SECURE, COMFORTABLE, SHAKY, AND DISASTROUS:

EXAMINING THE CURRENT FINANCIAL SITUATIONS OF COLLEGE-AGED YOUTH

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Authorization to Submit Thesis

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Abstract

The economic downturn of 2008 tested America's financial management skills, and highlighted the nationwide issue of financial illiteracy. In today's consumer-driven society, it is crucial for youth to possess a foundational knowledge and skills in personal finance in order to be successful. The question remains: Whose job is it to teach youth about financial management? Some feel it is a responsibility of parents while others feel it is the education system's responsibility. Many researchers argue that it requires collaboration of formal and informal education, led by parents and teachers.

The following study examines the financial attitudes, perceptions, and behaviors of college youth, ages 18-29, at the University of Idaho. The results reveal significant relationships between current financial status and consistent savings plans, credit card and student loan debt. These young adults have a willingness to learn, but are lacking the education and modeling in order to establish healthy financial behaviors.

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Chapter 1

The recent economic crisis provided examples of how America's lack of financial literacy can impact families and college-aged youth (Jorgenson & Savla, 2010). Even in the strongest of economic times, managing one's finances can prove to be a difficult task if an individual is not equipped with the proper skills and resources (Financial Industry Resource Authority, 2014). A 1998 study by Volpe, Chen, and Pavlicko found that college students lacking financial knowledge made poor and ill-informed monetary decisions. College-aged youth have the spending power of roughly $172 billion a year, which retailers and credit card companies seek out, but unfortunately many of these individuals do not have the knowledge to make smart consumer decisions (Johnson & Sherradon, 2007). In order for college-aged youth to make wise personal financial decisions, they need to possess a basic level of knowledge and skills (Volpe, Chen, & Pavlicko, 1998; Jorgenson & Savla, 2010). Studies show that this population feels they do not have enough financial knowledge (Lusardi, Mitchell & Curto, 2010).

According to the results of the 2008 Jump$tart Coalition financial literacy survey of high school seniors, the level of financial literacy is the lowest ever among this age group (Mandell, 2008; Jorgensen & Savla, 2010). A recent survey was created for college students who did not score much higher, thus prompting the belief by many researchers that college-aged youth have an inadequate level of financial literacy (Mandell, 2008; Jorgensen & Savla, 2010). While the results of this survey are a few years old, the fact that little has changed to educate this age group support the conclusion that the results remain accurate.

Researchers believe that developing positive financial behaviors earlier in life can have positive effects on one's well-being and increase quality of life in adulthood (Shim, Xiao, Barber & Lyons, 2009). It is through the influence of college-aged youth's socialization agents, such as parents, schools, peers, and media, that they learn these behaviors. In order for college-aged youth to achieve a well-rounded level of financial literacy, a combination of efforts from schools and parents is necessary. In order for individuals to learn to live within their financial means, be smart, responsible consumers and overall good facilitators with their money, parents and schools need to work together to instill financial literacy skills before they enter college (Deringer, 2013).

Current college-aged youth have been through more financial crises than generations in the past. They are growing up in a society that is driven by increasing debt, expensive lifestyles and easy credit (Dugas, 2001). America's youth have been raised in a credit-card society (Roberts & Jones, 2001), that has posed many threats to their financial future including: 1) consumer socialization and being part of a vulnerable population, 2) limited education, and 3) financial behaviors influenced by parental modeling (Harrison, Jordan, & Royer, 2005).

Purpose Statement

American society is currently struggling with a sluggish economy. The negative effects of the economic downturn have impacted the lives of families across the country. Loss of wealth and high levels of debt, combined with a consumer-driven economy, make fostering financially literate college-aged youth a vital endeavor in order to ensure that they have the tools necessary for dealing with financial challenges.

The purpose of this study is to assess the financial behaviors and perceptions of college students at the University of Idaho, located in the Pacific Northwest. The study will focuses on the survey results from the 2012-2013 academic year to determine if any correlation between the financial behaviors of college-aged youth and the influence of their parents.

Significance of Study

The significance of this study is apparent with the increasing interest in financial literacy among America's college-aged youth population. This study will evaluate the financial habits, behaviors and attitudes of students at the University of Idaho to assess where they are in terms of financial literacy. This study will highlight gaps in financial education and provide insight into future directions for increasing financial literacy among our youth, both in our higher education, secondary schools, primary schools, and in family life.

Research Objectives

Research objectives for this study include:

1. Understanding how students at the University of Idaho describe their current financial situations and behaviors.
2. Assessing whether or not University of Idaho's college-aged youth are consistently saving and managing money, and living on a budget.
3. Discovering whether or not students at the University of Idaho discuss their finances with their parents or spouse (if married), as current research asserts.
4. Understanding the young adults' perceptions about financial management and discovering where they are obtaining information about financial management.

Summary

The first chapter of this paper has provided a brief overview of the issue at large, purpose and significance of this study. Chapter two presents a detailed overview of the topic through a review of the literature. The last chapter is presented in an article format, as it will be submitted to the *Family and Consumer Sciences Research Journal*. Throughout this final chapter, some repetition of information presented in chapters one and two will occur. For the purpose of this paper, the term college-aged youth is used to describe the particular population of interest, however, there will be situations when alternative words will be used such as: adolescents, youth, children, young adults, young people, and offspring.

Chapter 2

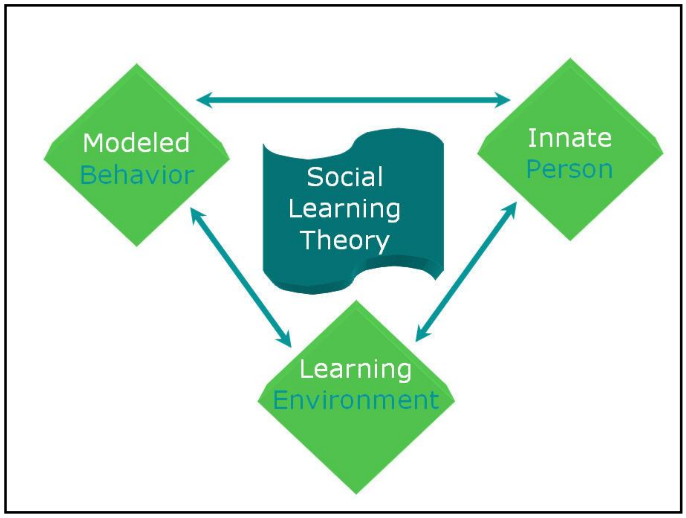
Review of Literature

In today's society, it is vital for individuals to be able to understand, assess and act in their best financial interest (Johnson & Sherradon, 2007). Positive and negative financial habits and behaviors that have been established during one's college years are highly likely to be carried out through adulthood (Shim, Barber, Card, Xiao, & Serido, 2009). The transition into college is a critical period in the lives of young people and brings many new financial challenges. Some have handled these challenges well while others have struggled. Such financial struggles frequently manifest as poor money management, overspending their budget, getting into credit card debt and adopting risky financial behaviors (Shim et. al., 2009). It has been noted that one's upbringing and previous socialization will either ease or worsen this transitional period. Therefore it is vital that this population is reached so they can have the adequate knowledge to confidently and successfully experience this transitional period.

Theoretical Framework

Many individuals look to our parents or guardians for advice, help and guidance in many aspects of our lives; this trend typically continues well into young adulthood. Parents are powerful influential models for college-aged youth and play an important role in their development. A majority of individuals' behaviors are learned through the influence of examples they encounter in daily life (Bandura, 1971). Alfred Bandura's Social Learning Theory focuses on the idea that individuals develop new behaviors and habits through observational learning (Figure 2.1). Bandura asserted that youth learn by observing others, mentally coding and storing those observations in order to imitate what they observe (Crain, 2011).

Figure 2.1 Bandura's Social Learning Theory Model



College-aged youth learn about personal financial management through observing the habits demonstrated by their parents, societal leaders, peers, role models and educational sources. Social Learning Theory states that spending behaviors are something that is learned from parents and then passed down to the next generation (Hira, 1997). Researchers have argued that education is not tied to the classroom alone, but includes the social learning experiences that college-aged youth have in all areas of their lives (Gutter, Garrison, & Copur, 2010). In the social learning process, individuals learn to perform acts while learning about the consequences of such actions (Bandura, 1971). College-aged youth are in the process of learning how to make well-reasoned financial decisions to manage their money effectively, as well as understand the consequences of making unwise choices that could have lasting negative effects.

Bandura's Social Learning Theory has a unique component called observational learning. Observational learning is composed of four parts: attention processes, retention processes, motor reproduction processes, and reinforcement and motivational processes. In order for college-aged youth to imitate their models, they must focus and pay attention to behaviors and actions so that they can accurately imitate them (Crain, 2011). Typically, people choose models who have similar behavior to theirs, have desirable qualities and who have a regular presence in their lives. For college-aged youth, their models typically are their parents, peers, and teachers, since they have easy access to them.

If youth wish to imitate particular role models, they must retain or store observations and information, which is usually done in a symbolic form. This behavior is referred to as coding and can be done verbally or visually. If college-aged youth visually or verbally code financial definitions or various financial documents, they have a better chance of successfully performing actions associated with the financial tasks.

Motor reproduction processes refer to the ability to duplicate the observed behaviors. Examples of this process include, the act of going to the bank to deposit a check or balancing one's checkbook. Motor reproduction is the combination of paying attention and coding observations. With motor reproduction, individuals typically act out through imitation of the observation.

Reinforcements, also referred to as rewards, are a driving force behind observational learning. If an individual has the potential to earn a reward for exhibiting certain behaviors, the likelihood that the individual will continue that behavior increases. Reinforcements can regulate behaviors and control how college-aged youth proceed through the observational learning process (Bandura, 1977). For example, if an individual pays off the credit card each month and then gets extra airline miles for doing so, that individual will likely continue to pay off the credit card each month. Similarly, if an individual fails to pay off the credit card and gets moved to a higher interest rate or has a fee added to the bill, also referred to as a consequence, a negative one, this might influence the individual to change his/her behavior.

Bandura's work also includes the principle of self-efficacy, or having belief in one's abilities to achieve a goal (Crain, 2011). Self-efficacy plays a vital role within the realm of achieving financial literacy. Some researchers believe that overly confident self-efficacy has negative effects on youth. Bandura believes that optimistic self-efficacy is beneficial because it serves as a teaching aid to help youth learn to deal with the disappointments and setbacks of life (Crain, 2011). According to Bandura, when individuals believe they are good at something, they will work hard in order to achieve it (Crain, 2011). If college-aged youth have the mentality that they are good at making smart financial decisions and feel comfortable handling their personal finances, then according to Bandura they will work hard to achieve this competency and become financially literate.

Financial Literacy-What Is It?

Financial literacy is a relatively new term, especially when it is applied to college-aged youth and personal finance. Because, many definitions exist, it is important to understand the full meaning of financially literacy. According to the Jump$tart Coalition, financial literacy is "the ability to use knowledge and skills to manage one's financial resources effectively for lifetime financial security" (Jump$tart Coalition, 2014, "National Standards," para. 1). Other researchers have provided a more in-depth definition as having the ability to read, analyze, manage, understand, and discuss financial matters that effect daily life; being able to react and respond to financial matters in a competent way; and having the ability to make educated financial decisions (Vitt, Anderson, Kent, Lyter, Siegenthaler, & Ward, 2000). To simplify the term, financial literacy is understanding the fundamental basics of personal finance, and having the knowledge to make educated decisions (Allen & Miller, 2010).

The benefits of being financially literate have broad implications in the lives, present and future, of college-aged students. Youth who are financially literate are less likely to incur debt, and have higher self-esteem and better decision making abilities (Shim et. al., 2009). Financial literacy is tied to carrying out healthy financial behaviors and habits, but has important psychological repercussions as well. Xiao, Tang, and Shim (2009) have found that strong levels of financial literacy have been linked to physical health, academic success, mental health, happiness, and overall satisfaction with one's life.

Financial literacy is a key aspect in making smart financial decisions for college-aged youth, and studies show that this population feels they do not have enough financial knowledge (Lusardi, Mitchell & Curto, 2010). The unfortunate trend found among many of today's youth, is that they enter college ill-equipped to handle their personal finances (Chinen & Endo, 2012). Financial literacy is not something that youth just simply acquire; rather, it is a process in which the individual learns about financial management through a variety of avenues and sources. One's financial literacy is shaped by the combined efforts and influences of their parents' behaviors, individual financial education (Shim et. al. 2010) and an individuals' life experiences (Chinen & Endo, 2012).

College-Aged Youth Consumer Socialization

Socialization is the process of learning societal expectations and acceptable conduct (Jorgenson & Savla, 2010). According to Moschis and Churchill (1978), "Consumer socialization is the process by which young people develop consumer-related skills, knowledge, and attitudes" (p. 599). Recent studies suggest that consumer socialization is one of the causes of low financial literacy and poor money management in many young adults. The benefits of healthy, early socialization are astounding. In regards to personal finance, youth who have been socialized to be smart with their money will have an easier transition in their roles as adults dealing with adult financial decisions (Beutler, Beutler, & McCoy, 2008).

