

STUDY ON

Collegiate Financial Wellness

2020 Key Findings



THE OHIO STATE
UNIVERSITY

OFFICE OF STUDENT LIFE

COLLEGE OF EDUCATION
AND HUMAN ECOLOGY

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ABOUT THIS REPORT

This report presents data from the most recent multi-institutional administration of the Study on Collegiate Financial Wellness (SCFW) in February 2020 among 60 two-year and four-year institutions. Findings in key areas of financial wellness among undergraduate students are summarized. Data were cleaned for completion on variables of interest within this report, so that each item has a consistent number of respondents. The final sample used for analyses within this report includes 24,884 respondents. For detailed information on all respondents and survey items, consult the 2020 SCFW Descriptive Report.

STUDY ON *Collegiate Financial Wellness*

A HOLISTIC PORTRAIT OF STUDENT FINANCIAL EXPERIENCES

The Study on Collegiate Financial Wellness (SCFW) is a multi-institutional survey examining the financial attitudes, practices and knowledge of students from colleges and universities across the United States.

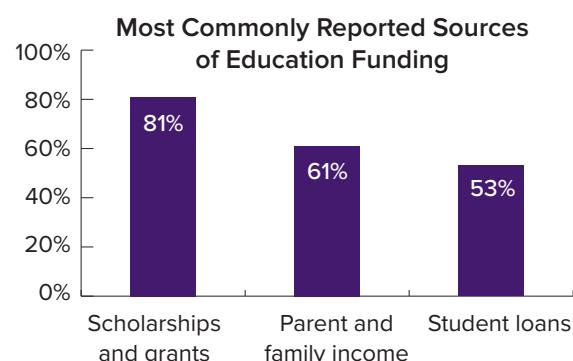
In February 2020, the survey was administered to 236,112 undergraduate students at 60 two- and four-year public and private institutions; 29,883 students responded for a response rate of 12.7%.

For more information visit: go.osu.edu/scfw. Data were cleaned for completion on variables of interest, resulting in a final sample of 24,884 students for this report.

PAYING FOR COLLEGE AND DEBT



65%
of respondents with student loans
felt that they would be able to pay
them off after graduation.



FINANCIAL STRESS AND PRECARITY



45%
of respondents said it would be
unlikely that they could come up
with \$400 in cash for a financial
emergency during the school year.



74%
of respondents agreed or strongly
agreed that they were stressed out
about their personal finances in general.



33%
One out of three respondents said
they had considered dropping out
of college due to financial concerns.

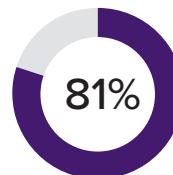


65%
of all respondents agreed or strongly
agreed that they were optimistic about
their financial futures.

FINANCIAL EDUCATION AND CAPABILITY



65% of respondents said they received
some form of financial education; the most
commonly reported form of financial education
was meeting with a financial aid counselor.



81% of respondents said they
felt confident that they could
manage their finances.



Respondents answered 3.2
out of 6 financial knowledge
questions correctly on average.



ABOUT THE STUDY ON COLLEGIATE FINANCIAL WELLNESS

The purpose of the Study on Collegiate Financial Wellness (SCFW), previously known as the National Student Financial Wellness Study, is to gain a more thorough and accurate picture of the financial wellness of undergraduate students. Previous multi-institutional administrations occurred in 2014 and 2017. The present report addresses the most recent multi-institutional administration of the SCFW in February 2020 and briefly summarizes findings in key areas of financial wellness.

WHAT IS FINANCIAL WELLNESS?

The SCFW uses a holistic paradigm that examines the entirety of undergraduate students' financial experiences. This approach aligns with other models of financial well-being that extend beyond traditional measures of income, financial literacy and debt to incorporate students' financial attitudes, knowledge and beliefs (Consumer Financial Protection Bureau, 2015; Lee et al., 2019; Shaulskiy et al., 2015). This report is divided into three sections focusing on different aspects of financial wellness.

The first section of this report, **Paying for College and Debt**, describes what sources students use in order to finance their education. This section also includes data on common types of debt, particularly credit card and student loan debt, and student attitudes towards this debt.

The second section, **Financial Strain and Precarity**, examines student financial stress, optimism and precarity. Precarity is a concept derived from sociological theory that explores the effects of economic insecurity (Standing, 2011); in other words, while a student may be currently managing their monthly expenses, they may be constantly stressed about their financial situation or not possess enough liquid assets to easily manage a financial emergency. This section explores attitudes through items related to financial strain and financial optimism.

The final section is focused on **Financial Education and Capability**, including students' financial knowledge scores and the type of financial education they received. Additionally, this section reviews various measures for financial capability, including students' confidence in their ability to manage their finances (i.e., financial self-efficacy), negative financial management behaviors and positive financial management behaviors (Consumer Financial Protection Bureau, 2018).

To help compare students' relative financial wellness, composite scores are reported across items measuring critical aspects of financial wellness. Likert scale values were converted into four-point scales. The table below summarizes the financial measures included in this report. Appendix B includes a complete list of which items on the SCFW instrument were used for each composite measure. All alpha values fall within acceptable ranges given the number of items included for the scale.

