

Financial Management Assessment Report Spring 2002

Syracuse University
Office of Residence Life

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Overview

The Office of Residence Life Financial Management Survey was administered in the Spring 2002 semester to 2,259 undergraduate students enrolled at Syracuse University, with a response rate of 16% (n=362). The survey was conducted using a combination of two Internet communication tools: electronic mail and Internet polling software. This survey contained nineteen multiple-choice questions pertaining to financial management, budget, debt and credit card usage. The results are summarized in this report.

Introduction

Financial debt has caused problems for many young people of this generation (Hoover, 2001). Hoover (2001) stated that research showed the negative effects of credit cards on students reporting that 120,000 people under the age of twenty-five filed for personal bankruptcy in the year 2000, which were estimated to have risen 51% from 1991 to 1999. Hoover (2001) reported that in the year 2000 the average undergraduate had a \$2,748 credit card debt, which had risen from \$1,879 in 1998.

In a study by Kidwell and Turrisi (2000) 14% of students reported a credit card balance between \$3,000 and \$7,000 and 10% reported a credit card balance above \$7,000. Although it appears students are accruing significant debt while at college, 55% to 80% of students are working while they attend college (Pinto, Parente, & Palmer, 2001). Pinto, Parente, and Palmer (2001) stated that, “employment has been shown to have a negative impact on whether students enroll the next year in school and tends to delay graduation” (p. 51). However, in the same study by Pinto, Parente, and Palmer (2001), there was no significant relationship between the number of credit cards or the balance students owe on those credit cards and their academic performance.

Some college administrators perceive that credit card usage leads to depression and attrition (Pinto, Parente, & Palmer, 2001). In Pinto, Parente, and Palmer’s (2001) study they discovered that many students who were low academic achievers reported a perception that their employment had an impact on their academic performance and that they had to work more hours to pay off their credit card debt. They also discovered that high academic achievers had more anxiety around paying off their credit card debt than low academic achievers.

Malveaux (2001) discovered that African-American students are more likely to file for bankruptcy because their parents are less likely to be able to assist them financially with credit card debt. Munro and Hirt (1998) stated that the students who are paying credit cards on time and not accruing as much interest are more likely to be white, freshmen and sophomores who owned their credit card before enrolling in college. African-American students reported finances were a greater source of stress than white students (Munro & Hirt, 1998). Graduate students, as well as upper-classmen, are more likely to not pay their balance in full or on time (Munro & Hirt, 1998).

Many colleges and universities are profiting from student debt (Munro & Hirt, 1998). Credit card companies are offering colleges and universities a percentage of the balance students have not paid that month in exchange for solicitation rights on their campuses (Munro & Hirt, 1998; Hoover, 2001). Studies have shown that approximately 70% of students have an unpaid balance on their credit card each month (Munro & Hirt, 1998).

Some schools have offered financial instruction courses to some students only to find that only 21% of the students whom were offered the course enrolled (Reasie, 2001). Parental involvement is key to achieving better financial education for students (Lazarony, 1999). Ninety-four percent of students say that they receive financial information from their parents (ASEC, 1999). Without parental involvement and understanding of the problems students may face with accumulating credit card debt, students may not be able to fully understand the impact of credit card debt. Some colleges offer freshmen orientation which includes information and training on finances and credit cards while (Pinto, Parente, and Palmer, 2001).

Methods

A survey inquiring about students experiences managing financial responsibilities was distributed to 2,259 students who were enrolled as full-time undergraduate students at Syracuse University during the Spring 2002 semester in the form of a web-based survey. Eleven thousand four hundred and twenty four (n=11,424) student files were acquired

from the Registrar's Office representing all Syracuse University students registered for the Spring 2002 semester. Of these files, a sample of approximately 20% (n=2,259), stratified by class year, race, and gender, was generated. These files were then configured into a listserv.

As initial electronic mailing was sent to the 2,259 students requesting that they select a web-link that was included in the body of the electronic mail message. Clicking on this link connected students to web-based survey maintained on the Office of Residence Life assessment server. Within the survey, respondents were offered the opportunity to enter an electronic mail address to be entered into a drawing for two \$25 Syracuse University Bookstore gift certificates. Upon completing the survey, respondents were prompted to submit their responses by clicking on a submission button.

Following this initial mailing, electronic mail addresses entered for the drawing were collected and, those that were identical to the original listings on the mailing list were removed from the listserv. Due to the use of alternative electronic mail addresses and aliases, a removal of all individuals who responded to the survey was not possible. Students who used an alias to respond to the survey or who did not want to continue receiving reminder messages were prompted in a footnote in the mailing to contact the listserv manager via electronic mail for removal from the mailing list. During this process, the accumulation of data was monitored.