Moschis' (1985) theory of consumer socialization states that college-aged youth acquire consumer skills through the interaction and influence of socialization agents (Serido, Shim, Mishra & Tang, 2010) such as peers, family, mass media and schools. If we assume socialization agents can be seen as analogous to models, it is a social learning process that relates to Bandura's theory on Observational Learning. Youth often learn consumer behaviors through modeling, reinforcement, and social interaction (Moschis & Churchill, 1978) from their models. Moschis and Churchill (1978) conducted extensive studies on consumer socialization and found that family and mass media play the heaviest role youth's consumer socialization processes.

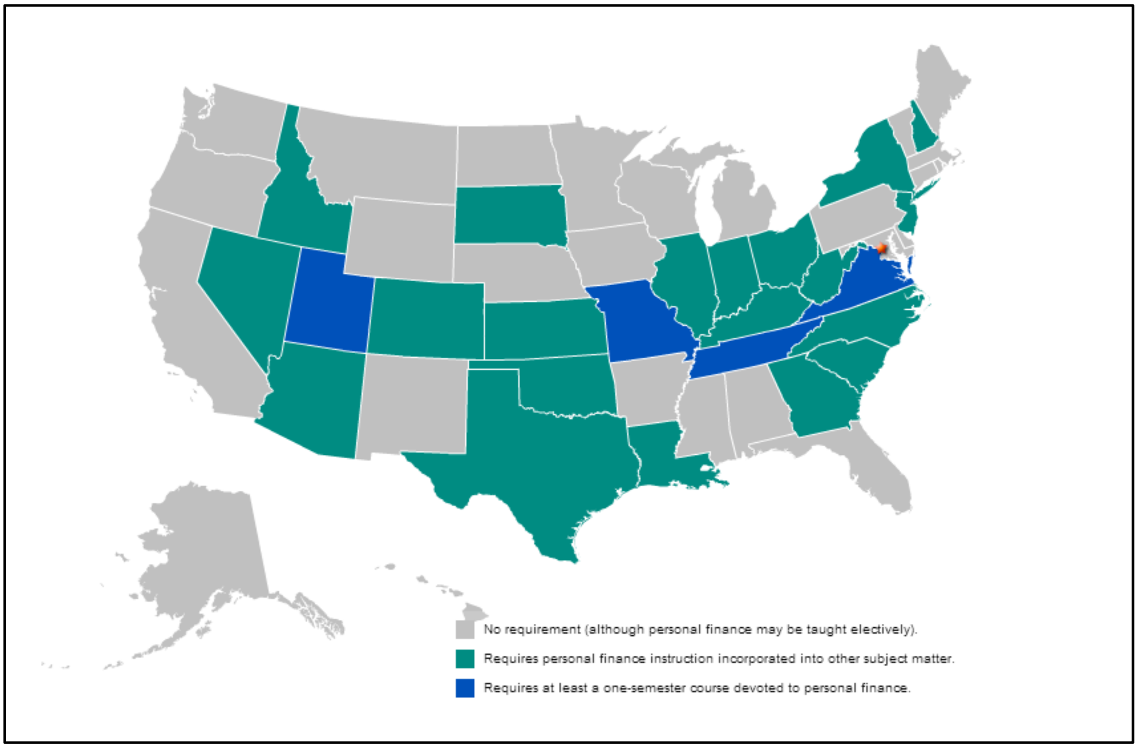
College-aged youth's environment, including peers, family, and media, plays a huge role in their socialization and learning about finances as a consumer (John, 1999). It is through these socialization agents that these individuals have opportunities to learn the behaviors and characteristics of a consumer, such as activities related to purchasing and consuming (Moschis & Churchill, 1978). Mass media has had a significant impact on college-aged youth's roles as consumers. Youth are targeted by advertisements through social media, print media, and televised media, which can lead to undesirable consumer behaviors (Moschis & Churchill, 1978). In the past, reading the newspaper was said to have a strong relation to individuals' consumer behaviors (Moschis & Churchill, 1978); however, youth today live in a world in which social media is becoming a more significant source of news. Mass media influences do not always have the consumers' best interest in mind; rather they encourage materialistic attitudes and behaviors (Moschis & Churchill, 1978).

Educational Influence

The recent global economic crisis has shed light on our country's financial situation and more importantly, highlighted the significance of financial education for younger generations (Livengood & Venditti, 2012). As a result, personal finance among college-aged youth has become an emerging point of interest for researchers (Johnson & Sherradon, 2007), educators, and policy makers. To glean a positive outcome from the struggling economy, this event can be viewed as a catalyst for strengthening society's financial education system and promoting financial literacy among younger generations. Presently, a significant number of the young adult population severely lacks financial literacy, leading some researchers to term this group financially illiterate (Varcoe, Martin, Devitto, & Go, 2005).

While the idea of financial literacy is fairly new, the concern for financial education is not recent. Financial education mandates and policies have been around since the 1950s and 1960s (Hastings, Madrian & Skimmyhorn, 2012). However, educational activists believe that mandates are not immediately effective and instead have a gradual effect on students (Bernheim, Garrett, & Maki, 2001). The American education system has changed dramatically in recent years, with program cuts and curriculum requirements changing. Due to this curricular shift, one could argue that youth are not receiving the well-rounded education previous generations experienced. One such program that frequently gets eliminated or overlooked is personal financial management. This lack of proper financial education classes within our schools has had a great impact on the financial literacy of our youth (Volpe, Chen, & Pavlicko, 1998). The 2014 financial education requirements, broken down by state, can be viewed in Figure 2.2.

Figure 2.2 Jump$tart Coalition's State Financial Education Requirements



A common problem among existing educational programs is that the curriculum is geared towards adults or is an adult program that has been altered for adolescents (Beutler, Beutler, & McCoy, 2008; McCormick, 2009). This kind of curriculum is not beneficial to youth because many of the topics are not applicable. Instead, curriculum should be created to fit the financial challenges youth are currently or will be facing in the near future. McCormick (2009) argues, "Childhood financial education needs to be prescriptive, preventative, developmental, and delivered on a massive scale" (p. 70). Studies also suggest that experiential learning- a sequence of action, reflection, conceptualization and new experiences, is beneficial for youth (Johnson & Sherradon, 2007). Further, Johnson &

Sherradon (2007) also suggest that financial literacy extends beyond education, and that youth need access to adequate resources in order to fully develop wise personal financial habits. This suggests that experiential learning or collaboration between financial entities (i.e. banks) and educational programs could provide a stronger educational experience.

It is most impactful to provide adequate financial education to college-aged youth prior to the time that they begin to make financial decisions (Lusardi, Mitchell, & Curto, 2010). High school can be considered a college preparation period in which the necessary skills are learned in order to succeed in college. However, many adolescents are not receiving the preparation needed for college during high school (Roberts & Jones, 2001). Currently, only 22 states require a class in economics and only five states have a standalone personal finance class as a graduation requirement (Council for Economic Education, 2014). Typically, high schools have various disciplines such as economics, business, education, and family and consumer sciences, which cover personal finance (Livengood & Venditti, 2012). These disciplines typically have a personal finance unit, but such units are not extensive.

In the summer of 2011, the President's Advisory Council on Financial Capability suggested that financial education be mandatory in all American schools (Livengood & Venditti, 2012). According to the Council for Economic Education (CEE), only 17 states have a high school requirement their students must take a personal finance course. The Council of Economic Education findings indicate that youth from states in which personal finance courses are required practiced more responsible money habits such as paying off credit cards each month, not maxing out credit cards and consistently saving; overall, they were less likely to be compulsive buyers compared to students in states without the financial course requirement (Council on Economic Education, 2014).

Not only is financial education lacking at the high school level, it has also been overlooked at the college level. Volpe, Chen, and Pavlicko (1998) conducted a study that found the lack of financial education in the college years was a main cause of low financial literacy in youth. Chinen and Endo (2012) assert that higher education centers should be more proactive in the financial preparation of their students so that they are comfortable making financial decisions after graduation. Yet despite this need for financial literacy education in higher education, offerings are scarce. In a 2008 survey, conducted by the Jump$tart Coalition, only 12% of college-aged respondents said they had taken a class fully devoted to personal finance in high school (Jump$tart Coalition, 2014). According to the same survey, 9% of college-aged respondents said they took a semester-long personal finance course in college (Jump$tart Coalition, 2014).

The state of Idaho does not require a personal finance class as part of the high school curriculum. However, each senior is required to take an economics class with a unit focusing on personal finance integrated within the course (Jump$tart Coalition, 2014). However, the State Board of Education for Idaho is currently discussing changing the graduation requirements and implementing a personal finance course (Jump$tart Coalition, 2014). In addition to Idaho's governing branches emphasizing financial education, national actions have been initiated through the efforts of President Obama.

On June 25, 2013, the President created a new Advisory Council on Financial Capability for Young Americans (US Department of Treasury, 2013). The overall goal of the council asserts that, "Strengthening the financial capability of our young people is an investment in our nation's economic prosperity" (US Department of Treasury, 2013, "President's Advisory," para. 1). The council focuses on financial education and literacy by promoting financial education, to identify and establish ways for youth to gain and improve their financial capabilities in order to succeed (US Department of Treasury, 2013).

In order for professionals to plan, create and execute financial education programs for college-aged youth, it is absolutely necessary that they understand the financial literacy needs of this population (Lusardi, Mitchell & Curto, 2010). Chinen and Endo (2012) suggest that models from other subjects, such as economics or contemporary living, be used to establish well-defined personal finance courses that will assist in preparation for adulthood. Education is provided in order to mold youth into successful and employable individuals, yet societal leaders do not teach how to use employment earnings wisely (Danes, Huddleston-Casas, & Boyce, 1999). It seems counterproductive to hold college-aged youth to high standards, but simultaneously not provide the necessary tools for success.

Parental Influence

Over the last few decades, educational programs have been the standard for increasing financial literacy in youth populations (Gudmunson & Danes, 2011), but current research shows the influence of family has become more prevalent. Parents are one of the most influential socialization agents (Moschis, 1981) impacting youth's development and this influence helps shape young people's values, beliefs, and habits. Studies indicate that college-aged youth view their parents as the primary source for learning about money management (Harrison, Jordan & Royer, 2005; Gudmunson & Danes, 2011). Further, parents serve as models for their youth throughout their development; their influence on their offspring's financial socialization continues throughout their youth's lifetime (Gudmunson & Danes, 2011). Even though evidence shows that parents have a major influence throughout their son or daughter's childhood, this influence is often overlooked when it comes to research regarding young adults and financial literacy (Agliata & Renk, 2008).

Parents act as filters for youth in regards to information from society and other socialization agents (Danes & Haberman, 2007; Gudmunson & Danes, 2011). Therefore, parental education about personal finance is an impactful mechanism to spread financial knowledge to younger generations (Grinstein-Weiss, Spader, Yeo, Key, & Freeze, 2010). Young adults frequently adopt the financial behaviors of their parents because it is what they are most familiar with. One study argued that if parents are diligent about saving money, this behavior is would then be adopted by their offspring (Webley & Nyhus, 2006). Even though college-aged youth learn a great deal about personal finance from their parents, not all parents feel that they are equipped to be financial role models.

Communication is an important aspect of any relationship as it provides knowledge and insight to all parties involved. Evidence from Moschis' (1985) research indicates that family communication serves as a guide for youth to help them deal with situations occurring outside the family unit. Communication about personal finance is extremely important within families. In order for parents to instill their values of personal finance, they need to engage in open and ongoing conversations with their children (Wall & Baumhol, 2007). When parents open lines of communication with their offspring, it can serve as a protective factor that benefits both parties. In addition, when parents being to educate their children early, this too can be a protective factor (Grinstein-Weiss, Spader, Yeo, Key, & Freeze, 2010).

Too often, family finances are considered taboo, and are not openly discussed with the entire family or even between parents (Hira, 1997). Some parents believe that through modeling, college-aged youth will assimilate their habits and behaviors, without ever having direct communication about financial matters (Lyons, Scherpf, & Roberts, 2006). According to the Council for Economic Education, one third of parents would rather have a discussion with their children about smoking, drugs, and bullying than finances (2014). This reluctance may be due to a lack of knowledge or personal comfort with the topic. Yet, despite a lack of communication about personal finance, a majority of young adults state they share a close relationship with their parents (Lye, 1996).

When parents have positive expectations of their offspring, the resulting behavior is typically positive as well (Serido, Shim, Mishra, & Tang, 2010). Honest and supportive discussions between parents and youth during the transition into college can help establish financial competency and aid in making responsible financial decisions (Serido, Shim, Mishra, & Tang, 2010). Bernheim, Garrett and Maki (2001) found that youth who were taught and encouraged to save money in early childhood, overall save more than their counterparts in later adulthood. College-aged youth who stated that their parents saved money replicated those behaviors and saved more money compared to those youth whose parent did not save money (Bernheim, Garrett & Maki, 2001). In addition, youth who are given financial responsibilities learn new financial skills that encourage personal motivation to save (Webley & Nyhus, 2001).