Table 1: Composite Financial Measures

Measure	Description	Total Items	α	Page Number
Financial Strain	Feeling stressed or worried about finances	4	0.83	11
Financial Optimism	Attitudes toward financial future	3	0.66	11
Financial Socialization	Indicates degree to which respondents' parents/guardians actively engaged respondent in learning about finances	4	0.90	13
Financial Self-Efficacy	Feelings of confidence and preparedness when dealing with financial matters	4	0.88	14
Positive Financial Behavior	Engaging in positive money management behaviors, such as saving or monitoring account balances; high scores suggest more positive financial behaviors	3	0.66	14
Negative Financial Behavior	Engaging in negative money management behaviors, such as making late payments; high scores suggest more negative financial behaviors	3	0.67	14

THE 2020 SCFW ADMINISTRATION

The SCFW survey was administered at 60 two- and four-year public and private colleges and universities in February 2020; among participating institutions, 63.3% ($n = 38$) were four-year public institutions, 21.7% ($n = 13$) were four-year private institutions, and 15.0% ($n = 9$) were two-year public institutions. Across the 60 institutions, 85 campuses were represented. A list of all participating institutions is provided in Appendix A.

Across all institutions, 236,112 undergraduate students were invited to take the survey; 29,883 students responded for a response rate of 12.7%. Details of response rates for each institution type are provided below.

Table 2: Response Rate Details

	Invited Students	Student Responses	Response Rate
All Institutions	236,112	29,883	12.7%
2-Year Public Institutions	19,255	1,321	6.9%
4-Year Public Institutions	193,256	24,588	12.7%
4-Year Private Institutions	23,601	3,974	16.8%

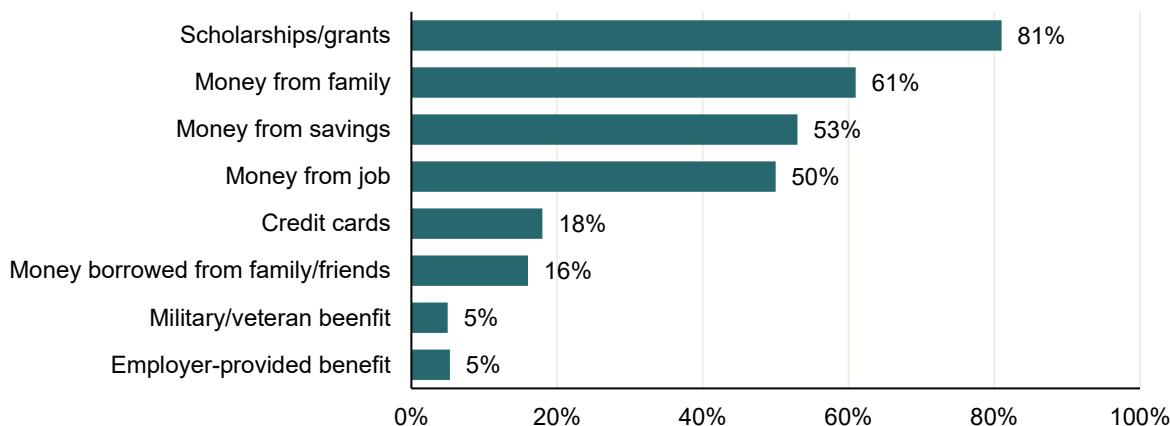
Data were cleaned for completion on variables of interest within this report, so that each item has a consistent number of respondents. The final sample used for analyses within this report includes 24,884 respondents. For detailed information on all respondents, consult the 2020 SCFW Descriptive Report.

PAYING FOR COLLEGE AND DEBT

Sources of Funding

Tuition and associated educational expenses are a significant financial commitment for college students; understanding how students pay for these educational expenses is therefore an important component of financial wellness. While student loans tend to dominate the national conversation on college funding, previous administrations of the SCFW found that students use a variety of sources to pay for their college education, most notably family income and scholarships/grants (Study on Collegiate Financial Wellness, 2017). This pattern was replicated in the 2020 administration, as demonstrated in **Figure 1**.

Figure 1:
Percentage of respondents using a given source to pay for college expenses*



*Does not include student loans. See Student Debt section for an in-depth discussion on loan use.

Among respondents on the 2020 SCFW, the most common source of funding for educational expenses was scholarships and grants, with **80.9%** of respondents using a scholarship/grant to pay for at least some of their college education. However, just **8.6%** of respondents reported using scholarships and grants to entirely fund their college education, suggesting that while most respondents receive scholarships and grants in some amount, they must use other sources of funding to cover remaining expenses. Money from family income was the second most common form of funding, with **60.6%** of respondents reporting using family income for college expenses.

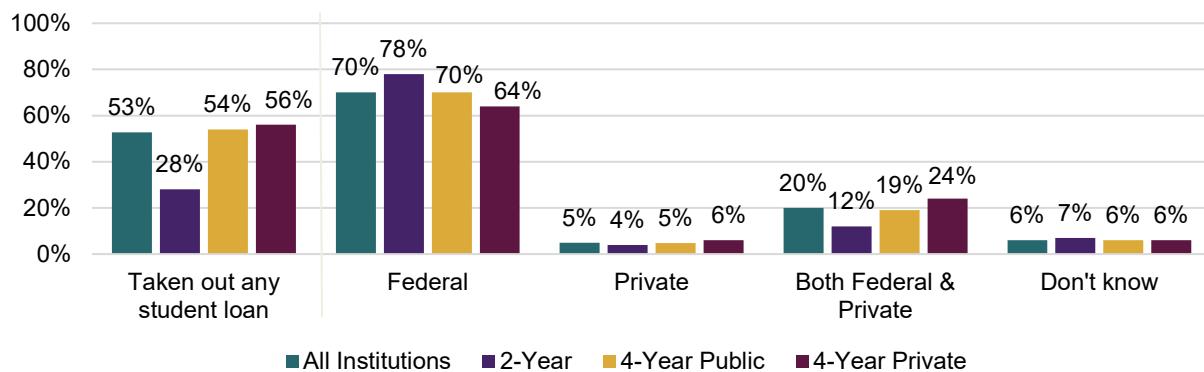
Some funding sources carry additional risk; for example, credit cards tend to have higher interest rates and working a full-time job while pursuing a degree is linked with increased time to graduation (Carnevale & Smith, 2018). However, students must often use these sources of funding in order to complete their degree, especially in light of decreased purchasing power for need-based aid such as Pell Grants (Protopsaltis & Parrot, 2017). In the 2020 SCFW, **49.7%** and **18.3%** of respondents reported using money from their job and credit cards, respectively, to fund their education. Of particular note, **13.5%** of respondents obtained most or all of their college funding via a current job.