Two days after the initial mailing, a second electronic mailing was sent to all students who remained on the mailing list. This attempt to increase the response rate was accompanied by a third and fourth electronic mailing (ending fourteen days after the first mailing) requesting participation in the survey. A total of 362 students responded for a response rate of 16%.

Results

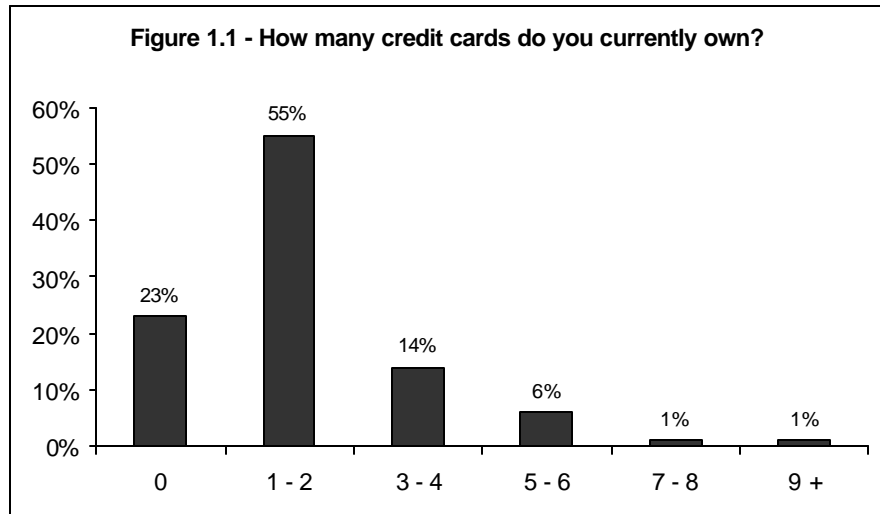


Figure 1.1 – As illustrated, 55% (n=200) of the respondents have one or two credit cards and 22% (n=78) reported having more than two credit cards.

Figure 1.2 - As of your last billing statement (s), what was your approximate combined credit card debt (unpaid balance)?

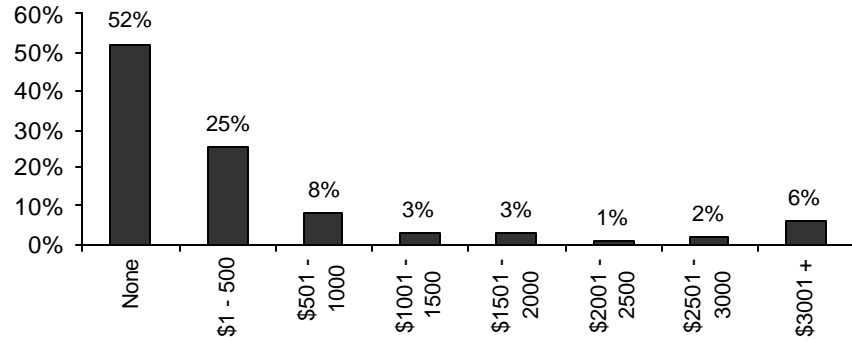


Figure 1.2 – As illustrated, 23% (n=82) of respondents, when asked about unpaid balance on their credit cards, had more than a \$500 balance on their credit cards.

Figure 1.3 - How did you learn about applying for your primary credit card?

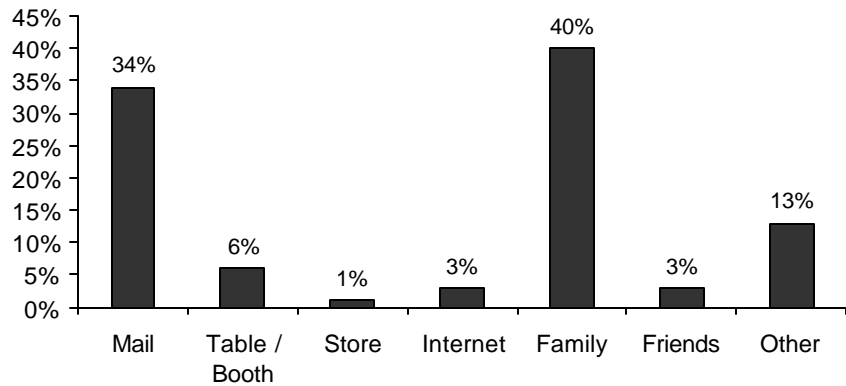


Figure 1.3 – As illustrated, when asked about applying for their primary credit card, most respondents (40%, n=130) indicated they had learned about applying for the card from their family. Thirty-four percent (n=110) of the respondents indicated that they learned from mail solicitation.

