget for senior class

· Planned social and educational activities for seniors, including major end-of-year event

Student Coordinator - Discovery Group
Student Development, Seattle University
September 1994-June 1995

· Hired, trained, and advised 10 Discovery Group Leaders in assessing group needs

· Coordinated student development program "Pathways Discovery Groups," which encourages students to participate in whole-person developmental conversations and activities

Orientation Coordinator
New Student Programs, Seattle University
February 1993-February 1994

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· Hired, trained, and supervised 25 Orientation Advisors
· Facilitated classroom instruction for 25 Orientation Advisors
· Coordinated three day outdoor orientation program for 250 incoming freshmen students
· Coordinated 6 day-long orientation sessions for incoming freshmen, transfer students, and parents

PROFESSIONAL

National Association for Student Personnel Administrators
Southern Association for College Student Affairs
Virginia Association of Student Personnel Administrators
Virginia Association for College and University Housing Officials
Association for Student Development, Virginia Tech

PRESENTATIONS

Women and Finances, Women's Center Lunch Discussion, Virginia Tech, February 1997
Women and HIV, Women's Center Lunch Discussion, Virginia Tech, November 1996
Contraception Class, Health Education, Virginia Tech, July 1996 - Present
HIV Class, Health Education, Virginia Tech, January 1997 - Present

REFERENCES

Available upon request