Student Loans

Growing rates of student debt have generated concern among institutions and the broader public. In 2020, the amount of student loan debt owed surpassed \$1.5 trillion, with the median student loan debt totaling \$17,000 (Friedman, 2020). Research in the field of financial wellness has indicated that student loans cause stress for students and influence their ability to graduate (Britt et al., 2017); however, student loans remain essential for students from minoritized groups in gaining access to higher education (Jackson & Reynolds, 2013).

Figure 2 displays the overall percentage of students that used a student loan and the type of student loan divided by institution category. The SCFW instrument asks respondents if they have ever used student loans to pay for their education. Respondents who indicated that they currently have or previously used a student loan are then asked about the type of student loan (i.e., federal, private or both federal and private).

Figure 2:
Self-reported student loans by type and institution



In the 2020 SCFW, **53.0%** of respondents reported that they currently or previously had used a student loan to pay for their education. Combined with the sources of funding section above, student loans are the third most common source of funding behind scholarships/grants and family income. Respondents at four-year private institutions were the most likely to take out a student loan with **56.1%** using a loan, compared to **28.1%** of respondents at two-year institutions and **53.8%** of respondents at four-year public institutions. Federal student loans have low interest rates and are frequently subsidized; however, the caps on federal student loans or lack of awareness of these benefits may cause students to use private loans (Consumer Financial Protection Bureau, 2012). Respondents at four-year private institutions were the most likely to hold either exclusively private student loans (**5.6%**) or a combination of federal and private loans (**24.2%**).

Figure 3 summarizes the amount respondents had borrowed among those respondents who had taken out student loans. Consistent with the findings on the 2017 SCFW, the vast majority of respondents (**70.7%**) reported they had taken out less than \$29,999 to date in student loans. However, **5.8%** of respondents had taken out more than \$60,000 in student loans and **7.6%** of students did not know how much they had borrowed. **Figure 4** displays whether respondents with loans knew what their monthly payment would be after graduation; **48.8%** of respondents did not have a good idea of what their monthly payment would be.

Figure 3:
Self-reported current amount of student loan debt

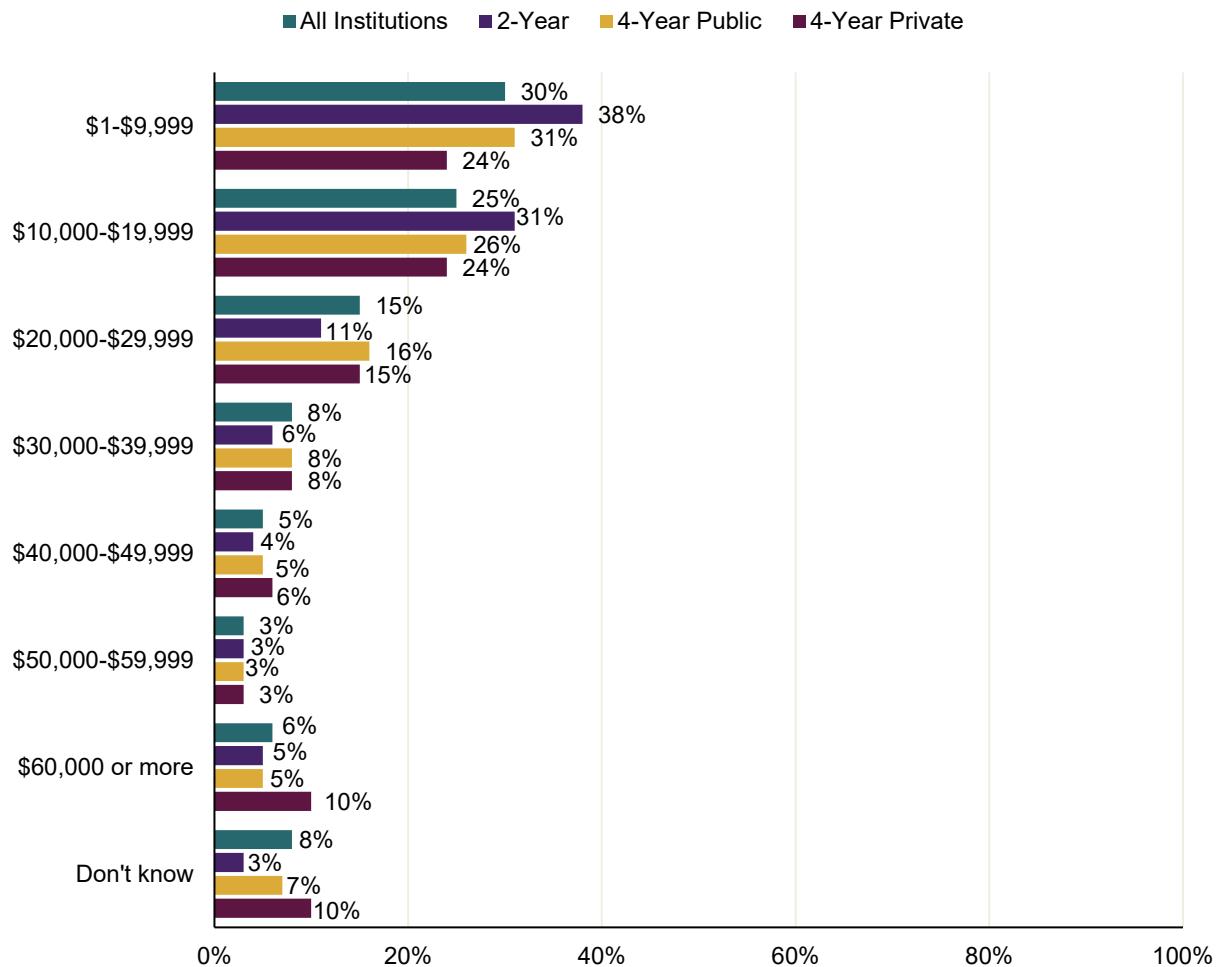
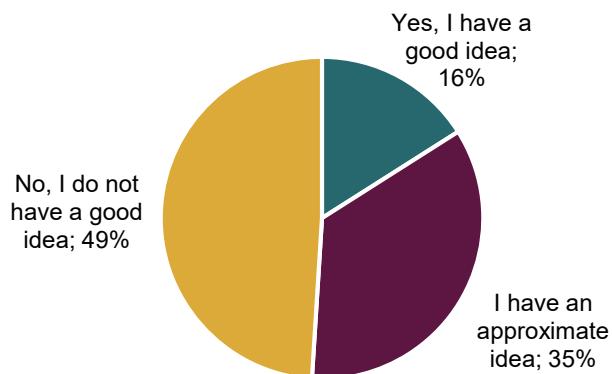