Evidence strongly suggests that starting financial education within the family in the earlier years of a child's development has positive impacts on later decision-making in financial and social situations (Grinstein-Weiss, Spader, Yeo, Key, & Freeze, 2010). In addition, researchers found that earlier exposure to financial matters can benefit youth by increasing their knowledge which allows them to be more comfortable with personal finance and decision making (Bernheim, Garrett, & Maki, 2001). Young people's knowledge and familiarity with personal finance help them to become more comfortable with money matters, but they also need sufficient money management skills. Strong money management skills are becoming increasingly essential for young people in order to be successful in today's society, and parents play a significant role in developing these skills (Jorgensen & Savla, 2010).

During times of transition, parents often help college-aged youth by supporting them financially so that they might achieve independence (Lye, 1996). Such periods of adjustment can be difficult or stressful for college-aged youth. This is when healthy communication between parents and college-aged youth is essential. The relationships between family members are likely to be the longest lasting relationships an individual will have over a lifetime (Gudmunson & Danes, 2011). Good lines of communication between parents and their offspring prove to be a significant factor in young adults' ability to deal with adjustments (Agliata & Renk, 2008).

College marks the transition from youth to young adulthood, and it brings new financial challenges and experiences. Positive and negative financial habits and behaviors that are established during this time will very likely be carried out through adulthood (Shim, Barber, Card, Xiao, & Serido, 2009). With this transition comes unfamiliar financial challenges that increase the odds of poor money management, overspending, credit card debt, and adopting risky financial behaviors (Shim et. al., 2009). Youth's development and a positive influence from agents of socialization can ease this transitional period.

Society deems the college years as the time when youth become adults, take on adult responsibilities, make big life decisions, and start to become financially independent from their parents (Agliata & Renk, 2008). For many youth, college is a time that presents unfamiliar financial responsibilities such as paying bills, budgeting one's money, and experiencing and managing credit (Gutter, Garrison, & Copur, 2010). If parents can provide healthy examples of managing basic financial challenges, these students can learn how to deal with and manage financial challenges and stressors. Conversely, if college-aged youth lack exposure to healthy parental modeling, they are more likely to have a harder time addressing such financial challenges, which leads researchers to argue that the impact parents have on youth's transition into young adulthood is highly underestimated (Agliata & Renk, 2008).

Parents usually have the knowledge, and skills to handle financial decisions because of their lifetime experience (Grinstein-Weiss, Spader, Yeo, Key, & Freeze, 2010), which is something that youth lack. Therefore, youth are continuously practicing Bandura's Social Learning theory and observing the models in their lives in order to gain knowledge and skills. College-aged youth's financial habits are transferred down from parents and passed on to the next generation (Hira, 1997). It becomes a social learning cycle of observing and transferring behaviors from parents to college-aged youth.

Parents affect their children’s financial literacy, not just by teaching, but by their own financial history and status as well. Family and parental socio-economic status plays a part in one's level of financial literacy. Low-income adolescents have limited access to social financial systems (Johnson & Sherradon, 2007). This demonstrates that one's social environment plays an important role in education and financial influence. In a 2008 study, it was determined that financially literate high school students predominantly had parents who held college degrees (Lusardi, Mitchell, & Curto 2010). Another study indicated that college-aged youth who received financial education from their parents had better credit scores and lower credit card debt than those who did not receive education (Grinstein-Weiss, Spader, Yeo, Key, & Freeze, 2010).

Since youth learn from their parents, it follows that parents need to be educated about personal finance to ensure that they are passing along smart money habits and accurate information. Lusardi, Mitchell, and Curto (2010) believe that it could be beneficial to involve both parents and their offspring in financial education programs. Like financial education for college-aged youth, financial education for parents is beneficial when it is tailored to specific parental needs and available through online and print sources versus formal classroom style approaches (Danes, 1994). Parents need to lead by example and teach their children that smart personal financial management is vital for financial success (Wall & Baumhol, 2007). As research concludes, parents have not always been healthy financial role models for their youth.

Parental Financial Behaviors

Between 2007 and 2010, the US economy experienced its most substantial downturn since the Great Depression (Federal Reserve Bulletin, 2012). With the recession of 2008-2009, financial and economic growth has been slow and the employment rate is still low (FINRA, 2013). The economic downturn affected a large portion of Americans, and many areas of society are still recovering. In 2010, the number of Americans who filed for bankruptcy surpassed the number who graduated from college (Council on Economic Education, 2014). It is in times like these that healthy parental modeling is important because youth are observing how their parents handle the financial crises. The way that parents deal with their hardships not only impacts them, but their families as well. Studies suggest that family financial struggles can influence the overall family dynamic and relationship (Gudmunson & Danes, 2011).

Parents have a stressful role as the financial providers for families. They are encouraged to think and plan for long-term events such as retirement, funding college-aged youths' education (Volpe, Chen, & Pavlicko, 1998), and saving for unexpected life events. Financial professionals state that individuals should put aside three to six months’ worth of income in order to cover any unforeseen circumstances. Parents' sentiments echo this idea and many parents have every intention of saving money in a "rainy day fund." However, many households have little in savings (Webley & Nyhus, 2006). According to a 2012 survey by the Financial Industry Regulatory Authority (FINRA) Investor Education Foundation, only 40% of Americans have put aside enough funds to cover three months of expenses. Volpe, Chen, and Pavlicko (1998) found that American working adults do not put an adequate amount of their income towards retirement.

The 2012 FINRA survey was a financial capability assessment for American adults. This survey included four important financial topics that directly apply to parents and household leaders: 1) making ends meet, 2) planning ahead, 3) managing financial products, and 4) financial knowledge and decision-making (FINRA, 2013). An important topic, especially after the recession, seems to be making ends meet. In the 2012 survey, 40% of participants stated they had no problem making ends meet each month compared to 36% in 2009 (FINRA, 2013). One stressor of making ends meet is having sufficient funds to cover the large expenses that affect the entire family dynamic. The FINRA Investor Education Foundation (2012) found that 14% of working Americans needed to withdraw money from their retirement accounts to cover expenses, and 21% of homeowners reported having been late on their mortgage payments within the last year. The fact that Americans have had to withdraw money from retirement accounts is troubling. The recession and the incredible financial struggles that society continues to be faced with indicate that Americans are living above their financial means, and they do not have a strong understanding of financial concepts (Deringer, 2013).

College-Aged Youth as Consumers

Since early childhood, college-aged youth have been trained to play the role of a consumer, and have experienced numerous influences which have shaped their opinions of money. Beutler, Beutler and McCoy (2008) discovered that, youth associated money with happiness, and secondarily, valued money for purchasing material items. This misconception that money can buy happiness is held by American's consumer-driven society. An issue that American consumers face is that of delaying gratification. In a constantly changing and advancing society in which individuals want the latest and greatest material items, delaying one's gratification can be difficult. Studies report correlations between the influence of parents and their ability to delay gratification with college-aged youths' ability to delay gratification (Webley & Nyhus, 2006). If youth see their parents behaving in a particular way, they figure it is okay if they do the same. Again, this provides evidence that parents' financial behaviors have a strong impact on their children's financial behaviors and reinforces the importance of healthy modeling.

Instant gratification is reinforced through the use of credit cards. Credit cards have become a common way to fund consumer purchases in our society (Hayhoe, Leach, Turner, Bruin, & Lawrence, 2000). A 2010 study by Norvilitis and McLean found that when parents used financial learning activities such as managing allowance and bank accounts, youth have lower credit card debt. The college market is extremely appealing for credit card companies because of the number of readily accessible people. Due to their limited finances and lack of financial literacy, college-aged youth are a vulnerable population. Such companies target college students because it is highly probable that they will continue as loyal customers through their adulthood (Hayhoe, Leach, Turner, Bruin, & Lawrence, 2000).

While young adults owning credit cards can have positive outcomes, currently, negative effects are most common. Young adults who abuse credit cards frequently suffer financially and psychologically (Roberts & Jones, 2001). College-aged youth have a high tendency to borrow money and to utilize revolving credit accounts (Atkinson & Tempson, 2004). College students also appear to possess little knowledge of their credit card policies or accumulated debt. It was reported that 75% of college-aged credit card holders had no idea that there were late fee penalties, and 81% underestimate the amount of time to pay off their balance (Council on Economic Education, 2014). To protect American consumers, the 2009 Credit Card Accountability, Responsibility, and Disclosure (CARD) act was created (Lusardi, Mitchell, & Curto, 2010). This act created laws for credit card companies to make their policies more transparent to protect consumers. This act and others were established to help credit card holders and consumers become better informed, but these policies cannot change behaviors.

Most young people experience limited income while attending college and this limited income status often continues into their first several years after graduation. During the age span of 18-24 years old, a majority of the money these individuals have is put towards consumption rather than investing or savings (Volpe, Chen, & Pavlicko, 1998). According to the Council on Economic Education (2014), 30% of college-aged youth's income applied toward paying off debts. Studies show that college-aged youth who find themselves in debt may not understand the severity of their behavior (Norvilitis, Merwin, Osberg, Roehling, Young, & Kamas, 2006). The fact that young adults are allowing themselves to get into debt unaware of the consequences is alarming, especially since repercussions of risky financial behavior can create financial difficulties that will affect them negatively throughout their adult life.

Volpe, Chen and Pavlicko's (1998) Survey of Personal Financial Literacy found that college-aged youth with less knowledge about personal finances were more likely to make incorrect decisions about general savings, borrowing, and investing. However, the Council of Economic Education (2014) found that college students who lived in states that required economic education were less likely to make late credit card payments, less likely to max out credit cards, more likely to save money, and less likely to be compulsive buyers. Early exposure to financial concepts may increase youth’s familiarity and comfort with financial matters, which aides in smart decision-making (Bernheim, Garrett, & Maki, 2001) and essentially helps develop smarter consumers.

College-Aged Youth Student Loan Debt

Another financial matter that college-aged youth experience are student loans and the resulting repayment of student loans, all of which can be troublesome, stressful, and in the worst case, result in default. Individuals who attend universities with higher tuition rates often have high amounts of student loan debt (Institute for College Access & Success, 2014). Today's college-aged youth are experiencing a higher cost of education, compared to generations past. In addition, financial aid opportunities are becoming more scarce, thus forcing students to take out more loans to fund their education (Jump$tart Coalition, 2014).

College graduates who obtained a bachelor's degree in 2009 had an average of $24,000 in student loan debt, compared to those who graduated in 2012 with an average of $29,400 (Institute for College Access & Success, 2014). With student loans becoming a more common source used to fund education, college-aged youth need to be prepared for the repayment process, and aware of the consequences. According to the Institute for College and Access (2014), it takes only nine months for an individual to be in default on student loan repayment. Shockingly, the current level of outstanding student loan debt has reached $1 trillion, and the amount of student loans in default is the highest it's been in twenty years (Jump$tart Coalition, 2014). Unfortunately, many college students have taken out loans without understanding the repayment process and how this debt could affect their financial future (Jump$tart Coalition, 2014). This is an important issue that need to be addressed in order to protect young peoples' financial futures.

Current Progress

Due to the high level of financial illiteracy among America's youth population, many organizations have been developed to aide in fixing this problem. One of the most prominent organizations is the Jump$tart Coalition, which was founded in 1997. Jump$tart is a coalition of numerous financial organizations that collectively focus on building financial knowledge, increasing financial skills, and working to erase financial illiteracy in America.

In 1997, Dr. Lewis Mandell created the Survey of Personal Financial Literacy for High School students, which assesses and evaluates high school seniors' knowledge of personal finance (Jump$tart, 2014). Mandell recently created a similar survey to be administered to college students (Jump$tart, 2014). This is a useful tool for educators, policy makers, and researchers to discover where college-aged youth are on the financial literacy scale, and to assess what changes need to be made. Another beneficial resource that Jump$tart provides is a list of best practices; these include a helpful guide for teaching and developing financial education (2014). Jump$tart (2014) also developed the National Standards in K-12 Personal Finance Education, which is a guide that outlines the skills and knowledge about personal finance that children and adolescents should possess at specific ages.

Another well-known organization is the Council for Economic Education (CEE). CEE provides resources tailored to instructors that focus on financial and economic education (2014). CEE has recognized the increasing gap between what Americans should know about economics and personal finance and their ability level. Through offering workshops and curriculum, their mission is to address this problem. An important focus for CEE is to provide real world experience with finances to youth so that they can build upon this foundational knowledge and develop a skill set they can utilize throughout their lives. In an effort to address this issue, CEE created curriculum guides for kindergarten through 12th grade that include trustworthy face-to-face training, online training, and resources, and through their partner organizations (2014).

