
Vision 2020 Student Financial Literacy Team Proposal

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Project Objectives

- Research and document current financial literacy offerings in administrative and academic areas.
- Identify the essential elements of effective student financial literacy education.
- Outline an approach to developing the whole person, particularly his or her stewardship of money, and helping our students succeed by transforming the financial literacy conversation and integrating financial literacy education as part of the Belmont experience.
- Provide a recommendation to Senior Leadership that includes steps required over the next six months to provide financial literacy education to all Belmont students.

Introduction

Over the past decade, college-associated costs have tripled, putting an increasingly significant burden on students and their families to fund their educations. Without relevant, specific and actionable financial management education and tools, this burden threatens to entrench them in lifetimes of significant financial hardship and impede their ability to pursue careers which align with their passions and the world's deep need. According to multiple sources, there is currently over \$1.2 trillion in outstanding education loans with over 42 million borrowers. As reported by the Tennessee Independent Colleges and Universities Association, "nationally, about seven in 10 (68%) college seniors who graduated from public and private nonprofit colleges in 2015 had student loan debt, a similar share as in 2014.... College students who graduated with student loan debt in 2015 left with an average of \$30,100 in debt—an increase of 4 percent over the 2014 average." Clearly, one important aspect of financial literacy education pertains to student loans and ensuring both students and parents are equipped with the necessary information to make good borrowing decisions. Student loans, however, are just a beginning point for student financial literacy education—there are many other aspects to consider.

According to the Council for Economic Education's Survey of the States, only 17 of the 50 states require their students to take a course in personal finance. According to Nan Morrison, president and CEO of the Council for Economic Education, students need simple, relevant, practical financial information to help them succeed. "To be successful, most kids don't need to learn about collateralized debt instruments, but they do need to know how to open a bank account, how much they need to save each month to reach their goals and, if they borrow this amount of money, how much money they will need to earn to pay it back." Because so few states require financial literacy education, many students arrive at Belmont without the foundational financial literacy background they need to make good financial decisions while they are in college and after they graduate.

Financial literacy education can benefit all students, regardless of their background and career goals. According to Daniel Mortensen, Executive Director of the Virginia Council on Economic Education, "Economically and financially literate students will become more productive employees and possibly, entrepreneurs. They will become more savvy consumers and more responsible users of credit. And, they will become more informed citizens and voters." We propose that Belmont set the standard of empowerment for our students and their families by educating them on the risks, rewards and management opportunities of funding their college experience and managing their financial lives in a way that prepares them to "engage and transform the world" with freedom.

Belmont University Self-Assessment: Current Student Needs, Interests, and Opportunities in Financial Literacy

Over the past five academic years, an average of 54% of Belmont students graduating with an undergraduate degree, and 69% of students graduating with a graduate degree, borrowed educational loans while attending Belmont. For the 2015-2016 academic year, graduating students who acquired loans had an average of \$33,365 in student loan debt at the undergraduate level and \$100,835 in student loan debt at the graduate level. If Parent PLUS loans (borrowed by a parent of an undergraduate, dependent student) are included, the average loan amount for graduating undergraduate students increases to \$66,060. Belmont students and parents who use student loans are taking on a significant amount of debt to finance their education, and we want to ensure they have the information to be responsible borrowers.

In order to get some understanding of current student interest in financial literacy topics and education, the Vision 2020 Student Financial Literacy Team conducted an informal student survey. The team surveyed a total of 177 students that included 32 freshmen, 17 sophomores, 33 juniors, 33 seniors, and 62 graduate students. A copy of the survey instrument is provided as Appendix 2 to this report.

51% of surveyed students reported that they held existing student loans. Among these students, 53% did not know their existing balance and 40% did not know how much of their aid was sourced from government/federal loans (Stafford, Grad Plus, Perkins, etc.) as opposed to private loans. The team has inferred that student knowledge regarding student debt and financial aid is in dire straits on our campus. Most startling, of students who anticipate having a student loan balance upon graduation, 76% did not know what their monthly loan payment might be.