Figure 1.4 - When buying items, do you most often use...

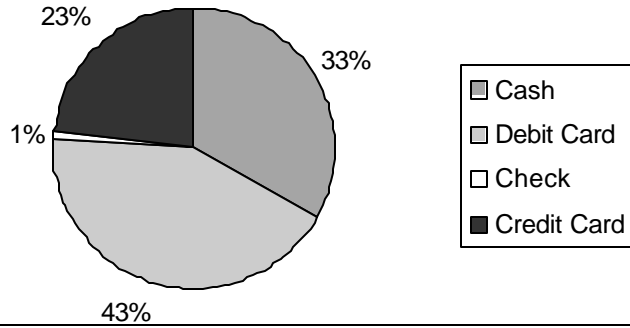


Figure 1.4 – As illustrated, 43% (n=156) of the respondents indicated they use their debit card most often. Thirty-three percent (n=117) indicated they use cash most often when buying items, twenty-three percent (n=81) indicated they use credit cards most often, and 1% (n=5) indicated they use checks most often.

Figure 1.5 - Do you believe that managing credit card debt is a problem for SU/ESF students?

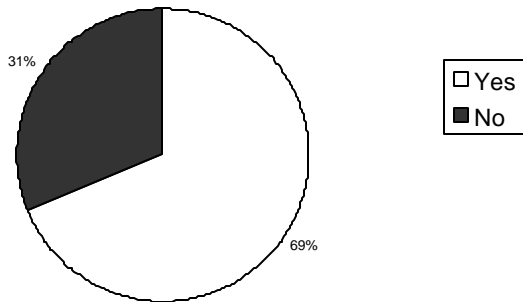


Figure 1.5 – As illustrated, 70% (n=236) of the respondents indicated that managing credit card debt is a problem for SU and ESF students.

Figure 1.6		
	Yes	No
Are you currently employed?	51% (n=183)	49% (n=179)
During this past winter break did you have paid employment?	45% (n=162)	55% (n=199)
Do you anticipate having paid employment for summer 2002?	96% (n=346)	4% (n=14)

Figure 1.6 – As illustrated, 96% (n=346) of the respondents indicated they anticipate having summer employment. Fifty-one percent (n=183) indicated they currently are employed and 45% (n=162) indicated they were employed over the past winter break.

Figure 1.7 - During this academic year, are you receiving monetary assistance from...	Yes	No
Scholarships	71% (n=255)	29% (n=102)
Grants	58% (n=199)	42% (n=147)
Loans	70% (n=246)	30% (n=106)
Immediate Family Members	86% (n=303)	14% (n=49)
Extended Family Members	21% (n=67)	79% (n=252)
Friends	3% (n=9)	97% (n=307)

Figure 1.7 – The majority of respondents indicated receiving monetary assistance from immediate family members (86%, n=303), scholarships (71%, n=255), loans (70%, n=246), and grants (58%, n=199).

Figure 1.8 - Do you anticipate acquiring the most credit card debt (excluding education expenses) during...

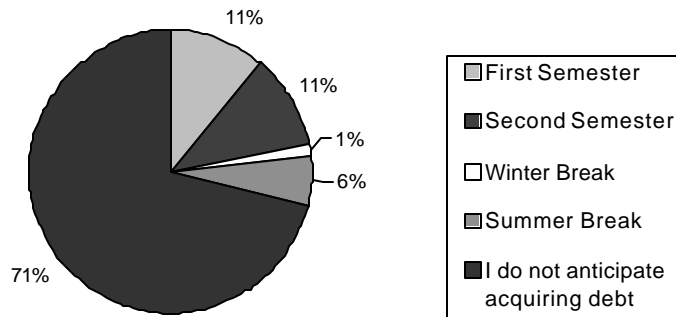


Figure 1.8 – As illustrated, the majority of respondents (71%, n=250) indicated they do not anticipate acquiring credit card debt. Twenty-two percent (n=79) indicated they anticipate acquiring the most credit card debt during first and second semester.

Figure 1.9 - How much money do you currently have saved?