Overall, American society seems to maintain contradicting viewpoints on finances and youth education. Society values education, yet money is cut from education. Society values youth and wants them to succeed, yet we as a society, are not providing the proper tools to succeed. Studies show that young adults are entering the adult world unprepared to make the financial decisions they face (Danes, Huddleston-Casa, & Boyce, 1999), indicating that society has not succeeded in providing healthy role models, leaders, and teachers for the college-aged youth population. Many organizations have been established to focus on improving financial literacy. This is not something that can be fixed over night, but these organizations will help influence parents, educators and college-aged youth to take action in the financial literacy movement.

Chapter 3

Journal Article

Secure, Comfortable, Shaky, and Disastrous: Examining the Current Financial Situations of College-Aged Youth

Abstract

The economic downturn of 2008 tested America's financial management skills, and highlighted the nationwide issue of financial illiteracy. In today's consumer-driven society, it is crucial for youth to possess a foundational knowledge and skills in personal finance in order to be successful. The question remains: Whose job is it to teach youth about financial management? Some feel it is a responsibility of parents while others feel it is the education system's responsibility. Many researchers argue that it requires collaboration of formal and informal education, led by parents and teachers.

The following study examines the financial attitudes, perceptions, and behaviors of college youth, ages 18-29, at the University of Idaho. The results reveal significant relationships between current financial status and consistent savings plans, credit card and student loan debt. These young adults have a willingness to learn, but are lacking the education and modeling in order to establish healthy financial behaviors.

Introduction

Mainstream American society functions on unachievably high social standards that are often forced upon younger generations. Parents often instill unrealistic expectations of college-aged youth in regards to their education, financial success and responsible behavior (Agliata & Renk, 2007). Our society values self-sufficiency, responsibility and success, of which financial literacy is an important factor (Shim, Barber, Card, Xiao & Serido, 2009). However, these values have been challenging to attain over the past few years, as the economy has faced an onslaught of financial struggles. Throughout the economic crisis, media outlets have heavily reported on issues affecting adults, providing remedies to fix their financial problems (McCormick 2009). The way these struggles are addressed, observed by our college-aged youth, have become an internalized model of what to do in financial hardships.

The recent economic crisis provided examples of how America's lack of financial literacy can impact families and college-aged youth (Jorgenson & Savla, 2010). Even in the strongest of economic times, managing one's finances can prove to be a difficult task if an individual is not equipped with the proper skills and resources (Financial Industry Resource Authority, 2014). A 1998 study by Volpe, Chen and Pavlicko, found that college students lacking financial knowledge made poor and ill-informed monetary decisions. College-aged youth have the spending power of roughly $172 billion a year, which retailers and credit card companies seek out, but unfortunately many of these college-aged youth do not have the knowledge to make smart consumer decisions (Johnson & Sherradon, 2007). In order for college-aged youth to make wise personal financial decisions, they need to possess a basic level of knowledge and skills (Volpe, Chen, & Pavlicko, 1998; Jorgenson & Savla, 2010).

According to the results of the 2008 Jump$tart Coalition financial literacy survey of high school seniors, the level of financial literacy is the lowest ever among this age group (Mandell, 2008; Jorgensen & Savla, 2010). A recent survey was created for college students who did not score much higher, thus prompting the belief by many researchers that college-aged youth have an inadequate level of financial literacy (Mandell, 2008; Jorgensen & Savla, 2010). While the results of this survey are a few years old, the fact that little has changed to educate this age group support the conclusion that the results remain accurate.

Researchers believe that developing positive financial behaviors earlier in life can have positive effects on one's well-being and increase quality of life in adulthood (Shim, Xiao, Barber & Lyons, 2009). It is through the influence of college-aged youth's socialization agents, such as parents, schools, peers, and media, that they learn these behaviors. In order for college-aged youth to achieve a well-rounded level of financial literacy, a combination of efforts from schools and parents is necessary. In order for college-aged youth to learn to live within their financial means, be smart, responsible consumers and overall good facilitators with their money, parents and schools need to work together to instill financial literacy skills before they enter college (Deringer, 2013).

Current college-aged youth have been through more financial crisis than generations in the past. They are growing up in a society that is driven by increasing debt, expensive lifestyles and easy credit (Dugas, 2001). America's college-aged youth have been raised in a credit card society (Roberts & Jones, 2001), which has posed many threats to their financial future. There are three dangerous aspects of society that are posing threats to college-aged youth and their money habits; consumer socialization and being part of a vulnerable population, limited education, and financial behaviors influenced by parental modeling

(Harrison, Jordan & Royer, 2005). These may be the most detrimental factors because these are three influential sources in which college-aged youth obtain information about personal finance and they have the power to negatively cloud college-aged youth's judgment and knowledge about personal finances.

Review of Literature

In today's society, it is vital for individuals to be able to understand, assess and act in their best financial interest (Johnson & Sherradon, 2007). Positive and negative financial habits and behaviors that have been established during one's college years are highly likely to be carried out through adulthood (Shim, Barber, Card, Xiao, & Serido, 2009). The transition into college is a critical period in the lives of young people and brings many new financial challenges. Some have handled these challenges well while others have struggled. Such financial struggles frequently manifest as poor money management, overspending their budget, getting into credit card debt and adopting risky financial behaviors (Shim et. al., 2009). It has been noted that one's upbringing and previous socialization will either ease or worsen this transitional period. Therefore it is vital that this population is reached so they can have the adequate knowledge to confidently and successfully experience this transitional period.

Theoretical Framework

Many individuals look to our parents or guardians for advice, help and guidance in many aspects of our lives; this trend typically continues well into young adulthood. Parents are powerful influential models for college-aged youth and play an important role in their development. A majority of individuals' behaviors are learned through the influence of examples they encounter in daily life (Bandura, 1971). Alfred Bandura's Social Learning

Theory focuses on the idea that individuals develop new behaviors and habits through observational learning. Bandura asserted that youth learn by observing others, mentally coding and storing those observations in order to imitate what they observe (Crain, 2011).

College-aged youth learn about personal financial management through observing the habits demonstrated by their parents, societal leaders, peers, role models and educational sources. Social Learning Theory states that spending behaviors are something that is learned from parents and then passed down to the next generation (Hira, 1997). Researchers have argued that education is not tied to the classroom alone, but includes the social learning experiences that college-aged youth have in all areas of their lives (Gutter, Garrison, & Copur, 2010). In the social learning process, individuals learn to perform acts while learning about the consequences of such actions (Bandura, 1971). College-aged youth are in the process of learning how to make well-reasoned financial decisions to manage their money effectively, as well as understand the consequences of making unwise choices that could have lasting negative effects.

Bandura's Social Learning Theory has a unique component called observational learning. Observational learning is composed of four parts: attention processes, retention processes, motor reproduction processes, and reinforcement and motivational processes. In order for college-aged youth to imitate their models, they must focus and pay attention to behaviors and actions so that they can accurately imitate them (Crain, 2011). Typically, people choose models who have similar behavior to theirs, have desirable qualities and who have a regular presence in their lives. For college-aged youth, their models typically are their parents, peers, and teachers, since they have easy access to them.

If youth wish to imitate particular role models, they must retain or store observations and information, which is usually done in a symbolic form. This behavior is referred to as coding and can be done verbally or visually. If college-aged youth visually or verbally code financial definitions or various financial documents, they have a better chance of successfully performing actions associated with the financial tasks.

Motor reproduction processes refer to the ability to duplicate the observed behaviors. Examples of this process include, the act of going to the bank to deposit a check or balancing one's checkbook. Motor reproduction is the combination of paying attention and coding observations. With motor reproduction, individuals typically act out through imitation of the observation.

Reinforcements, also referred to as rewards, are a driving force behind observational learning. If an individual has the potential to earn a reward for exhibiting certain behaviors, the likelihood that the individual will continue that behavior increases. Reinforcements can regulate behaviors and control how college-aged youth proceed through the observational learning process (Bandura, 1977). For example, if an individual pays off the credit card each month and then gets extra airline miles for doing so, that individual will likely continue to pay off the credit card each month. Similarly, if an individual fails to pay off the credit card and gets moved to a higher interest rate or has a fee added to the bill, also referred to as a consequence, a negative one, this might influence the individual to change his/her behavior.

Bandura's work also includes the principle of self-efficacy, or having belief in one's abilities to achieve a goal (Crain, 2011). Self-efficacy plays a vital role within the realm of achieving financial literacy. Some researchers believe that overly confident self-efficacy has negative effects on youth. Bandura believes that optimistic self-efficacy is beneficial because it serves as a teaching aid to help youth learn to deal with the disappointments and setbacks of life (Crain, 2011). According to Bandura, when individuals believe they are good at something, they will work hard in order to achieve it (Crain, 2011). If college-aged youth have the mentality that they are good at making smart financial decisions and feel comfortable handling their personal finances, then according to Bandura they will work hard to achieve this competency and become financially literate.

Financial Literacy-What Is It?

Financial literacy is a relatively new term, especially when it is applied to college-aged youth and personal finance. Because, many definitions exist, it is important to understand the full meaning of financially literacy. According to the Jump$tart Coalition, financial literacy is "the ability to use knowledge and skills to manage one's financial resources effectively for lifetime financial security" (Jump$tart Coalition, 2014, "National Standards," para. 1). Other researchers have provided a more in-depth definition as having the ability to read, analyze, manage, understand, and discuss financial matters that effect daily life; being able to react and respond to financial matters in a competent way; and having the ability to make educated financial decisions (Vitt, Anderson, Kent, Lyter, Siegenthaler, & Ward, 2000). To simplify the term, financial literacy is understanding the fundamental basics of personal finance, and having the knowledge to make educated decisions (Allen & Miller, 2010).

The benefits of being financially literate have broad implications in the lives, present and future, of college-aged students. Youth who are financially literate are less likely to incur debt, and have higher self-esteem and better decision making abilities (Shim et. al., 2009). Financial literacy is tied to carrying out healthy financial behaviors and habits, but has important psychological repercussions as well. Xiao, Tang, and Shim (2009) have found that strong levels of financial literacy have been linked to physical health, academic success, mental health, happiness, and overall satisfaction with one's life.

Financial literacy is a key aspect in making smart financial decisions for college-aged youth, and studies show that this population feels they do not have enough financial knowledge (Lusardi, Mitchell & Curto, 2010). The unfortunate trend found among many of today's youth, is that they enter college ill-equipped to handle their personal finances (Chinen & Endo, 2012). Financial literacy is not something that youth just simply acquire; rather, it is a process in which the individual learns about financial management through a variety of avenues and sources. One's financial literacy is shaped by the combined efforts and influences of their parents' behaviors, individual financial education (Shim et. al. 2010) and an individuals' life experiences (Chinen & Endo, 2012).

College-Aged Youth Consumer Socialization

Socialization is the process of learning societal expectations and acceptable conduct (Jorgenson & Savla, 2010). According to Moschis and Churchill (1978), "Consumer socialization is the process by which young people develop consumer-related skills, knowledge, and attitudes" (p. 599). Recent studies suggest that consumer socialization is one of the causes of low financial literacy and poor money management in many young adults. The benefits of healthy, early socialization are astounding. In regards to personal finance, youth who have been socialized to be smart with their money will have an easier transition in their roles as adults dealing with adult financial decisions (Beutler, Beutler, & McCoy, 2008).

Moschis' (1985) theory of consumer socialization states that college-aged youth acquire consumer skills through the interaction and influence of socialization agents (Serido, Shim, Mishra & Tang, 2010) such as peers, family, mass media and schools. If we assume socialization agents can be seen as analogous to models, it is a social learning process that relates to Bandura's theory on Observational Learning. Youth often learn consumer behaviors through modeling, reinforcement, and social interaction (Moschis & Churchill, 1978) from their models. Moschis and Churchill (1978) conducted extensive studies on consumer socialization and found that family and mass media play the heaviest role youth's consumer socialization processes.

College-aged youth's environment, including peers, family, and media, plays a huge role in their socialization and learning about finances as a consumer (John, 1999). It is through these socialization agents that these individuals have opportunities to learn the behaviors and characteristics of a consumer, such as activities related to purchasing and consuming (Moschis & Churchill, 1978). Mass media has had a significant impact on college-aged youth's roles as consumers. Youth are targeted by advertisements through social media, print media, and televised media, which can lead to undesirable consumer behaviors (Moschis & Churchill, 1978). In the past, reading the newspaper was said to have a strong relation to individuals' consumer behaviors (Moschis & Churchill, 1978); however, youth today live in a world in which social media is becoming a more significant source of news. Mass media influences do not always have the consumers' best interest in mind; rather they encourage materialistic attitudes and behaviors (Moschis & Churchill, 1978).

Educational Influence

The recent global economic crisis has shed light on our country's financial situation and more importantly, highlighted the significance of financial education for younger generations (Livengood & Venditti, 2012). As a result, personal finance among college-aged youth has become an emerging point of interest for researchers (Johnson & Sherradon, 2007), educators, and policy makers. To glean a positive outcome from the struggling economy, this event can be viewed as a catalyst for strengthening society's financial education system and promoting financial literacy among younger generations. Presently, a significant number of the young adult population severely lacks financial literacy, leading some researchers to term this group financially illiterate (Varcoe, Martin, Devitto, & Go, 2005).