The team further examined other topics of financial literacy and found that 20% of students with credit cards on campus carry a monthly balance and that 24% of students reported that personal money management skills were not discussed in their home. Further, 54% of student respondents reported that they had not had any sort of financial literacy course at either the high school or college level. While most of our students do not seem to be struggling on a day-to-day basis (or think that they are), there is an indication that our students may not be well educated regarding money management skills.

In fact, student respondents indicated that they were very interested in improving their own money management skills. Students were asked to rate specific financial literacy topics, and below is a table that illustrates the topics that students said they were interested or very interested in learning more about. Note that student interest goes well beyond student loans.

Topic	% students interested or very interested to learn more about
Budgeting	79%
Investments	71%
Banking	62%
Taxes	68%
Insurance	67%
Retirement Planning	67%
Evaluating Job Packages	66%
How Credit Works	55%
How Student Loans Work	49%
Charitable Giving	48%

Our team believes that these findings have strengthened our resolve to develop a strong financial literacy program for our students and has also given us important indications of what students might find most needed.

Belmont does currently provide some opportunity for financial literacy education for students. While there are many avenues through which students can access this information, the current offerings are not uniform or comprehensive. Belmont’s current offerings, though varied, lack consistency, formalization, and authority.

- The Belmont and Beyond Convocation series offers two financial literacy programs (coordinated by Student Financial Services) as well as programs on negotiating salary packages and transitioning from college to the workplace
- Students complete required loan entrance and exit interviews through Student Financial Services when borrowing federal loans.
- A personal finance course is offered once a year as an elective through the College of Business.
- The Massey College of Business BBA degree requires a Business Finance (FIN 3210) course which includes two chapters on time-value-of-money (including loan amortization).
- The Mathematics and Computer Science Department offers an occasional (about once every two years) Junior Cornerstone Seminar on “Quantitative Literacy and Consumer Finance.”
- General BELL Core Quantitative Reasoning courses (MTH 1020 and MTH 1080) typically include information on interest, compound loans, retirement, and risk assessment.
- Some other academic programs incorporate elements of financial literacy in their coursework. For example, Social Work includes information in capstone courses, and the College of Law and the Pharmacy School have specific programming for their students on financial literacy and responsible borrowing.

- The Growth and Purpose for Students Office promotes the FAFSA as a way to receive the best financial aid package.
- Residence Life offers some programming on financial responsibility.

Belmont’s Current Opportunity—Our Proposal

As the problem of student debt and inadequate financial knowledge grows, Belmont has the opportunity to better serve its students and families by evolving its approach to financial literacy education in the following ways:

TODAY	TOMORROW
Content derived from multiple sources	University approved, standardized curriculum developed by faculty experts
Random or too-generalized content	Comprehensive program covering all critical components of financial literacy
Available to students on an optional basis	A mandatory (or quasi-mandatory) component of a Belmont education
Sporadically offered throughout semester	Frequent, regular and/or “appointment” offerings

A Phased Approach

The development and implementation of Belmont’s new comprehensive Student Financial Literacy program will be conducted over the course of **three phases**:

- Phase I Curricular Development and Baseline Rollout
- Phase II Expanded Rollout
- Phase III Introduction of Mandatory Convocation Category (if approved)

It is important to point out that the **purpose of the phases** is to not only **generate moderate improvement in the near-term**, but also **allow time to develop and rollout a full-scale program in future semesters**.

Phase I: Curricular Development and Baseline Rollout

A. CURRICULAR DEVELOPMENT

It is recommended that Belmont develop and adopt a standardized financial literacy curriculum to ensure consistent and correct information is being taught to our students.