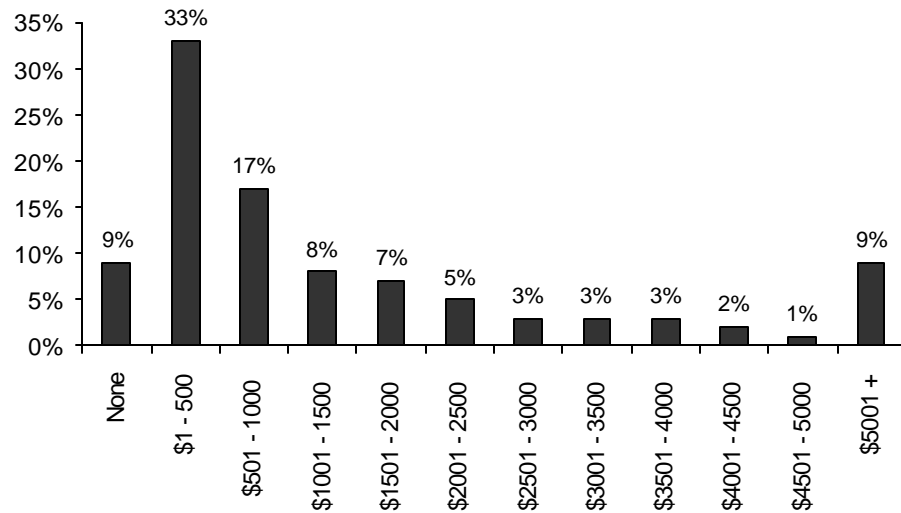


Figure 1.9 – As illustrated, 33% (n=119) on the respondents indicated having \$1-\$500 currently saved. Nine percent (n=33) indicated having over \$5,001 saved.

Figure 1.10 - What are you saving for?	
I am not saving money	15% (n=56)
Automobile	30% (n=110)
Education	35% (n=125)
House	14% (n=49)
Long term investment	28% (n=102)
Retirement	4% (n=16)
Social activities	40% (n=144)
Vacations	29% (n=105)
Wedding	3% (n=12)
Other	15% (n=55)

Figure 1.10 – As illustrated, 40% (n=144) of the respondents indicated they were saving for social activities. In addition, many respondents also indicated they were saving for education (35%, n=125), automobile (30%, n=110), and vacations (29%, n=105).

Figure 1.11 - I always pay my bills on time	
Strongly Agree	56% (n=202)
Agree	35% (n=126)
Disagree	8% (n=30)
Strongly Disagree	1% (n=3)

Figure 1.11 – As illustrated, 91% (n=328) of the respondents strongly agreed or agreed that they pay their bills on time. Eight percent (n=30) disagreed and 1% (n=3) strongly disagreed.

Figure 1.12 - Do you keep a record of your...	
Budget	4% (n=13)
Finances	39% (n=140)
Both	27% (n=98)
Neither	30% (n=108)

Figure 1.12 – As illustrated, 30% (n=108) of the respondents indicated not keeping a record of their budget or finances. Four percent (n=13) indicated they keep a record of their budget, 39% (n=140) indicated keeping a record of their finances, and 27% (n=98) indicated keeping a record of both their budget and finances.

Figure 1.13 - What has created the most debt for you while at ESF / SU?

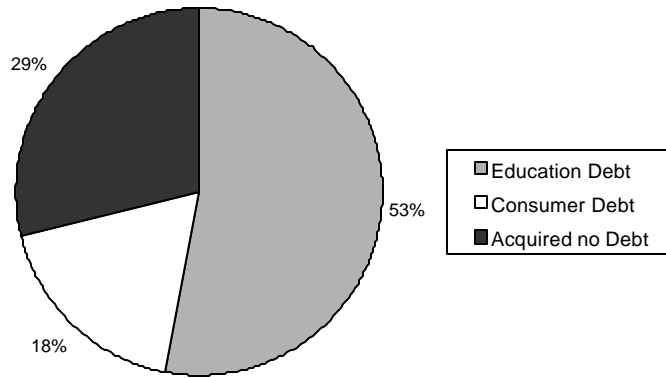


Figure 1.13 – As illustrated, 53% (n=192) of the respondents indicated that most of their debt is educational debt. Eighteen percent (n=64) indicated that most of their debt is consumer debt and 29% (n=103) indicated they had not acquired debt while at SU or ESF.

Figure 1.14 - What is your current educational debt?