While the idea of financial literacy is fairly new, the concern for financial education is not recent. Financial education mandates and policies have been around since the 1950s and 1960s (Hastings, Madrian & Skimmyhorn, 2012). However, educational activists believe that mandates are not immediately effective and instead have a gradual effect on students (Bernheim, Garrett, & Maki, 2001). The American education system has changed dramatically in recent years, with program cuts and curriculum requirements changing. Due to this curricular shift, one could argue that youth are not receiving the well-rounded education previous generations experienced. One such program that frequently gets eliminated or overlooked is personal financial management. This lack of proper financial education classes within our schools has had a great impact on the financial literacy of our youth (Volpe, Chen, & Pavlicko, 1998). The 2014 financial education requirements, broken down by state.

A common problem among existing educational programs is that the curriculum is geared towards adults or is an adult program that has been altered for adolescents (Beutler, Beutler, & McCoy, 2008; McCormick, 2009). This kind of curriculum is not beneficial to youth because many of the topics are not applicable. Instead, curriculum should be created to fit the financial challenges youth are currently or will be facing in the near future. McCormick (2009) argues, "Childhood financial education needs to be prescriptive, preventative, developmental, and delivered on a massive scale" (p. 70). Studies also suggest that experiential learning- a sequence of action, reflection, conceptualization and new experiences, is beneficial for youth (Johnson & Sherradon, 2007). Further, Johnson & Sherradon (2007) also suggest that financial literacy extends beyond education, and that youth need access to adequate resources in order to fully develop wise personal financial habits. This suggests that experiential learning or collaboration between financial entities (i.e. banks) and educational programs could provide a stronger educational experience.

It is most impactful to provide adequate financial education to college-aged youth prior to the time that they begin to make financial decisions (Lusardi, Mitchell, & Curto, 2010). High school can be considered a college preparation period in which the necessary skills are learned in order to succeed in college. However, many adolescents are not receiving the preparation needed for college during high school (Roberts & Jones, 2001). Currently, only 22 states require a class in economics and only five states have a standalone personal finance class as a graduation requirement (Council for Economic Education, 2014). Typically, high schools have various disciplines such as economics, business, education, and family and consumer sciences, which cover personal finance (Livengood & Venditti, 2012). These disciplines typically have a personal finance unit, but such units are not extensive.

In the summer of 2011, the President's Advisory Council on Financial Capability suggested that financial education be mandatory in all American schools (Livengood & Venditti, 2012). According to the Council for Economic Education (CEE), only 17 states have a high school requirement their students must take a personal finance course. The Council of Economic Education findings indicate that youth from states in which personal finance courses are required practiced more responsible money habits such as paying off credit cards each month, not maxing out credit cards and consistently saving; overall, they were less likely to be compulsive buyers compared to students in states without the financial course requirement (Council on Economic Education, 2014).

Not only is financial education lacking at the high school level, it has also been overlooked at the college level. Volpe, Chen, and Pavlicko (1998) conducted a study that found the lack of financial education in the college years was a main cause of low financial literacy in youth. Chinen and Endo (2012) assert that higher education centers should be more proactive in the financial preparation of their students so that they are comfortable making financial decisions after graduation. Yet despite this need for financial literacy education in higher education, offerings are scarce. In a 2008 survey, conducted by the Jump$tart Coalition, only 12% of college-aged respondents said they had taken a class fully devoted to personal finance in high school (Jump$tart Coalition, 2014). According to the same survey, 9% of college-aged respondents said they took a semester-long personal finance course in college (Jump$tart Coalition, 2014).

The state of Idaho does not require a personal finance class as part of the high school curriculum. However, each senior is required to take an economics class with a unit focusing on personal finance integrated within the course (Jump$tart Coalition, 2014). However, the

State Board of Education for Idaho is currently discussing changing the graduation requirements and implementing a personal finance course (Jump$tart Coalition, 2014). In addition to Idaho's governing branches emphasizing financial education, national actions have been initiated through the efforts of President Obama.

On June 25, 2013, the President created a new Advisory Council on Financial Capability for Young Americans (US Department of Treasury, 2013). The overall goal of the council asserts that, "Strengthening the financial capability of our young people is an investment in our nation's economic prosperity" (US Department of Treasury, 2014, "President's Advisory," para. 1). The council focuses on financial education and literacy by promoting financial education, to identify and establish ways for youth to gain and improve their financial capabilities in order to succeed (US Department of Treasury, 2014).

In order for professionals to plan, create and execute financial education programs for college-aged youth, it is absolutely necessary that they understand the financial literacy needs of this population (Lusardi, Mitchell & Curto, 2010). Chinen and Endo (2012) suggest that models from other subjects, such as economics or contemporary living, be used to establish well-defined personal finance courses that will assist in preparation for adulthood. Education is provided in order to mold youth into successful and employable individuals, yet societal leaders do not teach how to use employment earnings wisely (Danes, Huddleston-Casas, & Boyce, 1999). It seems counterproductive to hold college-aged youth to high standards, but simultaneously not provide the necessary tools for success.

Parental Influence

Over the last few decades, educational programs have been the standard for increasing financial literacy in youth populations (Gudmunson & Danes, 2011), but current research shows the influence of family has become more prevalent. Parents are one of the most influential socialization agents (Moschis, 1981) impacting youth's development and this influence helps shape young people's values, beliefs, and habits. Studies indicate that college-aged youth view their parents as the primary source for learning about money management (Harrison, Jordan & Royer, 2005; Gudmunson & Danes, 2011). Further, parents serve as models for their youth throughout their development; their influence on their offspring's financial socialization continues throughout their youth's lifetime (Gudmunson & Danes, 2011). Even though evidence shows that parents have a major influence throughout their son or daughter's childhood, this influence is often overlooked when it comes to research regarding young adults and financial literacy (Agliata & Renk, 2008).

Parents act as filters for youth in regards to information from society and other socialization agents (Danes & Haberman, 2007; Gudmunson & Danes, 2011). Therefore, parental education about personal finance is an impactful mechanism to spread financial knowledge to younger generations (Grinstein-Weiss, Spader, Yeo, Key, & Freeze, 2010). Young adults frequently adopt the financial behaviors of their parents because it is what they are most familiar with. One study argued that if parents are diligent about saving money, this behavior is would then be adopted by their offspring (Webley & Nyhus, 2006). Even though college-aged youth learn a great deal about personal finance from their parents, not all parents feel that they are equipped to be financial role models.

Communication is an important aspect of any relationship as it provides knowledge and insight to all parties involved. Evidence from Moschis' (1985) research indicates that family communication serves as a guide for youth to help them deal with situations occurring outside the family unit. Communication about personal finance is extremely important within families. In order for parents to instill their values of personal finance, they need to engage in open and ongoing conversations with their children (Wall & Baumhol, 2007). When parents open lines of communication with their offspring, it can serve as a protective factor that benefits both parties. In addition, when parents being to educate their children early, this too can be a protective factor (Grinstein-Weiss, Spader, Yeo, Key, & Freeze, 2010).

Too often, family finances are considered taboo, and are not openly discussed with the entire family or even between parents (Hira, 1997). Some parents believe that through modeling, college-aged youth will assimilate their habits and behaviors, without ever having direct communication about financial matters (Lyons, Scherpf, & Roberts, 2006). According to the Council for Economic Education, one third of parents would rather have a discussion with their children about smoking, drugs, and bullying than finances (2014). This reluctance may be due to a lack of knowledge or personal comfort with the topic. Yet, despite a lack of communication about personal finance, a majority of young adults state they share a close relationship with their parents (Lye, 1996).

When parents have positive expectations of their offspring, the resulting behavior is typically positive as well (Serido, Shim, Mishra, & Tang, 2010). Honest and supportive discussions between parents and youth during the transition into college can help establish financial competency and aid in making responsible financial decisions (Serido, Shim, Mishra, & Tang, 2010). Bernheim, Garrett and Maki (2001) found that youth who were taught and encouraged to save money in early childhood, overall save more than their counterparts in later adulthood. College-aged youth who stated that their parents saved money replicated those behaviors and saved more money compared to those youth whose parent did not save money (Bernheim, Garrett & Maki, 2001). In addition, youth who are given financial responsibilities learn new financial skills that encourage personal motivation to save (Webley & Nyhus, 2001).

Evidence strongly suggests that starting financial education within the family in the earlier years of a child's development has positive impacts on later decision-making in financial and social situations (Grinstein-Weiss, Spader, Yeo, Key, & Freeze, 2010). In addition, researchers found that earlier exposure to financial matters can benefit youth by increasing their knowledge which allows them to be more comfortable with personal finance and decision making (Bernheim, Garrett, & Maki, 2001). Young people's knowledge and familiarity with personal finance help them to become more comfortable with money matters, but they also need sufficient money management skills. Strong money management skills are becoming increasingly essential for young people in order to be successful in today's society, and parents play a significant role in developing these skills (Jorgensen & Savla, 2010).

During times of transition, parents often help college-aged youth by supporting them financially so that they might achieve independence (Lye, 1996). Such periods of adjustment can be difficult or stressful for college-aged youth. This is when healthy communication between parents and college-aged youth is essential. The relationships between family members are likely to be the longest lasting relationships an individual will have over a lifetime (Gudmunson & Danes, 2011). Good lines of communication between parents and their offspring prove to be a significant factor in young adults' ability to deal with adjustments (Agliata & Renk, 2008).

College marks the transition from youth to young adulthood, and it brings new financial challenges and experiences. Positive and negative financial habits and behaviors that are established during this time will very likely be carried out through adulthood (Shim, Barber, Card, Xiao, & Serido, 2009). With this transition comes unfamiliar financial challenges that increase the odds of poor money management, overspending, credit card debt, and adopting risky financial behaviors (Shim et. al., 2009). Youth's development and a positive influence from agents of socialization can ease this transitional period.

Society deems the college years as the time when youth become adults, take on adult responsibilities, make big life decisions, and start to become financially independent from their parents (Agliata & Renk, 2008). For many youth, college is a time that presents unfamiliar financial responsibilities such as paying bills, budgeting one's money, and experiencing and managing credit (Gutter, Garrison, & Copur, 2010). If parents can provide healthy examples of managing basic financial challenges, these students can learn how to deal with and manage financial challenges and stressors. Conversely, if college-aged youth lack exposure to healthy parental modeling, they are more likely to have a harder time addressing such financial challenges, which leads researchers to argue that the impact parents have on youth's transition into young adulthood is highly underestimated (Agliata & Renk, 2008).

Parents usually have the knowledge, and skills to handle financial decisions because of their lifetime experience (Grinstein-Weiss, Spader, Yeo, Key, & Freeze, 2010), which is something that youth lack. Therefore, youth are continuously practicing Bandura's Social Learning theory and observing the models in their lives in order to gain knowledge and skills. College-aged youth's financial habits are transferred down from parents and passed on to the next generation (Hira, 1997). It becomes a social learning cycle of observing and transferring behaviors from parents to college-aged youth.

Parents affect their children’s financial literacy, not just by teaching, but by their own financial history and status as well. Family and parental socio-economic status plays a part in one's level of financial literacy. Low-income adolescents have limited access to social financial systems (Johnson & Sherradon, 2007). This demonstrates that one's social environment plays an important role in education and financial influence. In a 2008 study, it was determined that financially literate high school students predominantly had parents who held college degrees (Lusardi, Mitchell, & Curto 2010). Another study indicated that college-aged youth who received financial education from their parents had better credit scores and lower credit card debt than those who did not receive education (Grinstein-Weiss, Spader, Yeo, Key, & Freeze, 2010).

Since youth learn from their parents, it follows that parents need to be educated about personal finance to ensure that they are passing along smart money habits and accurate information. Lusardi, Mitchell, and Curto (2010) believe that it could be beneficial to involve both parents and their offspring in financial education programs. Like financial education for college-aged youth, financial education for parents is beneficial when it is tailored to specific parental needs and available through online and print sources versus formal classroom style approaches (Danes, 1994). Parents need to lead by example and teach their children that smart personal financial management is vital for financial success (Wall & Baumhol, 2007). As research concludes, parents have not always been healthy financial role models for their youth.

Parental Financial Behaviors

Between 2007 and 2010, the US economy experienced its most substantial downturn since the Great Depression (Federal Reserve Bulletin, 2012). With the recession of 2008-2009, financial and economic growth has been slow and the employment rate is still low (FINRA, 2013). The economic downturn affected a large portion of Americans, and many areas of society are still recovering. In 2010, the number of Americans who filed for bankruptcy surpassed the number who graduated from college (Council on Economic Education, 2014). It is in times like these that healthy parental modeling is important because youth are observing how their parents handle the financial crises. The way that parents deal with their hardships not only impacts them, but their families as well. Studies suggest that family financial struggles can influence the overall family dynamic and relationship (Gudmunson & Danes, 2011).