Figure 4:
Do you know what your student loan monthly payment will be when you graduate?



Loan Aversion

As the number of students using loans has increased, research in the field of financial wellness has extended to students' attitudes and perceptions around their loans. Several studies have found that college students are more hesitant to borrow money for their education, even when there may be a net economic benefit to borrowing. There are several underlying factors contributing to this loan aversion, including family concerns regarding loan use, negative beliefs about holding debt and skepticism towards lending agencies (Burdman, 2005; Goldrick-Rab & Kelchen, 2013). To examine this trend, the 2020 SCFW included items on loan aversion.

The first item regarding attitudes toward student loan debt was shown only to respondents who reported that they currently have or previously used a student loan. Overall, **65.0%** of respondents agreed or strongly agreed that they would be able to pay off their student loans after graduation. **Figure 5** provides additional data by institution type; respondents at four-year private institutions were the least likely to say they would be able to pay off their student loans after graduation.

Additionally, all students were asked whether they were comfortable with using student loans in general, regardless of whether they currently had student loans. **Figure 6** displays responses for

this item; most respondents (**61.0%**) reported that they were uncomfortable with using student loans. Respondents who were uncomfortable with using student loans were then asked to select the reasons that best described their discomfort. The top three reasons for student loan discomfort are displayed in **Figure 7**.

Figure 5:

I will be able to pay off my student loans after graduation
(% agree or strongly agree)

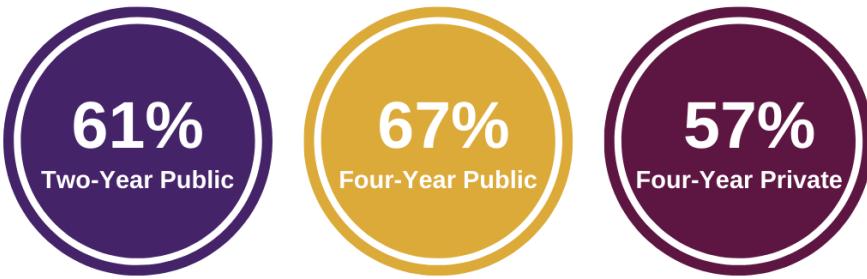


Figure 6:
Percentage of respondents
comfortable with using student
loans

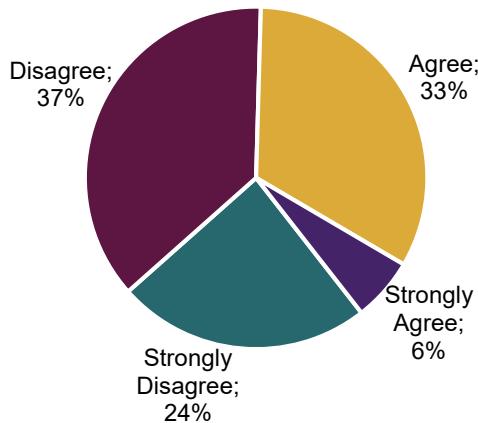
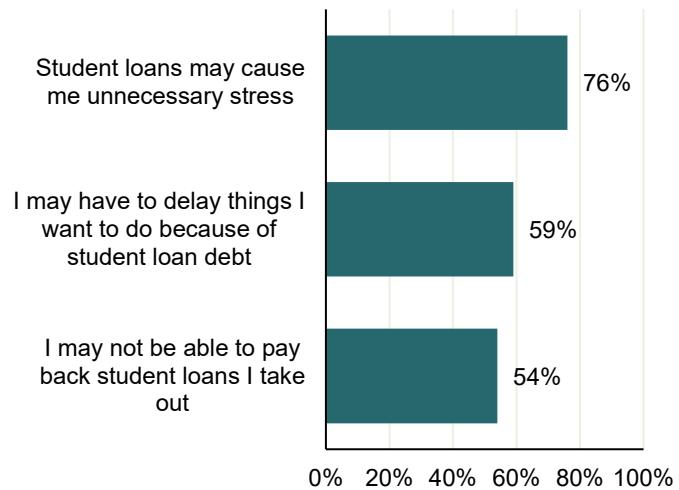


Figure 7:
Top three reasons for discomfort with
student loans



The most common reason respondents cited for discomfort with student loans was that student loans may cause unnecessary stress (75.9%). Over half of respondents who saw this question also indicated concerns that they would have to delay things such as buying a house or having a family due to debt (59.1%), as well as that they might not be able to pay back their student loans (54.3%). These findings suggest that most respondents were uncomfortable with using student loans to pay for their education, specifically due to concerns about the long-term implications of debt.