What: Student Financial Literacy Learning Objectives

We believe that an effective student financial literacy education will enable students to:

- Understand the **value of a college education**, including
 - Career planning and earnings potential
 - The importance of graduating
- Make and follow a **personal budget**, including
 - Track personal income and expenses, including payroll deductions and taxes
 - Understanding budgeting rules of thumb
- Understand **banking basics**, including
 - Checking accounts
 - Debit cards
 - Interest and other banking terms
- Understand **loans and credit**, including
 - Basic terms and disclosure rules
 - Responsible borrowing and the risks of excessive borrowing
 - The importance of credit reports
 - The diverse impacts of one's credit score and how to improve a credit score
 - Different sources of consumer debt, including credit cards, and their costs
 - Issues and terms particular to student loans
 - Consumer protection laws
 - Loan amortization
 - Bankruptcy
- Understand and purchase **insurance**, including auto, renter's, health, home, and life insurance
- Know how to **plan for the future**, including
 - Establishing an emergency fund
 - Planning for major expenditures (automobile, house, etc) and understand their total cost
 - Be able to rationally make big financial decisions, such as whether to rent or buy a home
 - Investment terms and instruments, including investing for retirement
- Understand the role of finances in the context of **setting life goals**
- Take **first steps into employment** after graduation, including
 - Self-employment
 - Entrepreneurship
 - Evaluating job offers
 - Student loan repayment
- Make plans for **charitable giving**
- Be able to take **personal responsibility** and have a sense of **personal agency** for one's financial situation

Who: Faculty Experts to Develop Curriculum

It is recommended that subject matter faculty experts or other available faculty be recruited to develop Belmont's financial literacy materials, and that course releases for one semester be granted to those who contribute (based on number of hours of mandated service).

When: This Spring

If possible, the Baseline curriculum (including material for prospective students and incoming freshmen) would be developed during the Spring 2017 academic semester. If more time is needed to develop the comprehensive curriculum a portion could be deferred to Fall 2017 semester according to rollout plan.

B. BASELINE ROLLOUT

Who: Reach Them Early

Baseline rollout will focus on incoming freshmen and transfers. This will allow us to be sure to reach our students early with fundamental knowledge necessary to make smart decisions from the outset.

Where: Utilize Established Venues

Captive audiences will serve us well as we move toward a more mandatory approach to financial literacy programming. It is recommended that sessions in each of the following established events incorporate baseline financial literacy curriculum:

- **Daily Visits and/or Preview Days**
 - Coverage of such topics as the value of a college education, responsible borrowing, ROI and how to maximize scholarship and grant dollars will set the tone with future students and families that much consideration should be given to the financial realities of attending Belmont.
- **Orientation and Welcome Week**
 - Opportunity at these points includes teaching future enrollees and new students about the basics of banking, living on a budget, the dangers of debt and more that will allow them to manage their finances wisely while living the college experience.

Following is a more specific outline of what topics would be covered in these introductory venues:

Prospective Students and Admissions Process	Incoming Freshmen: Summer Orientation, Welcome Week
<ul style="list-style-type: none"> • Value of a college education, including liberal arts and professional training <ul style="list-style-type: none"> ○ Immediate value (first job) versus long-term value (promotions, enriched life, etc) • Expectations for college expenses <ul style="list-style-type: none"> ○ Average student loan debt ○ Potentials for study abroad ○ Typical payoff scenarios for student loans • Expectations for careers post-graduation • Importance of completing school • Guidelines for conversations students should have with family 	<ul style="list-style-type: none"> • Guidelines for conversations students should have with family • Banking basics -- checking, savings, etc • Student loans <ul style="list-style-type: none"> ○ Terms and disclosure ○ Responsible borrowing • Basic budgeting -- living within your means • Employment in college <ul style="list-style-type: none"> ○ Employment paperwork (W-4, I-9, etc) • Credit cards <ul style="list-style-type: none"> ○ Terms, costs, and risks

How: Options for Any Situation

We envision generating materials that would work for both live and video presentations.

- PowerPoint presentations and accompanying scripts will be generated so that nearly anyone can present the baseline curriculum, including admissions counselors, Bruin Recruiters, Towering Traditions Counselors, etc. This would be part of the curriculum development process managed by faculty members.
- Videos covering the material can also be produced for a “push play” experience. These videos can be filmed and edited by Media Studies students or via University Marketing.