Parents have a stressful role as the financial providers for families. They are encouraged to think and plan for long-term events such as retirement, funding college-aged youths' education (Volpe, Chen, & Pavlicko, 1998), and saving for unexpected life events. Financial professionals state that individuals should put aside three to six months' worth of income in order to cover any unforeseen circumstances. Parents' sentiments echo this idea and many parents have every intention of saving money in a "rainy day fund." However, many households have little in savings (Webley & Nyhus, 2006). According to a 2012 survey by the Financial Industry Regulatory Authority (FINRA) Investor Education Foundation, only 40% of Americans have put aside enough funds to cover three months of expenses. Volpe, Chen, and Pavlicko (1998) found that American working adults do not put an adequate amount of their income towards retirement.

The 2012 FINRA survey was a financial capability assessment for American adults. This survey included four important financial topics that directly apply to parents and household leaders: 1) making ends meet, 2) planning ahead, 3) managing financial products, and 4) financial knowledge and decision-making (FINRA, 2013). An important topic, especially after the recession, seems to be making ends meet. In the 2012 survey, 40% of participants stated they had no problem making ends meet each month compared to 36% in 2009 (FINRA, 2013). One stressor of making ends meet is having sufficient funds to cover the large expenses that affect the entire family dynamic. The FINRA Investor Education Foundation (2012) found that 14% of working Americans needed to withdraw money from their retirement accounts to cover expenses, and 21% of homeowners reported having been late on their mortgage payments within the last year. The fact that Americans have had to withdraw money from retirement accounts is troubling. The recession and the incredible financial struggles that society continues to be faced with indicate that Americans are living above their financial means, and they do not have a strong understanding of financial concepts (Deringer, 2013).

College-Aged Youth as Consumers

Since early childhood, college-aged youth have been trained to play the role of a consumer, and have experienced numerous influences which have shaped their opinions of money. Beutler, Beutler and McCoy (2008) discovered that, youth associated money with happiness, and secondarily, valued money for purchasing material items. This misconception that money can buy happiness is held by American's consumer-driven society. An issue that American consumers face is that of delaying gratification. In a constantly changing and advancing society in which individuals want the latest and greatest material items, delaying one's gratification can be difficult. Studies report correlations between the influence of parents and their ability to delay gratification with college-aged youths' ability to delay gratification (Webley & Nyhus, 2006). If youth see their parents behaving in a particular way, they figure it is okay if they do the same. Again, this provides evidence that parents' financial behaviors have a strong impact on their children's financial behaviors and reinforces the importance of healthy modeling.

Instant gratification is reinforced through the use of credit cards. Credit cards have become a common way to fund consumer purchases in our society (Hayhoe, Leach, Turner, Bruin, & Lawrence, 2000). A 2010 study by Norvilitis and McLean found that when parents used financial learning activities such as managing allowance and bank accounts, youth have lower credit card debt. The college market is extremely appealing for credit card companies because of the number of readily accessible people. Due to their limited finances and lack of financial literacy, college-aged youth are a vulnerable population. Such companies target college students because it is highly probable that they will continue as loyal customers through their adulthood (Hayhoe, Leach, Turner, Bruin, & Lawrence, 2000).

While young adults owning credit cards can have positive outcomes, currently, negative effects are most common. Young adults who abuse credit cards frequently suffer financially and psychologically (Roberts & Jones, 2001). College-aged youth have a high tendency to borrow money and to utilize revolving credit accounts (Atkinson & Tempson, 2004). College students also appear to possess little knowledge of their credit card policies or accumulated debt. It was reported that 75% of college-aged credit card holders had no idea that there were late fee penalties, and 81% underestimate the amount of time to pay off their balance (Council on Economic Education, 2014). To protect American consumers, the

2009 Credit Card Accountability, Responsibility, and Disclosure (CARD) act was created (Lusardi, Mitchell, & Curto, 2010). This act created laws for credit card companies to make their policies more transparent to protect consumers. This act and others were established to help credit card holders and consumers become better informed, but these policies cannot change behaviors.

Most young people experience limited income while attending college and this limited income status often continues into their first several years after graduation. During the age span of 18-24 years old, a majority of the money these individuals have is put towards consumption rather than investing or savings (Volpe, Chen, & Pavlicko, 1998). According to the Council on Economic Education (2014), 30% of college-aged youth's income applied toward paying off debts. Studies show that college-aged youth who find themselves in debt may not understand the severity of their behavior (Norvilitis, Merwin, Osberg, Roehling, Young, & Kamas, 2006). The fact that young adults are allowing themselves to get into debt unaware of the consequences is alarming, especially since repercussions of risky financial behavior can create financial difficulties that will affect them negatively throughout their adult life.

Volpe, Chen and Pavlicko's (1998) Survey of Personal Financial Literacy found that college-aged youth with less knowledge about personal finances were more likely to make incorrect decisions about general savings, borrowing, and investing. However, the Council of Economic Education (2014) found that college students who lived in states that required economic education were less likely to make late credit card payments, less likely to max out credit cards, more likely to save money, and less likely to be compulsive buyers. Early exposure to financial concepts may increase youth’s familiarity and comfort with financial matters, which aides in smart decision-making (Bernheim, Garrett, & Maki, 2001) and essentially helps develop smarter consumers.

College-Aged Youth Student Loan Debt

Another financial matter that college-aged youth experience are student loans and the resulting repayment of student loans, all of which can be troublesome, stressful, and in the worst case, result in default. Individuals who attend universities with higher tuition rates often have high amounts of student loan debt (Institute for College Access & Success, 2014). Today's college-aged youth are experiencing a higher cost of education, compared to generations past. In addition, financial aid opportunities are becoming more scarce, thus forcing students to take out more loans to fund their education (Jump$tart Coalition, 2014).

College graduates who obtained a bachelor's degree in 2009 had an average of $24,000 in student loan debt, compared to those who graduated in 2012 with an average of $29,400 (Institute for College Access & Success, 2014). With student loans becoming a more common source used to fund education, college-aged youth need to be prepared for the repayment process, and aware of the consequences. According to the Institute for College and Access (2014), it takes only nine months for an individual to be in default on student loan repayment. Shockingly, the current level of outstanding student loan debt has reached $1 trillion, and the amount of student loans in default is the highest it's been in twenty years (Jump$tart Coalition, 2014). Unfortunately, many college students have taken out loans without understanding the repayment process and how this debt could affect their financial future (Jump$tart Coalition, 2014). This is an important issue that need to be addressed in order to protect young peoples’ financial futures.

Current Progress

Due to the high level of financial illiteracy among America's youth population, many organizations have been developed to aide in fixing this problem. One of the most prominent organizations is the Jump$tart Coalition, which was founded in 1997. Jump$tart is a coalition of numerous financial organizations that collectively focus on building financial knowledge, increasing financial skills, and working to erase financial illiteracy in America.

In 1997, Dr. Lewis Mandell created the Survey of Personal Financial Literacy for High School students, which assesses and evaluates high school seniors' knowledge of personal finance (Jump$tart, 2014). Mandell recently created a similar survey to be administered to college students (Jump$tart, 2014). This is a useful tool for educators, policy makers, and researchers to discover where college-aged youth are on the financial literacy scale, and to assess what changes need to be made. Another beneficial resource that Jump$tart provides is a list of best practices; these include a helpful guide for teaching and developing financial education (2014). Jump$tart (2014) also developed the National Standards in K-12 Personal Finance Education, which is a guide that outlines the skills and knowledge about personal finance that children and adolescents should possess at specific ages.

Another well-known organization is the Council for Economic Education (CEE). CEE provides resources tailored to instructors that focus on financial and economic education (2014). CEE has recognized the increasing gap between what Americans should know about economics and personal finance and their ability level. Through offering workshops and curriculum, their mission is to address this problem. An important focus for CEE is to provide real world experience with finances to youth so that they can build upon this foundational knowledge and develop a skill set they can utilize throughout their lives. In an effort to address this issue, CEE created curriculum guides for kindergarten through 12th grade that include trustworthy face-to-face training, online training, and resources, and through their partner organizations (2014).

Overall, American society seems to maintain contradicting viewpoints on finances and youth education. Society values education, yet money is cut from education. Society values youth and wants them to succeed, yet we as a society, are not providing the proper tools to succeed. Studies show that young adults are entering the adult world unprepared to make the financial decisions they face (Danes, Huddleston-Casa, & Boyce, 1999), indicating that society has not succeeded in providing healthy role models, leaders, and teachers for the college-aged youth population. Many organizations have been established to focus on improving financial literacy. This is not something that can be fixed over night, but these organizations will help influence parents, educators and college-aged youth to take action in the financial literacy movement.

Methodology

The purpose of this quasi-experimental, no treatment or control group, study is to investigate how college-aged youth at the University of Idaho view their current financial situations. The many behaviors and attitudes towards financial management that impact their finances will be examined in the results. Additionally, this study provides insight into the self-perception of this sample in regard to financial management. As a method of further assessing the findings, results will be compared with current national research about this age group.

Procedure

This study analyzed the results of the Student Financial Survey, a questionnaire developed by Dr. Nancy Deringer for use at the University of Idaho, during the spring semester of the 2012-2013 academic year. The sampling method for this study was convenience sampling. Representatives from the School of Family and Consumer Sciences distributed the survey in front of the university commons building, and helped participants complete it face-to-face. The survey distribution date fell on a preview day for future students, when foot traffic would be increased. This did skew the survey results. Many of the surveys were not usable because the participants were outside the specified age range. Individuals were not identified to protect their confidentiality. This blinded collection method allowed for the researchers to provide answers to questions participants had about the survey.

The Student Financial Survey was designed to measure college-aged youth's attitudes, behaviors and perceptions of financial management, and to assess if the students at the University of Idaho align with national research findings concerning this age group.

College-aged youth identified how they perceive their current financial state, by placing themselves in one of the following categories: secure, comfortable, shaky, or disastrous. The survey also solicited information about college-aged youth's financial behaviors ranging from activities such as owning a credit card to consistently saving money each month, and discussing financial matters with parents or spouses. Participants were asked questions about whether or not they believe personal finance is important, and how they perceive themselves from a financial management perspective.

Participants

The survey participants were chosen by convenience sampling since the researchers had easy access to them and because their characteristics matched the criteria of the desired sample and aligned with the purpose of the study. The population of interest for this study consists of college-aged youth ages 18-29 attending the University of Idaho. The total number of participants in this study is 121. Of these 121 participants, 83.5% were full-time students, and 80.1% were undergraduate students. The gender breakdown of the participants was fairly evenly distributed among females and males.

Survey Design

The Student Financial Survey was initially created by Dr. Nancy Deringer (Appendix B) in 2009 at the University of Idaho, and has been distributed and collected each spring semester since then. The survey consists of 20 multiple choice questions regarding college-aged youths financial behaviors, perceptions, and attitudes. It asks questions regarding their roles as young consumers. One qualitative question was included, which allowed participants to write down financial topics that they are interested in and would like to learn more about.

Data Analysis

The surveys were collected and inspected for any age discrepancies to ensure that the results reflected the age range of interest. The results were entered into a spreadsheet, which was then uploaded into the electronic data analysis program, SPSS. The raw data was run through SPSS, where frequencies and cross tabulations were created to compare results of multiple questions at once to check for significant relationships. The statistical tests that were completed for this data set included: frequency tables, cross tabulations, and chi square calculations.

Human Subject Approval

The University of Idaho Institutional Review Board has certified this project as Exempt (Appendix A).

Results and Discussion

Overall, the results from the 2013 Student Financial Survey aligned with current research findings. However, some interesting negative trends relating to financial behaviors and perceptions were discovered. The use of cross tabulations allowed for a thorough examination of data to uncover trends and patterns regarding college-aged youth's behaviors and attitudes about money management. For this paper, the results and discussion chapters have been merged into one, thus combining the statistical findings with the interpretation of the results.

Current Financial Situation

The first question of the survey was geared towards college-aged youths' financial behaviors, specifically asking participants to best describe their financial situation using a multiple choice format (Table 3.1). Surprisingly, 59.5% feel their current financial situation is either secure or comfortable. This is an optimistic response; however, this is not the most important response. Rather, the major concern with regards to current financial situation is that almost half, 40.5%, of respondents feel their current financial situation is shaky or disastrous. There could be countless reasons why college-aged youth feel that their financial situation is anything less than comfortable. This question is examined further by comparing college-aged youth's monthly budgeting and saving.

Table 3.1 How Would You Describe Your Current Financial Situation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Secure	17	14.0	14.0	14.0
	Comfortable	55	45.5	45.5	59.5
	Shaky	47	38.8	38.8	98.3
	Disastrous	2	1.7	1.7	100.0
	Total	121	100.0	100.0	

Budgeting & Saving

The majority, (66.1%) of participants state that they do budget for monthly expenses whereas 33.9%, approximately one third of the participants, do not budget (Table 3.2). It is refreshing to see two-thirds of the sample size budgeting for their monthly expenses. The focus should be on the one-third that do not budget to determine if the issue is that they are attempting to budget, but are struggling or if they simply do not know how to create and follow a budget.