Credit Card Use

Credit card debt can be a particularly intractable form of debt given high interest rates and impacts on long-term ability to use credit (Norvilitis, 2014). This is of particular concern for undergraduate students, as many are using credit for the first time and may be unaware of the long-term implications of credit card debt. However, credit card use has also been associated with a greater sense of control over finances among undergraduate students; credit cards can also help cover emergency expenses that might otherwise compromise students' ability to complete their degrees (Dwyer, McCloud, & Hodson, 2011; Hodson, Dwyer, & Neilson, 2014).

The 2020 SCFW instrument asked students whether they have a credit card and how much they typically pay on their credit card statement. **Figure 8** displays credit card ownership by class rank and **Figure 9** details how much respondents paid on their credit card statement among those who indicated that they had at least one credit card.

Figure 8:
Percentage of respondents with a credit card by class rank

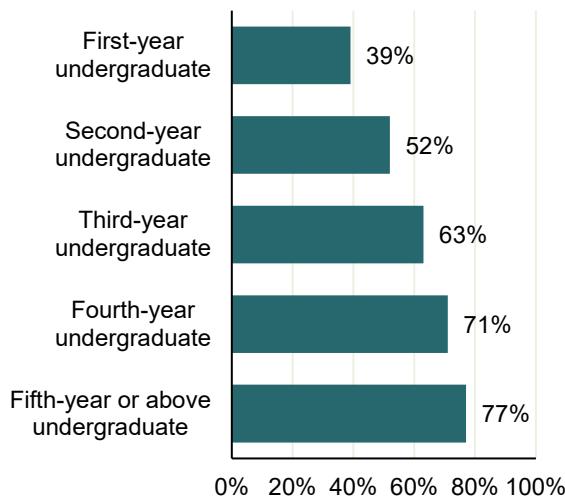
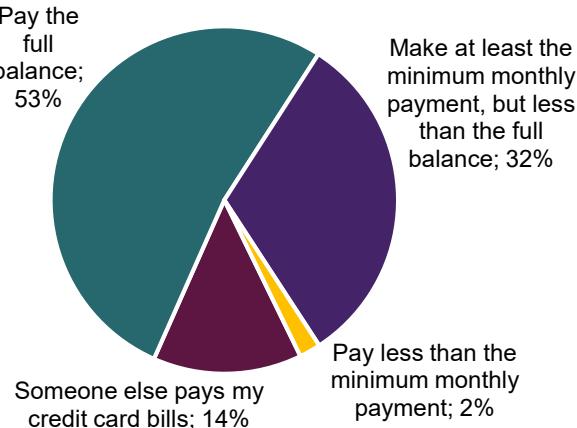


Figure 9:
Typical payment on credit card bill



Overall, 56.7% of respondents had at least one credit card and the percentage of respondents who hold a credit card steadily increases by class rank. Among respondents who were first-year undergraduate students, 39.4% reported having at least one credit card. This percentage climbed to 70.9% among fourth-year undergraduates.

Among respondents with credit cards, over half (52.5%) pay the full balance on their credit card bill. Roughly one-third of respondents (31.5%) make at least the minimum monthly payment, but do not pay the full balance. Additionally, most respondents with credit cards have only one (65.1%); however, 8.4% had four or more credit cards.

FINANCIAL STRESS AND PRECARITY

Financial Stress and Optimism

Research on undergraduate student financial wellness has extensively documented the prevalence of financial stress among undergraduate students. The 2017 administration of the SCFW found that students tended to report high financial strain scores, with nearly 70% of students reporting that they felt stressed about their personal finances in general. High financial strain is associated with a variety of negative academic outcomes, including increased time to graduation, lower academic performance and poorer mental and physical health outcomes (Bemel et al., 2016; Letkiewicz et al., 2014). Trends related to financial strain are therefore relevant to both financial wellness and students' overall academic success.

The 2020 SCFW explores student financial stress through two constructs: financial strain and financial optimism. Financial strain refers to students' experiences of stress around their monthly expenses and ability to pay for college, whereas financial optimism addresses students' attitudes towards their long-term financial situation. Composite scores for the financial strain and optimism measures are presented in **Figure 10**. Definitions for these measures are provided in Table 1. A list of items included in each composite measure is located in Appendix B.

Figure 11:
Key Strain and
Optimism Items:
(% agree or strongly agree)

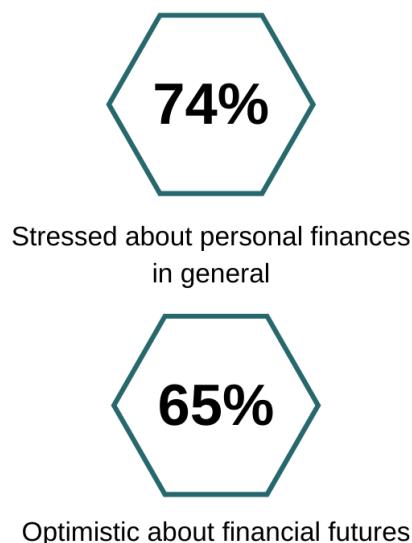
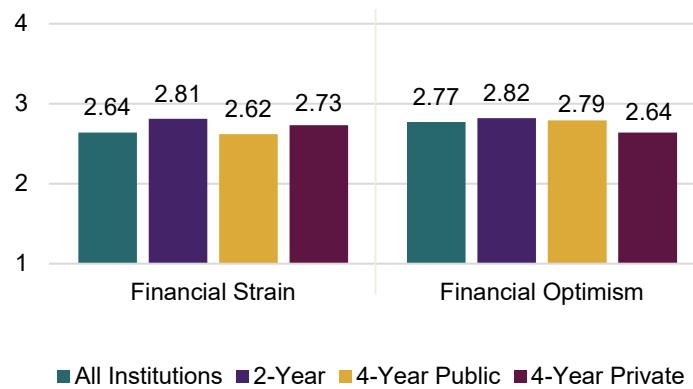