When: Next Summer

If this baseline curriculum can be developed according to plan, it is recommended that these sessions be incorporated into these venues by Summer 2017.

Phase II: Expanded Rollout

Phase II will involve moving beyond the baseline to offer comprehensive and robust financial literacy programming to all students.

What: Curriculum that Grows with our Students

As students progress through their education at Belmont, their immediate needs for financial literacy will change and grow. While first-year students need to learn early about the terms of their student loans and the

importance of budgeting (covered in baseline rollout to all incoming freshmen and transfers), starting retirement saving and evaluating job offers will likely not engage students until their senior year. To that end, our more comprehensive curriculum will offer material that corresponds to the particular phases of students' time at Belmont.

Freshman-Sophomore Years	Junior-Senior Years
<ul style="list-style-type: none"> • Loans <ul style="list-style-type: none"> ○ Payment schedules and amortization • Budgeting <ul style="list-style-type: none"> ○ Payroll deductions and taxes • Insurance -- renters and auto • Credit <ul style="list-style-type: none"> ○ Sources of credit: credit cards, payday loans, cash advances, title loans, rent-to-own ○ Consumer protection laws • Personal responsibility and agency • Setting life goals 	<ul style="list-style-type: none"> • Credit <ul style="list-style-type: none"> ○ Bankruptcy ○ Credit report and credit scores • Planning for the future <ul style="list-style-type: none"> ○ Establishing an emergency fund ○ Plan for major expenditures and understand their total cost ○ Be able to make big financial decisions, like whether it is better to rent or buy • Insurance -- health and life and disability • Investment terms and interest <ul style="list-style-type: none"> ○ Investing for retirement • First steps into employment after graduation, including <ul style="list-style-type: none"> ○ Self-employment ○ Entrepreneurship ○ Evaluating job offers with regards to salary and benefits • Student loans <ul style="list-style-type: none"> ○ Repayment plan • Understanding budgeting rules of thumb (such as "no more than 30% of your income should go to housing") • Charitable giving

In addition, some sub-populations of students may need targeted education on topics particular to their needs, including:

- Exiting students who do not graduate
- Graduate students
- Alumni

As need is determined, curriculum and venues for delivery can be developed for these populations.

Where: Courses, Convocations, Etc.

Expanded rollout will include a combination of mandatory and optional learning opportunities. In this phase, we will not add additional requirements to students, using instead existing venues (like the BELL Core) that all students pass through. The learning opportunities in this phase include:

- Incorporating financial literacy education into existing coursework:
 - Include consumer finance topics (compound interest, installment loans, long-term savings, exponential growth) into the revised mathematics general education core curriculum.
 - Include “senior-level” financial literacy topics in the BELL Core Senior Capstone courses (XXX 4015).
- An optional online module (perhaps with some incentives for completion) that would be purchased or licensed from an outside source (e.g., iGrad).
- A robust convocation series that offers the full, comprehensive curriculum to students on a regular basis. This series would be heavily promoted as a true “series” so that students know there is a path to completion.
- A peer-to-peer advising program where knowledgeable students can work one-on-one with students to teach financial principles and advise on budgeting, borrowing, preparing for the future, preparing for emergency expenditures, etc.

Who: Faculty and Student Fellows

- Mathematics and Computer Science Department faculty will include appropriate financial literacy topics in the current and ongoing revision of the mathematics general education core curriculum.
- General Education will lead development of a curriculum to include in BELL Core Senior Capstones and training of capstone instructors, as necessary, to deliver the curriculum.
- Belmont Massey students, under the direction of a College of Business faculty member, will deliver Convocation and Capstone course content across all topics and student classifications on a rotational basis. Given the number of Massey College of Business students (primarily finance and accounting majors) that are preparing for careers as financial planners, Belmont could install a “Fellows” program that trains upper-level students to become “experts” in particular topic areas. A faculty member could therefore administer and manage the peer-taught curriculum through an elective 1-3 hour COBA course – whereas a requirement of the class would be the conception, development, and delivery of Convocation and Capstone modules (including pre/post assessment measurements).