Table 3.2 Do You Budget For Monthly Expenses

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	41	33.9	33.9	33.9
	Yes	80	66.1	66.1	100.0
	Total	121	100.0	100.0	

The results for having a consistent savings plan were almost split down the middle with 49.6% saying they do not have a consistent savings plan, and 50.4% saying they do have a consistent savings plan (Table 3.3).

Table 3.3 Do You Have a Consistent Savings Plan

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	60	49.6	49.6	49.6
	Yes	61	50.4	50.4	100.0
	Total	121	100.0	100.0	

To follow up on consistent savings plans, the current financial situation and consistent savings plan were cross tabulated and have a significant relationship (Table 3.4). Of those who have a consistent savings plan, 44 respondents also have a secure/comfortable financial situation. It makes sense that those who consistently save also feel comfortable with their finances because it means that they understand basic savings principles. These are behaviors that college-aged youth should strive for. Of those who have a shaky/disastrous financial situation, 32 respondents do not have a consistent savings plan. Again, these results make sense, but it is important to discover why they are not saving, and the impact their financial situations have on their saving. An intriguing finding is the 28 individuals who do not have a consistent savings plan, but have a secure/comfortable financial situation. Unfortunately, there are no questions in the survey to explain this. Perhaps they receive the majority of their funding from their parents.

Table 3.4 Cross Tabulation Current Financial Situation and Having a Consistent Savings Plan

		Do you have a consistent savings plan? No	Yes	Total
How would you describe your current financial situation:	Secure	4	13	17
	Comfortable	24	31	55
	Shaky	31	16	47
	Disastrous	1	1	2
Total		60	61	121

Chi square, χ^2 (3, N = 121) = 10.4, p = .015.

When budgeting for monthly expenses was compared with current financial situations, 46% of those in secure/comfortable financial situations state that they budget for monthly expenses (Table 3.5). What is interesting is that 33% of those in shaky/disastrous financial situations also stated they budget for monthly expenses, while only 15% state that they do not budget. This is an interesting discovery that could be due to respondents budgeting for monthly expenses, but not having enough financial knowledge to create and stick to a realistic long-term budget. Another possibility is that these students establish reasonable budgets, but their financial behaviors cause them to exceed their budget.

Table 3.5 Cross Tabulation of Current Financial Situation and Budgeting for Monthly Expenses

		Do you budget for monthly expenses? No	Do you budget for monthly expenses? Yes	Total
How would you describe your current financial situation:	Secure	8	9	17
	Comfortable	18	37	55
	Shaky	14	33	47
	Disastrous	1	1	2
Total		41	80	121

Chi square, χ^2 (3, N = 121) = 1.93, p = .586.

Credit Card Debt

Two areas of financial concern, both which typically occur when college-aged youth enter college, are credit card debt and student loan debt. It is a known fact that college-aged youth are targeted by credit card companies since they are a vulnerable and impressionable population. All of the participants (n=121) responded to the question regarding credit card debt, and it is reassuring to know that 79.3% of respondents do not possess a credit card (Table 3.6). There was a significant relationship between the participants who did not have a credit card and how they rated their current financial situation (Table 3.7). Those who felt their financial situation was secure/comfortable typically did not possess a credit card. On the other hand, of the 20.6% who do hold a credit card, a vast majority have debt levels below \$2,500. The concern lies with those college-aged youth who have credit card debt above \$2,500. The number of college-aged youth with high credit card debt is small, (4.1%) but the fact that some owe more than \$10,000 in credit card debt is alarming. The differences between males and females in regards to credit card debt are limited, but more females have credit card debt as compared to males (Table 3.8).

Table 3.6 Do You Currently Have Credit Card Debt

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	96	79.3	79.3	79.3
	Less than $500	9	7.4	7.4	86.8
	$501 - $1,000	5	4.1	4.1	90.9
	$1,001 - $ 2,500	6	5.0	5.0	95.9
	$2,501 - $5,000	1	.8	.8	96.7
	$5,001 - $7,500	1	.8	.8	97.5
	$7,501 - $10,000	2	1.7	1.7	99.2
	more than $10,000	1	.8	.8	100.0
	Total	121	100.0	100.0	

Table 3.7 Cross Tabulation of Current Financial Situation and Credit Card Debt

		How would you describe your current financial situation:				Total
		Secure	Comfortable	Shaky	Disastrous	
Do you currently have credit card debt? If so, please select the amount:	No	16	43	37	0	96
	Less than $500	0	5	4	0	9
	$501 - $1,000	0	2	3	0	5
	$1,001 - $ 2,500	0	3	3	0	6
	$2,501 - $5,000	0	1	0	0	1
	$5,001 - $7,500	0	1	0	0	1
	$7,501 - $10,000	1	0	0	1	2
	more than $10,000	0	0	0	1	1
Total		17	55	47	2	121

Chi square, χ^2 (21, N = 121) = 100.01, p = .002.

Table 3.8 Cross Tabulation of Participant Gender and Credit Card Debt

		Please select your gender: Male	Female	Total
Do you currently have credit card debt? If so, please select the amount:	No	41	54	95
	Less than $500	4	5	9
	$501 - $1,000	2	3	5
	$1,001 - $ 2,500	3	3	6
	$2,501 - $5,000	1	0	1
	$5,001 - $7,500	0	1	1
	$7,501 - $10,000	1	1	2
	more than $10,000	1	0	1
Total		53	67	120

Chi square, χ^2 (7, N = 120) = 3.50, p = .835.

Student Loan Debt

Student loans are becoming a common way to fund one's college education (Table 3.9) and the results show that more than half (51.2%) of respondents (n=121) reported having student loans, which implies that they also have student loan debt. A majority of the respondents have under $10,000 in student loan debt, leaving 24% of respondents with $10,001 to more than $40,000 in student loan debt. Interestingly, 48.8% of respondents said they do not have any student loans. One reason for this may be the timing and campus events occurring during the time of the survey distribution. Other reasons could be the level in school with some graduate students and law students having alternative ways to fund their education, such as research assistantships or teaching assistant positions, or graduate students returning to school after having saved some money. The amount of debt between genders was almost evenly distributed. As for the level in school, a majority of the student loan debt was spread among undergraduates compared to Master's, Law and PhD students.

Table 3.9 Do You Currently Have Student Loans

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	59	48.8	48.8	48.8
	Less than $5,000	20	16.5	16.5	65.3
	$5,001 - $10,000	13	10.7	10.7	76.0
	$10,001 - $20,000	10	8.3	8.3	84.3
	$20,001 - $40,000	9	7.4	7.4	91.7
	More than $40,000	10	8.3	8.3	100.0
	Total	121	100.0	100.0	

Those students who have small amounts of student loan debt also felt secure/comfortable with their financial situation (Table 3.10). Those who had more student loan debt for the most part were comfortable/shaky. The difference between these cannot be determined by this survey, but could be results of lack of knowledge about student loans and the repayment process. Perhaps those who feel comfortable, but have a large amount of student loan debt have been educated about the process and have established a plan to repay the debt. There was approximately the same number of students who felt secure as those who felt shaky, both with no student loans. This leads one to believe that there are other financial issues that are causing these individuals to feel a certain way about their financial situation.

Table 3.10 Cross Tabulation of Current Financial Situation and Student Loan Debt

		How would you describe your current financial situation:				
		Secure	Comfortable	Shaky	Disastrous	Total
Do you currently have student loans? If so, please select the amount:	No	15	27	17	0	59
	Less than $5,000	1	12	7	0	20
	$5,001 - $10,000	1	5	6	1	13
	$10,001 - $20,000	0	3	7	0	10
	$20,001 - $40,000	0	4	5	0	9
	More than $40,000	0	4	5	1	10
Total		17	55	47	2	121

Chi square, χ^2 (15, N = 121) = 26.66, p = .032.

Parent-Youth Discussion of Finances

As stated in the review of literature, parents have an incredible impact on college-aged youth's socialization. Communication between parents and youth regarding financial management is vital for college-aged youth's financial socialization and the development of habits. As research predicted 71.9% of college-aged youth respondents state that they talk to their parents regarding financial management (Table 3.11). Unfortunately, 22.3% of respondents replied they do not talk to their parents about finances. This number is too high, especially since college-aged youth view their parents as their number one source for obtaining information. One reason for this lack of discussion could be that these college-aged youth do not have a good relationship with their parents, and choose to obtain information from other sources.

Table 3.11 Do You Currently Discuss Finances with Your Parents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	27	22.3	23.7	23.7
	Yes	87	71.9	76.3	100.0
	Total	114	94.2	100.0	
Missing	System	7	5.8		
Total		121	100.0		

The decision of respondents to discuss finances with their parents was compared with how they described their financial situation (Table 3.12). It was no surprise to find that 49.1% of respondents who self-reported as secure/comfortable also discussed finances with their parents. The peculiar finding is that 27.1% of respondents who described their situation as shaky stated that they talk to their parents about finances. Research says discussing finances is beneficial to college-aged youth's financial behaviors, habits and knowledge. A potential concern is that the information parents are giving their college-aged youth is inaccurate or faulty. This could be because they themselves are not well educated in financial management. Another possibility is that neither party is giving their full attention to the discussion. Lastly, potential issues lie with those who do not discuss finances at all. Of the 22.3% who state that they do not discuss finances, roughly half describe their financial situation as shaky or disastrous. This is where parents need to step in and help by opening the communication lines between themselves and their college-aged youth.

Table 3.12 Cross Tabulation of Current Financial Status and Discussion of Finances with Parents

		Do you currently discuss finances with your parents?		
		No	Yes	Total
How would you describe your current financial situation:	Secure	4	13	17
	Comfortable	10	43	53
	Shaky	12	31	43
	Disastrous	1	0	1
Total		27	87	114

Chi square, χ^2 (3, N = 114) = 4.3, p = .228.

Spending Habits

College-aged youth have a limited income, but it is intriguing to see what they do with the income they have (Table 3.13). It was refreshing to see that nearly half, (41.1%) of respondents describe their spending habits as sticking to a close budget, spending money only on essentials, and putting any extra money they have into savings. These results reflect strong financial literacy and capability. This is the ideal behavior and attitude toward financial management that every college-aged youth should strive for. On the other hand, an unnerving trend is that 49.6% of respondents spend their extra money solely on themselves. This is an unhealthy attitude for college-aged youth, and leads one to believe that this group does not put any extra money into savings or consciously think about putting money away. Only 4.1% stated they never have any extra money, which means they do not even have money to spend frivolously let alone put into savings. The number of respondents, (53.7%) who do not stick to a budget or put money aside in savings, is distressing. Not sticking to a budget and spending money frivolously are bad habits that can carry on from college to adulthood, and take the form of living above one's means, or living paycheck to paycheck. In order to change this habit, these college-aged youth need to learn about budgeting and the importance of building savings into their budgets.

Table 3.13 Describe Your Spending Habits

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I stick to a close budget and only spend money on essentials, such as bills.	21	17.4	17.6	17.6
	If I have a little extra money, I put it into savings.	29	24.0	24.4	42.0
	If I have a little extra money, I spend it on myself or things I want.	60	49.6	50.4	92.4
	I never have extra money.	5	4.1	4.2	96.6
	My parents pay for everything.	4	3.3	3.4	100.0
	Total	119	98.3	100.0	
Missing	System	2	1.7		
Total		121	100.0		

When the results from the spending habits were compared with those describing financial situation (Table 3.14), an interesting discovery was made. Almost a quarter, (3.5%) of respondents who felt their financial situation was shaky/disastrous also fell in the spending money on themselves/I don't have extra money category. One can conclude that those participants in this sample, who describe their financial situation as shaky/disastrous also have unhealthy spending habits.

Table 3.14 Cross Tabulation of Current Financial Status and Spending Habits

		Describe your spending habits.					
		I stick to a close budget and only spend money on essentials, such as bills.	If I have a little extra money, I put it into savings.	If I have a little extra money, I spend it on myself or things I want.	I never have extra money.	My parents pay for everything.	Total
How would you describe your current financial situation:	Secure	4	6	6	0	1	17
	Comfortable	8	13	30	1	2	54
	Shaky	8	10	24	3	1	46
	Disastrous	1	0	0	1	0	2
Total		21	29	60	5	4	119

Chi square, χ^2 (12, N = 119) = 17.90, p = .119.

Sources of Financial Management Information

As previously discussed, the four most influential socialization agents in college-aged youth's lives are parents, friends, schools, and media, so it was interesting to see from which sources participants obtained their information (Table 3.15). Parents had the strongest impact at 62.8%, with media and schools sitting at approximately 5%. One of the options for respondents to select was “trial and error” which 17.4% of respondents selected. Trial and error is not the most beneficial, nor is it the most financially sound way to learn about financial management. This is a risky, and potentially destructive, way to experience financial management, which could have long-term effects on one's credit or other negative effects in adulthood. This highlights a trouble area for college-aged youth, and reiterates the point that this population is not receiving adequate teaching about financial management.