Figure 10:
Average Financial Strain and Optimism Scores



Scores for financial strain remain high, with respondents' overall scores averaging at 2.64, indicating general agreement with items describing experiences of financial stress and worry. As **Figure 11** displays, 73.8% of respondents agreed or strongly agreed that they were stressed about their personal finances in general. Financial strain scores were highest among respondents at two-year institutions and lowest among respondents at four-year public institutions.

However, financial optimism scores were on average higher than financial strain scores, with 65.0% of respondents reporting that they were optimistic about their financial futures. Additionally, 71.3% of respondents agreed or strongly agreed that the cost of college was a good investment for their financial futures. Financial optimism scores were highest among respondents at two-year institutions and lowest among respondents at four-year private institutions. This finding is consistent with the 2017 administration of the SCFW, which found that while respondents were stressed about their financial situations they were also optimistic about their financial futures. In other words, while students may feel positively about their post-graduation futures, they still worry about their financial situation while enrolled.

Economic Precarity

Economic precarity refers to experiences of financial insecurity (Standing, 2011). Precarity is useful for conceptualizing a person's finances beyond measures such as income that may not describe the entirety of their financial situation. For example, a student experiencing economic precarity may have an income large enough to cover their monthly expenses (e.g., rent, food, transportation) but not know how they will pay for tuition next semester. The 2020 SCFW examined economic precarity through two items. The first asked students if they could come up with \$400 in cash for a financial emergency during the school year. **Figure 12** displays the findings from this item. The second item asked students to define the impact of financial concerns on their academic experiences and long-term decision-making. Results from this item are displayed in **Figure 13**.

Figure 12:

How likely is it that you could come up with \$400 in cash in the event of a financial emergency during the school year?
(% somewhat unlikely or very unlikely)

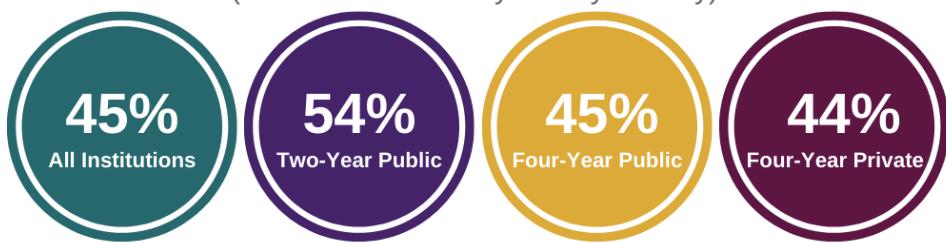
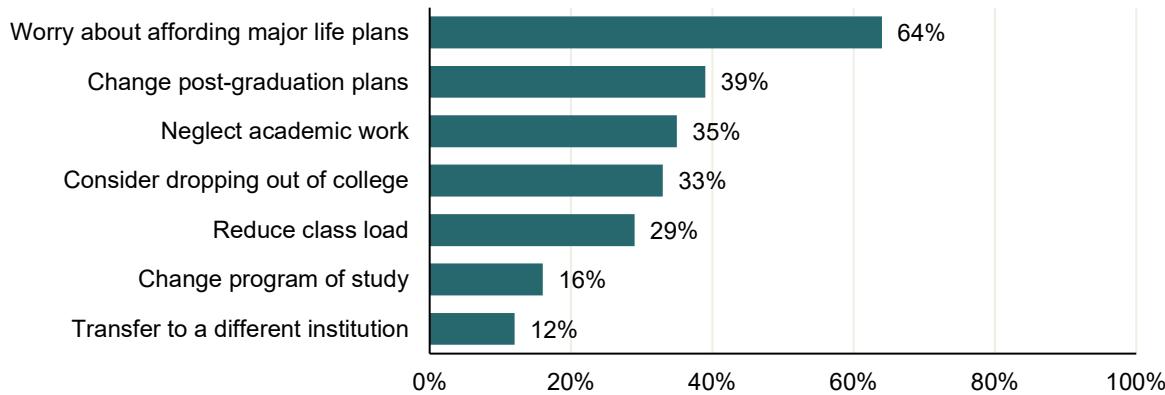


Figure 13:

Percentage of respondents who did the following due to financial concerns:



Almost half of respondents (45.4%) reported that it was somewhat unlikely or very unlikely that they would be able to come up with \$400 in cash for an emergency during the school year. Respondents at two-year institutions were the least likely to have \$400 in cash for an emergency, with 53.9% reporting it was somewhat or very unlikely they would have these funds. Respondents also reported that financial concerns had a variety of effects on their academics. The most common effect of financial concerns among respondents was worry about affording major life plans (such as buying a house or having a family); 63.7% of respondents reported this as a concern. Additionally, one-third of respondents (33.3%) reported that they had considered dropping out of college as a result of financial concerns; a similar percentage (34.3%) reported that they had neglected their academic work as a result of financial concerns.

FINANCIAL EDUCATION AND CAPABILITY

Financial Education

Undergraduate students learn about financial behaviors and best practices through a variety of sources, including from peers, family, media and formal education opportunities. The SCFW examines respondents' sources of financial education, as well as students' financial knowledge.