When: AY2019

We believe that by academic year 2018-2019 we can have the opportunities in Phase II fully implemented.

Phase III: Requiring Financial Literacy Education

Ultimately, the more mandatory we can make our financial literacy educational programming, the more effective it will be in making sure our students are well-prepared and make smart life decisions during and after college. As such, we have two recommendations that would more fully incorporate financial literacy education into students’ time at Belmont:

- A new convocation category – with appropriate number of credits required for graduation – that covers comprehensive financial literacy curriculum. If desired, this content could be combined with other “practical” subject matter to create “Life Skills and Financial Stewardship” as a new category.
- Requiring completion of an online financial literacy module prior to graduation.

Tracking and Measurement

Because much of what we recommend is new to Belmont, it will be important to measure our effectiveness in a variety of ways as we implement financial literacy education in order to make continual improvements. The recommendations below are organized according to the three phases of the prior section.

Phase I Assessments

In this phase, the focus of assessment will be to determine whether the recipients of our financial literacy learning opportunities—primarily parents, prospective students, and new freshmen in this phase—find the information helpful and to identify ways to improve the delivery and content.

- Daily Visits and/or Preview Days
 - Admissions currently provides surveys to people who attend these events. This is an opportunity to incorporate a question or two that covers financial literacy topics that were shared during those events (responsible borrowing, scholarships, etc.).
- Orientation and Welcome Week
 - Orientation provides a survey to people who attended; a question or two should be incorporated that provides feedback on the sessions that cover financial literacy topics.

Phase 2 Assessments

In this phase, our focus will be to measure student participation in the optional learning opportunities and to begin to develop ways to measure student financial literacy learning.

- Convocations related to student financial literacy
 - Measure student participation through attendance numbers
- Online modules
 - Ideally, the online modules selected will have built-in assessments, such as pre/post quizzes.
- Financial literacy materials presented by faculty
 - Mathematics general education core courses: If, as recommended, financial literacy topics are incorporated into the new mathematics general education curriculum, then student learning in these topics can be assessed through the normal annual BELL Core assessment process.
 - BELL Core Senior Capstones (XXX 4015): Ask faculty to incorporate pre/post surveys as part of the financial literacy content presented in these courses.
- Student Fellows
 - Measure student attendance to events run by the Student Fellows.
 - Develop ways to measure the benefit of the Student Fellows program to the fellows themselves.
- Spring Survey and Graduating Student Survey
 - As deemed appropriate, items relating to student financial literacy could be added to the Spring Survey and Graduating Student Survey. This would be a way to track student learning, confidence, and interest in financial topics throughout their time at Belmont.

Phase 3 Measurement

If Belmont adopts either of the recommendations to make financial literacy education a requirement for students, then assessment of those measures should be incorporated into the appropriate assessment cycle, whether assessment of the Convocation program (for a new convocation category) or the BELL Core (for a new online module requirement). The appropriate assessment type, scope, and scale will be a function of our delivery mechanisms as well as the flow and structured format, and will be dependent on many variables related to logistical use and applications.

Conclusion

Our three-phased proposal allows Belmont to reach prospective and incoming students and also allows existing students throughout their time on campus to learn and exercise financial literacy and sound stewardship. In Phase 1 we present students with an initial overview and understanding of the challenges and opportunities when utilizing and managing consumer credit. Through personal and video introductions to Belmont's comprehensive curriculum as well as anecdotal vignettes of student and faculty experiences, this phase allows students to gain a basic understanding of the pitfalls associated with student loan debt. In Phase 2 we allow students to engage in a deeper classroom or online learning experience to grasp topical issues related to budgeting, consumer credit, investment management, insurance, tax management, and retirement planning. Not only will Phase 2 allow all students to access a fairly comprehensive and robust curriculum, but it will also allow the university to assess and measure assurance of learning in Phase 3. As with any roll-out of a new program or curriculum adjustment, we expect each phase to maintain fluidity and adaptation to edits and best practices.

