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Financial Matters

Developing and Implementing a Holistic & Inclusive Financial Literacy & Educational Planning Culture at WMU



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Financial Literacy

The combination of these two words, financial and literacy, over the last decade have puzzled many. **What does financial literacy mean and who does it most effect?**

According to the Institute for Socio-financial Studies (ISFS), financial literacy is the ability to read, analyze, manage and communicate about the personal financial conditions affecting ones well-being. An individual should be able to discuss money, financial choices, and financial issues without discomfort. The management of life skilled events should be able to respond competently.

This concept is so universally discussed that the United States President's Advisory Council on Financial Literacy also chose to render a definition as "the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial wellbeing."

Financial literacy is no longer perceived as buzz words but now a necessity for empowering our young adults for a lifetime of healthy financial well-being.

Why Financial Literacy and Educational Planning @ WMU

Today's college students are in dire need of an effective financial literacy and educational planning program. National statistics and surveys demonstrated by independent organizations like Jump\$tart, IowaCollegeAid, and Great Lakes identified that high school seniors received failing scores on various personal finance testing.

At Western Michigan University (WMU) we can see the trends are similar. There are 24,598 students and about 1300 students participate in the First Year Experience (FYE) program where a financial literacy course is offered. In 2012, Financial Literacy 101 was introduced to the incoming freshman class and has remained a requirement for that population of students as well.

The data has identified that a significant percentage of our students are unaware about:

- Consequences of credit and debt
- Credit scores and reports
- Using a monthly budget
- Increased amounts of student loan debt

As with most 4-year public institutions, practical financial literacy programs are not geared toward transfer, graduate, seniors or professional students nor on the long term economical impact it has on the institution. As a Carnegie Foundation-classified doctoral-research university, WMU has the opportunity to be on the forefront of implementing a holistic and inclusive financial literacy program on this campus that supports our mission of transforming wisdom into action. WMU is learner centered, discovery driven and globally engaged and would be the first Michigan university to embark on a financial literacy effort of this magnitude.

Student Needs and Goals of WMU

In developing the concept of a holistic and inclusive program, we must engage a strategic plan that promotes and delivers on student success. The WMU model should only reflect on outcomes we can deliver. Additionally, our goals should be student led, university supported, focused on giving the students of WMU what they need and being SMART. [Specific, Measurable, Attainable, Realistic and Time Bound]

- ❖ WMU must enhance knowledge, skills and attitude to develop healthy financial behaviors in the following areas:
 - ✓ Budgeting
 - ✓ Saving and Investing
 - ✓ Needs vs. wants
 - ✓ Loan debt and repayment
 - ✓ Credit cards
 - ✓ Insurance matters

Stakeholders

As a public university, WMU provides **LEADERSHIP** in teaching, research, learning, service and is committed to enhancing the future of our global citizenry. We are committed to access and affordability. As previously stated, financial literacy seems more important now than ever before. Nationally, those vested in this effort are financial institutions, student loan industry, financial aid administrators, financial professionals and educators. As we realize how critical this mission is, **it is unrealistic to fathom that only 7 states require a high school personal finance class and Michigan is not one of those states.**

BUILDING IT TOGETHER...Who's behind the...



Envisioning this opportunity as both holistic and inclusive the key stakeholders must be engaged in the development of this program at key interval times. In recent years, the Financial Aid office at WMU begin coordinating joint train-the-trainer sessions from organizations that provided free trainings and materials. Staff from Financial Aid, Bronco Express, First Year Experience, TRIO, Upward Bound and Disability Services for Students were trained and financial literacy courses were delivered to FYS courses attended by Kalamazoo Promise, SEITA Scholars, TRIO, Lee Honors and other self-identified sections. Additional, courses were delivered to student organizations who also requested the topics for their student members.

Moving forward in developing this program the key stakeholders needed are:

- ✓ Enrollment Management Division
- ✓ Faculty & Academic Departments
- ✓ Alumni Relations
- ✓ Parent & Family Programs
- ✓ Career and Student Employment Services
- ✓ Graduate College
- ✓ Extended University Programs
- ✓ Students
- ✓ Community Partners

What other Universities are Doing?



Kansas State University developed **Powercat Financial Counseling program** in 2009. Initially funded by a small grant and now funded by the University. It has its own department but is located with Financial Aid office. The SALT program is the selected curriculum and a free resource to students.



Syracuse University developed **I OTTO Know This Program** in 2006. It was funded by the university and JP Morgan. It is located in the Witman School of Management. The Money Matters curriculum is used and the students are charged a fee.



Midwestern University is a private, healthcare school that developed Financial Literacy in 2010. It has its own office in the Financial Aid Office. It is funded by the university and a grant from USAFunds. This is an 18 part curriculum that is provided free to students.



New Jersey City University developed Financial Literacy Experts (FLEX) program in 2011 with university funds and a grant from USAFunds. It has its own office in the Financial Aid Office. Uses a mobile app that students use to access online tools. This is a free curriculum



Bauer COB developed Program for Financial Literacy in 2010 with university funds and partnerships with banks/credit unions. It is in the College of Business and a free program.



University at Buffalo developed the Financial Literacy Program in 2011 and fully funded by the university. There is a shared resource for the curriculum with CashCourse, 360 degrees of Financial Literacy and Jump\$tart. The program is free. It has online links with the Life & Learning Workshops and is housed in the Financial Aid office.



SEMO developed the Financial Literacy Project in 2009 and fully funded by the university. It uses online videos for its marketing of the project. Students create the videos and earn scholarships for their work. It is housed in the Financial Aid office and has a shared curriculum with Money Coach and CashCourse



Alarming Statistics and Facts

- Student debt almost tripled between 2004-2012
- 2/3 of the Class of 2011 borrowed loans
- In 2010, student loan debt exceeded credit card debt
- 67% of families will eliminate schools based on cost
- College graduates in 2011 averaged over \$26,500 in student loan debt
- In 2010, 85% of college graduates plan to move back home upon graduation
- 3 out of every 4 Americans are not saving enough
- Students between ages 15-21 feel unprepared to make financial decisions
- Over 70% of students learn about finances from parents
- WMU has experienced an increase of parents being denied loan approvals
- Low income freshman could potentially borrow \$9500 their first year
- Less than 24% of students and families understand their financial future during college and post graduation
- 26% of recent college graduates are surprised by how much it takes to live on your own

Outcomes of a Financial Matters Department at WMU

- ✓ Required Financial Aid 101 sessions for Freshmen
- ✓ In class and online workshops taught by staff, GA's and students
- Holistic and inclusive financial literacy & educational planning model for currently enrolled, transfer, seniors, graduates and parents
- University support and funding
- Grant Exploration
- Financial Matters office located on the 3rd floor of Faunce under the supervision of Enrollment Management
- Promoting access, affordability, value and image
- Improve retention rates and decrease cohort default rates at WMU
- Financial Symposiums for Middle and High Schools
- Staff certified in financial education
- Develop cutting edge financial literacy technology
 - Interactive Calculators
 - Financial Matters TV, mobile apps and gamification

Resources

Financial Educators Council.org – Financial Literacy Statistics
How America Pays for College 2013 Summary Report – SallieMae/IPSOS
Lyons, A. (2013). Advancing Financial Literacy on College Campus: A New Perspective MASFAA Conference 2013

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