The SCFW asks a series of questions designed to assess how students learned about finances from their families. **Figure 14** displays data from two items on the financial socialization measure. Roughly three-fourths (73.8%) of respondents received financial advice from their parents or guardians. The percentage of respondents who said they learned what they needed to about money management from parents/guardians was lower, at 61.2%.

Another important source for students to learn about financial topics is through classes, workshops and meetings with personal finance professionals. Among all respondents, 65.4% had received some type of formal financial education; the most common form of financial education was meeting with a financial aid counselor, followed by receiving a financial education class in high school.

In addition to examining financial behaviors and attitudes, the SCFW also includes six items from Lusardi and Mitchell's financial literacy questions (2014). These items address a variety of topics that are significant for undergraduate college students, including interest rates, loan repayment and consumer credit. The full list of financial knowledge questions is provided in Appendix C. The number of items respondents answered across all six items were summed to give a financial knowledge score from 0 to 6. **Figure 15** summarizes how many financial knowledge questions were answered correctly among respondents and **Figure 16** compares average financial knowledge score by institution type. Respondents were most likely to answer three (21.6%) or four (23.4%) financial knowledge questions correctly. Average scores were highest among respondents at four-year public institutions and lowest at two-year institutions.

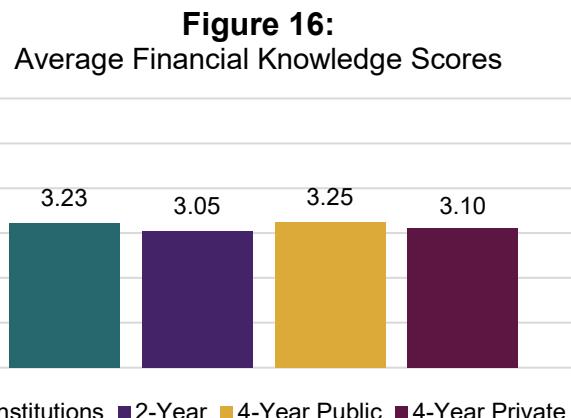
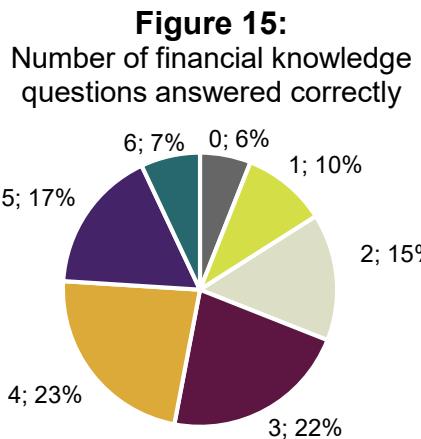
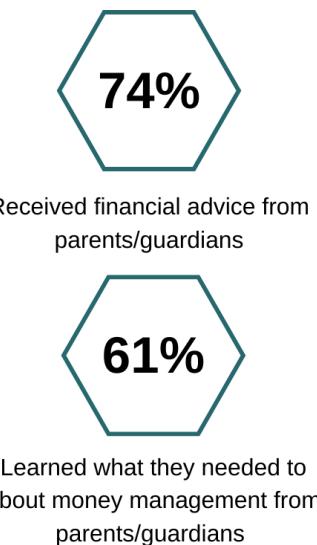


Figure 14:
Prior to and/or during college:
(% agree or strongly agree)

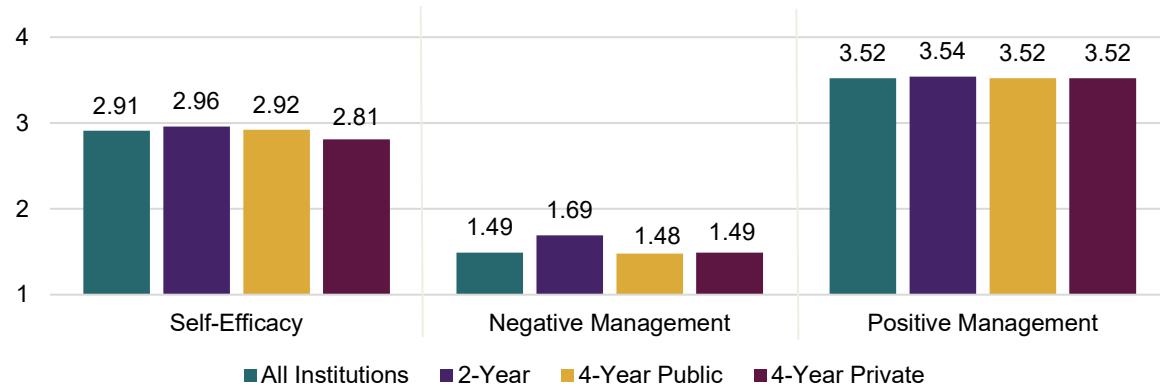


Financial Capability

Financial capability describes a student's ability to apply their financial knowledge and values towards creating and achieving financial goals (Consumer Financial Protection Bureau, 2018). This is useful for understanding how a highly financially literate student might struggle to act on their financial knowledge. For example, a student might know that federal student loans tend to have lower interest rates than private student loans, but feel unprepared to fill out the FAFSA.

The SCFW conceptualizes financial capability as a series of related attitudes and behaviors described by a series of composite measures. Financial self-efficacy is derived from Bandura's general theory of self-efficacy (1977) and describes feelings of preparedness and confidence when faced with a financial task or problem. The negative financial management and positive financial management measures look at financial behavior through two complementary lenses to better understand students' daily financial decision-making. **Figure 17** displays average scores by institution type across all three financial capability measures. Note that high scores in the negative financial management measure indicate greater participation in negative financial behaviors (e.g., overdrawing bank account). Definitions for these measures are provided in Table 1. A list of items included in each composite measure is located in Appendix B.