Appendix 1: Belmont Student Loan Volume Data

Belmont Loan Volume

Academic Year	Federal Loan Totals	Alternative Loans	All Loans Total
2011-2012	\$ 69,954,055.00	\$ 7,752,939.00	\$ 77,706,994.00
2012-2013	\$ 72,663,944.00	\$ 7,766,631.00	\$ 80,430,575.00
2013-2014	\$ 75,580,121.00	\$ 9,659,045.00	\$ 85,239,166.00
2014-2015	\$ 77,874,566.00	\$ 11,043,741.00	\$ 88,918,307.00
2015-2016	\$ 80,786,109.00	\$ 11,194,703.00	\$ 91,980,812.00

*Loan amounts reflect the net disbursements to Belmont and do not include origination fees or accrued interest

Loan Analysis by Level and Graduating Year

	Student Borrower Total Debt (Institutional/Federal/Alternative)	Total Loan Debt per Student (Including Parent PLUS)	Summary
Level/ Grad Year/Degree	Average of All Student Borrowed Loans (Including Alternative and Federal Loans)	Average of All Loans Disbursed to Belmont (Including Parent PLUS Loans for Undergraduate Students)	Percentage of Graduates with Any Student Loans Disbursed while Attending Belmont (Including Alternative, Federal, and Parent loans)
GR			
2012	67,492	67,492	71%
2013	77,235	77,235	68%
2014	98,368	98,368	69%
2015	95,525	95,525	68%
2016	100,835	100,835	71%
UG			
2012	32,886	51,677	56%
2013	31,896	55,822	56%
2014	31,091	57,919	54%
2015	30,740	59,375	54%
2016	33,365	66,060	52%

* Each year listed corresponds to an academic year, so 2012 represents the Fall 2011, Spring 2012, and Summer 2012 semesters. For 2016, Summer 2016 data is not included in this report.

* Loan amounts reflect the net disbursements to Belmont and do not include origination fees or accrued interest

Appendix 2: Student Financial Literacy Survey

The purpose of this survey is to capture the current state of financial literacy within our present Belmont student body. It will only be used to develop and guide future programming aimed at enhancing your educational experience. Please answer the following background information, as well as multiple choice and scaled questions.

Current Demographic Information:

Age _____

Gender _____

Class (Please indicate year within either choice)

Undergraduate _____

Graduate _____

College within Belmont _____

Major _____

If you hypothetically assumed a \$30,000/year annual tuition cost for your Belmont education, please estimate the percentage of that cost paid by:

Parents/Guardian _____

Self _____

Athletic/Merit/Need Based Scholarships? _____

Student Loan(s) _____

Existing Student Loans? (Yes/No)

If Yes, Existing Balance? _____

Source (annual dollar amount for most recent year)?

Federal _____

Private _____

Existing Financial Knowledge and Literacy:

Do you have your own Checking Account? (Yes/No)

Are you primarily responsible for managing your own finances? (Yes/No)

Have you participated in a prior high school or university level financial literacy or money management course? (Yes/No)

If you graduate with a student loan balance, do you know what your monthly re-payment will be? (Yes/No)

If so, what percentage of your take-home pay do you anticipate your re-payment to be? _____

Desire to Become More Financially Literate (Scale):

On a scale of 1 to 5 (5 being most favorable; 1 being least favorable) please rate each financial literacy topic you hope to learn more about.

Budgeting	1	2	3	4	5
Banking	1	2	3	4	5
How Credit Works	1	2	3	4	5
How Student Loans Work	1	2	3	4	5
Insurance	1	2	3	4	5
Taxes	1	2	3	4	5
Investments	1	2	3	4	5
Retirement Planning	1	2	3	4	5