Table 3.15 Where Did You Learn About Financial Management

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		2	1.7	1.7	1.7
	Media	6	5.0	5.0	6.6
	Parents	76	62.8	62.8	69.4
	Friends	5	4.1	4.1	73.6
	Financial Counselor	5	4.1	4.1	77.7
	Trial and Error	21	17.4	17.4	95.0
	School	6	5.0	5.0	100.0
	Total	121	100.0	100.0	

The cross tabulation results of college-aged youth’s current financial situation and where they learned about financial management (Table 3.16) prove to be intriguing. As previously stated, college-aged youth claim that their parents are their main source for obtaining knowledge about money management. In addition, college-aged youth's socialization agents typically have a significant impact on their development. In this case, parents are ranked first as a source of information about financial management, but interestingly, the other main socialization agents did not have significant numbers. Trial and error was the second highest response with 21 participants, 16 of whom also consider their current financial situation as shaky. These numbers are troubling. Trial and error can be viewed as experiential learning where an individual learns by doing and experiencing something, but it is a risky way to learn. It could be that college-aged youth hope to learn from their mistakes, but seeing how many of these participants also have a shaky financial situation, it appears they are not learning from their mistakes.

Table 3.16 Cross Tabulation of Where You Learned About Finance Mangement and Your Current Financial Situtation

		How would you describe your current financial situation:				Total
		Secure	Comfortable	Shaky	Disastrous	
Where did you learn about finance management?		1	1	0	0	2
	Media	1	3	2	0	6
	Parents	14	40	20	2	76
	Friends	1	2	2	0	5
	Financial Counselor	0	2	3	0	5
	Trial and Error	0	5	16	0	21
	School	0	2	4	0	6
Total		17	55	47	2	121

Chi square, χ^2 (18, N = 121) = 25.24, p = .118.

Views on Money Management

In addition to college-aged youth's spending habits and financial behaviors, it is important to analyze the perceived importance of financial management to see what role it plays in their behaviors (Table 3.17). Unexpectedly, 71.4% feel that it is important to have a basic understanding of money management, which is reassuring, since 60% of those, also describe their financial situation as secure/comfortable. Another optimistic response was the 16.5% of respondents who selected “I think it's important, but I know nothing about it.” This is a great insight into how college-aged youth feel about money management. It is apparent that there is a desire to learn more, but the teaching aspect is not always accessible. The other two options for this question were negative views of money management. “It is not important to me” had 5.0% of the responses, and “It's only going to be important when I am done with school” had 6.6%. Some people might agree with this, since students have limited income and resources during college, yet researchers would say that college-aged youth should constantly be learning about money management since personal finance topics are important at every age. These are the college-aged youth on whom educators, parents and media need to focus in order to change their attitudes towards money management.

Table 3.17 How Do You View Money Management

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	It is not important to me.	6	5.0	5.0	5.0
	I feel it's important to have a basic understanding of money management.	85	70.2	71.4	76.5
	It will only be important when I am done with school.	8	6.6	6.7	83.2
	I think it's important, but I know nothing about it.	20	16.5	16.8	100.0
	Total	119	98.3	100.0	
Missing	System	2	1.7		
Total		121	100.0		

An interesting finding is that 28% of the respondents who describe their situation as shaky also feel that it is important to possess a basic understanding of money management (Table 3.18). This could be due to a lack of education from parents and schools about money management, and could lead to poor financial management behaviors. However, it does prove that the desire to learn more exists among these college-aged youth. As could be predicted, 42% of those who describe their situation as secure/comfortable also feel it is important to have a basic understanding of money management. This strengthens the point that those who view money management as an important part of life carry out the behaviors to create a secure or comfortable financial situation.

Table 3.18 Cross Tabulation of Current Financial Situation and Views on Money Management

		How do you view money management?				
		It is not important to me.	I feel it's important to have a basic understanding of money management.	It will only be important when I am done with school.	I think it's important, but I know nothing about it.	Total
How would you describe your current financial situation:	Secure	2	14	1	0	17
	Comfortable	4	37	4	9	54
	Shaky	0	33	3	10	46
	Disastrous	0	1	0	1	2
Total		6	85	8	20	119

Chi square, $\chi 2$ (9, N = 121) = 10.04, p = .347.

Current Financial Situation and Gender

After conducting cross tabulations of participants' gender and all of the other significant demographic questions, no significant relationships were found. The participant response was 44% male and 54% female, and the answers for each question were fairly evenly distributed between genders. When gender was compared with the current financial situation (Table 3.1), the results were relatively the same for each answer. It was surprising not to find any significant differences between genders with this sample since some researchers argue that males and females have different financial attitudes and behaviors. In addition, cross tabulations of participants' year in school was compared with the significant financial behavior questions and again, no significant relationships were found.

Table 3.19 Cross Tabulation of Current Financial Situation and Participant Gender

		Please select your gender:		Total
		Male	Female	
How would you describe your current financial situation:	Secure	4	12	16
	Comfortable	27	28	55
	Shaky	20	27	47
	Disastrous	2	0	2
Total		53	67	120

Chi square, $\chi 2$ (3, N = 120) = 5.50, p = .139.

Conclusion

Limitations

This study was limited to the sample size of University of Idaho's current and incoming students. The study was subject to the limitations incurred from convenience sampling voluntary participants. However, to our benefit, we were able to acquire a sample size that was relatively diverse in gender, ethnic background, and socio-economic status. Moscow is a fairly liberal and diverse town in Idaho; however, if the same study were to be conducted in a larger town, outside of Idaho, the sample could be greatly different. In past academic years, the survey was distributed electronically versus face-to-face. This allowed for a greater response rate and in turn, a larger sample size from which to reach conclusions. It allowed for the researcher to have results that could accurately be generalized to represent the entire student body at the University of Idaho.

Implications for the Future

It is apparent, even with the small Student Financial Survey study that the college students at the University of Idaho are doing fairly well in regards to financial management. However, they do not have the adequate financial literacy level and financial awareness that society expects of them. As the results state, there is a desire to learn more. It is a matter of properly educating parents and teachers in order to provide the best all-around financial education for youth. With high levels of credit card debt and student loan debt rising, it is critical for college-aged youth to have the proper knowledge of how to deal with debt in order to protect their credit and their financial future.

Despite the sample size, the results of this study correlate with those of other studies on American college-aged youth. University of Idaho college students have similar financial management issues and lack the same resources and education. Other universities have initiated ways to address their financial literacy issues, such as implementing a free financial counseling center, or offering more financial management classes to all students. Currently, the University of Idaho offers a class, Personal and Family Financial Management, which provides a great overview of the basics of financial management that the average person encounters within his/her lifetime. A way that University of Idaho can improve its efforts to increase financial literacy for students is to require this class, or one similar, to all incoming freshmen. It's not a guarantee that it will change each student’s financial behaviors, but it is a solid starting point for introducing them to real life financial matters.

The research and findings in this paper are most beneficial to teachers, parents, counselors, and extension employees who interact and educate college-aged youth and their families. The resources discussed can especially be utilized by extension employees to reach out to families in Idaho to improve and build upon their financial literacy. As discussed earlier, some organizations have been developed in order to promote financial literacy and to provide educational materials for teachers and parents. It is through organizations such as these and the cooperation of youth, parents, and teachers that the struggle of financial illiteracy can be changed. Even though a great deal of financial literacy is dependent upon teaching, behavior still plays a huge role. If America wants to work to eliminate the financial illiteracy issue among college-aged youth, it will take a combination of efforts from various groups to pull together and tackle the problem.

Ideal Solutions

If society wants to eliminate the problem of financial illiteracy, changes need to be made starting with the national and statewide education systems and also within families. In a perfect world, our education system's financial management requirements would be changed in order to provide courses for youth in each grade level from kindergarten through college. Each course would include experiential learning activities covering topics that are applicable to the students' lives. Because parents play an important role in youth financial literacy, attention needs to be focused on them as well. In addition to educational adjustments for youth, more workshops and classes should be made available to parents to educate them on the various aspects of financial management and also on how to be appropriate models for their children. Within the family unit, parents need to open the lines of communication and discuss financial topics with their youth. Communication about financial management could lead to conversations about other important topics, initiating a learning experience for both parents and youth which could benefit not only their financial literacy, but also strengthen familial bonds.

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Appendix A

Modification Approval Letter from the University of Idaho's Internal Review Board

University of Idaho

Office of Research Assurances
Institutional Review Board
PO Box 443010
Moscow ID 83844-3010

Phone: 208-885-6162
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To: Nancy Deringer

From: Traci Craig, PhD
Chair, University of Idaho Institutional Review
Board (IRB) University Research Office
Moscow, Idaho 83844-3010

IRB No.: IRB00000843

FWA: FWA00005639

Date: March 22, 2011

Project: 2009-2010 Student Financial Survey (09-057)
Your modification request dated 03/21/11 has been approved. Please note that this does not change your approval period.

On behalf of the Institutional Review Board at the University of Idaho, I am pleased to inform you that the proposed protocol modification for the above-named research project has been approved as offering no significant risk to human subjects.

The approval for this project is valid for one year from the date of the original approval. Should there be significant changes in the protocol for this project, it will be necessary for you to resubmit the protocol for review by the Committee.

Traci Craig

Traci Craig

Appendix B

Student Financial Survey

2009-2010 Student Financial Survey

We are aware that many college students struggle with financial issues. A team of student researchers at the UI – School of Family and Consumer Sciences is collecting data on students' financial habits. Please answer the following questions as truthfully as possible. The information you give is completely anonymous and will be used as group data. This survey should take you less than 5 minutes to complete. Thank you for your time.

1. How would you describe your current financial situation:
   a. Secure
   b. Comfortable
   c. Shaky
   d. Disastrous

2. Do you currently have credit card debt?
   a. No
   b. Yes
      If yes please select the amount:
      1. Less than $500
      2. $501 - $1000
      3. $1001 - $2500
      4. $2501 - $5000
      5. $5001 - $7500
      6. $7501 - $10000
      7. More than $10000

3. Do you currently have student loans?
   a. No
   b. Yes
      If yes please select the amount:
      1. Less than $5000
      2. $5001 - $10000
      3. $10001 - $20000
      4. $20001 - $40000
      5. More than $40000

4. Do you have a consistent savings plan?
   a. No
   b. Yes

5. Do you budget for monthly expenses?
   a. No

b. Yes

6. Do you discuss finances with your parents or spouse (if married)?

a. No
b. Yes

7. Have you discussed the issue of needs vs. wants with your parents or spouse (if married)?

a. No
b. Yes

8. Please select your college standing:

a. Freshman
b. Sophomore
c. Junior
d. Senior
e. Master's student
f. PhD student
g. Law student

9. Please select if you a part-time or full-time student?

a. Part-time
b. Full-time

10. Please describe your residency status:

a. In state
b. Out of state
c. WUE (Western University Exchange) program
d. International student

11. How is the majority of your education (tuition/fees, books/supplies, room/board, and personal) funded? Please select one from the list below.

a. Student loans
b. Grants
c. Scholarships
d. Savings
e. Employment – personal or spouse
f. Parents/other family

g. Fellowship
h. Assistantship
i. Other, please list one ____

12. Please select all financial sources utilized so that you can attend higher education:

a. Student loans
b. Grants
c. Scholarships
d. Savings
e. Work-study
f. Paid internship
g. Employment – personal or spouse
h. Parents/other family
i. Fellowship
j. Assistantship
k. Credit cards
l. Gift money
m. Other, please list ____

13. Please select your gender:

a. Male
b. Female

14. Please tell us your age:

a. 17- 18
b. 19-20
c. 21-22
d. 23-24
e. 25-26
f. 27-28
g. 29 +

15. Where did you learn about financial management?

a. media
b. parents
c. friends
d. financial counselors
e. trial and error

f. school
g. I don't know about financial management

15. Do you have a credit card?
    a. Yes
    b. No
    If yes, how many?
        a. 1
        b. 2
        c. 3

16. If you have a credit card, do you pay off the balance each month?
    a. Yes
    b. No
    c. I pay the minimum balance

17. If the University of Idaho had a free financial counseling center for students, how likely are you to use it?
    a. Very likely
    b. Somewhat likely
    c. Not at all

18. Describe your spending habits.
    a. I stick to a close budget and only spend money on essentials, such as bills.
    b. If I have a little extra money, I put it into savings.
    c. If I have a little extra money, I spend it on myself of things I want.
    d. I never have extra money.
    e. My parents pay for everything.

19. How do you view money management?
    a. It is not important to me.
    b. I feel it's important to have a basic understanding of money management.
    c. It will be only important when I am done with school.
    d. I think it's important, but I know nothing about it.

20. Please list specific financial issues or topics that you would like us to discuss in a workshop:

__________________________________ __________________________________

__________________________________ __________________________________

__________________________________ _________________________________