Figure 17:
Financial Capability Average Scores



Similar to the 2017 administration, respondents reported generally high financial self-efficacy. This was reinforced by individual item scores; for example, 80.5% of all respondents reported that they felt confident managing their finances. Respondents at two-year institutions reported the highest average financial self-efficacy scores. Management scores also remained fairly consistent with the 2017 SCFW administration, with respondents much more likely to report positive financial management behavior than negative financial management behavior.

CONCLUSION

The findings from the 2020 SCFW underscore a consistent finding in the undergraduate student financial wellness literature; students are stressed about their financial situations and unsure how to manage the variety of financial pressures they face, even as they report high optimism and perceived ability to manage their finances. In this study administration, respondents specifically indicated worries about their ability to afford major life plans after graduation and to cover a financial emergency with limited cash reserves. Practitioners and researchers alike must be prepared to address the entirety of a students' financial situation, including the attitudes and beliefs that drive students' financial decision-making.

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APPENDIX A: LIST OF PARTICIPATING INSTITUTIONS

Eighty-five campuses representing 60 institutions participated in the 2020 Study on Collegiate Financial Wellness.

Two-Year Public

Asheville-Buncombe Technical Community College
 Central Ohio Technical College
 Cerro Coso Community College
 Elgin Community College
 Golden West College
 Indian Hills Community College
 Laney College
 Mission College
 Orange Coast College

Four-Year Private

Bellarmine University
 Columbia College Chicago
 Culinary Institute of America
 DePaul University
 Gustavus Adolphus College
 Lafayette College
 New York University
 Oberlin College
 Ohio Dominican University
 St. Mary's College of California
 Transylvania University
 University of Richmond
 University of Southern California

Four-Year Public

California Polytechnic State University
 Colorado State University
 East Carolina University
 Eastern Illinois University
 Florida State University
 Fort Hays State University
 Indiana State University
 Iowa State University
 Kansas State University
 Mississippi State University
 Northern Arizona University
 Northern Illinois University
 Northern Kentucky University
 Ohio State University
 Pennsylvania State University
 Peru State College
 South Dakota State University
 Temple University
 Texas A&M University, San Antonio
 Towson University
 University of Alabama
 University of Arizona
 University of California, Riverside
 University of Delaware
 University of Idaho
 University of Kansas
 University of Kentucky
 University of Michigan
 University of Missouri-Columbia
 University of North Texas
 University of Northern Iowa
 University of Oregon
 University of South Carolina
 University of Southern Mississippi
 University of Tennessee, Knoxville
 University of Wisconsin La Crosse
 University of Wyoming
 Washington State University

APPENDIX B: DETAILS OF COMPOSITE MEASURES

Financial Strain*

- I have enough money to participate in most of the same activities as my peers**
- I feel stressed about my personal finances in general
- I worry about being able to pay my current monthly expenses
- I worry about having enough money to pay for school

Financial Optimism*

- When I think about my financial situation, I am optimistic about the future
- After graduation, I will be able to support myself financially
- I think that the cost of college is a good investment for my financial future

Financial Socialization*

Prior to and/or during college, did your parents/guardians:

- Provide financial advice?
- Have conversations with money about you?
- Tell you what you needed to know about money management?
- Model sound financial management?

Financial Self-Efficacy*

- I am confident that I can manage my finances
- I feel in control of my finances
- I am confident in my ability to plan for my financial future
- When faced with a financial challenge, I can figure out a solution

Positive Financial Management***

How often have you done the following within the past 12 months:

- I tracked my spending
- I planned ahead for major purchases
- I monitored my account balances

Negative Financial Management***

How often have you done the following within the past 12 months:

- I overdraw my bank account
- I made late payments on bills or educational expenses
- I purchased things I could not afford

* Answer options were: Strongly disagree (1); Disagree (2); Agree (3); Strongly agree (4)

** Item was reverse-coded

*** Answer options were: Never (1); Rarely (2); Sometimes (3); Frequently (4)

APPENDIX C: FINANCIAL KNOWLEDGE QUESTIONS

The following are the six financial knowledge questions asked on the survey. Correct answers are underlined.

Imagine that the interest rate on your savings account is 1% per year and inflation is 2% per year. After 1 year, would you be able to buy more than today, exactly the same as today, or less than today with the money in this account?

- More than today
- Exactly the same as today
- Less than today
- Don't know

Suppose you have \$100 in a savings account and the interest rate was 2% per year. After 5 years, how much would you have in the account if you left the money to grow?

- More than \$102
- Exactly \$102
- Less than \$102
- Don't know

Suppose you borrowed \$5,000 to help cover college expenses for the coming year. You can choose to repay this loan over 10 years, 20 years, or 30 years. Which of these repayment options will cost you the least amount of money over the length of the repayment period?

- 10-year repayment option
- 20-year repayment option
- 30-year repayment option
- Don't know

All paycheck stubs show your gross pay (the total amount you earned before any taxes were taken out for the pay period) and your net pay (the amount of your check after all taxes). The taxes that are commonly taken out include federal, state and local income tax, Social Security tax, and Medicare tax. On average, what percentage of your income would you expect to receive as take-home pay?

- 100%
- 90-99%
- 80-89%
- 70-79%
- Don't know

Over a long period of time, which of the following types of investments will give you the highest rate of return on average?

- Savings account
- Stocks
- Bonds
- Don't know

True/False: Maxing out your credit card will negatively impact your credit score, even if you make the minimum monthly payments.

- True
- False
- Don't know