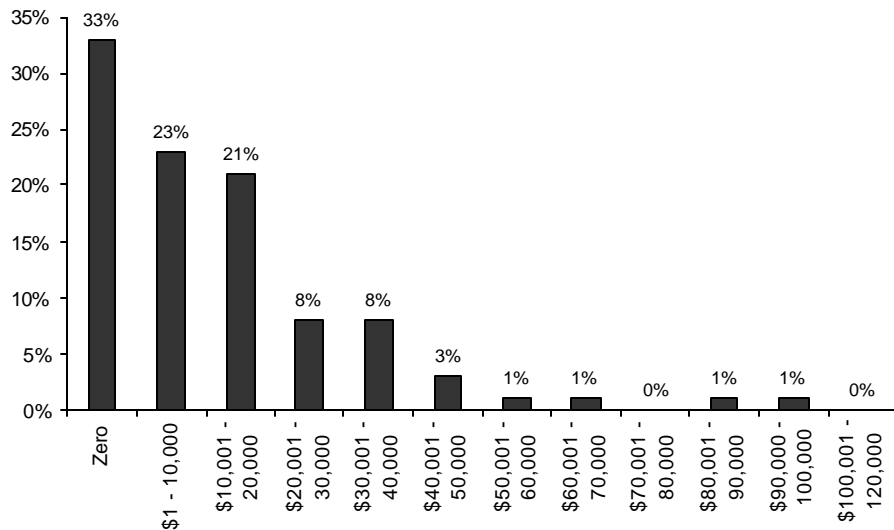


Figure 1.14 – As illustrated, 33% (n=115) of the respondents indicated they have no educational debt. Seven percent (n=22) of the respondents indicated they have over \$40,001 in educational debt.

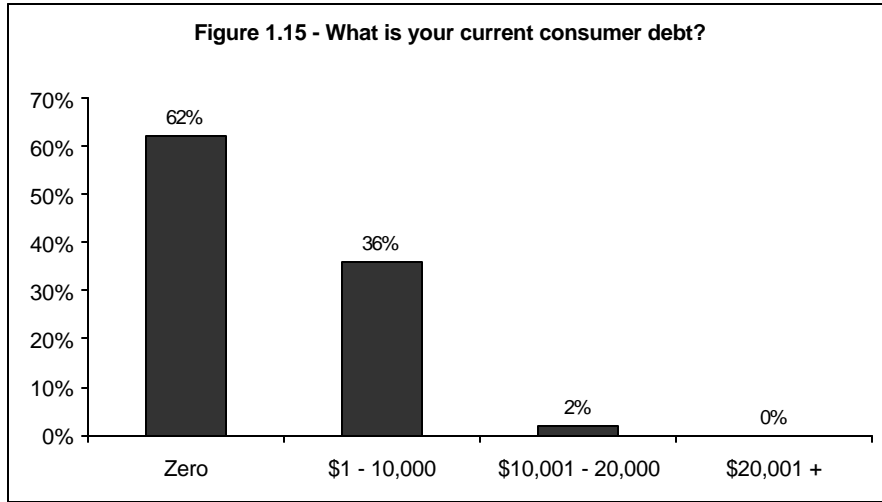


Figure 1.15 – As illustrated, 61% (n=217) of the respondents indicated they have no consumer debt. Thirty-six percent (n=126) of the respondents indicated they have between \$1 and \$10,000 in consumer debt. Two percent (n=6) indicated they have over \$10,001 in consumer debt.

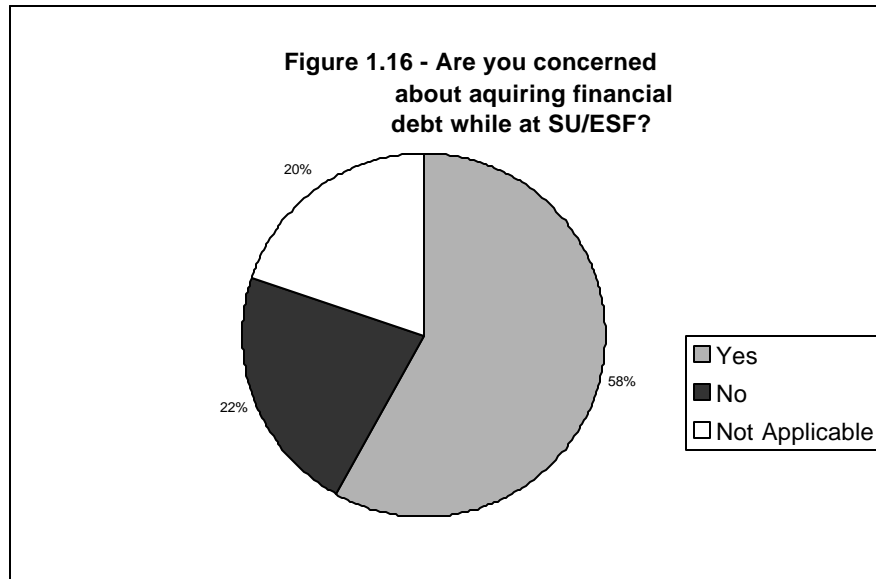


Figure 1.16 – As illustrated, the majority (58%, n=208) indicated concern about acquiring financial debt while at SU/ESF.

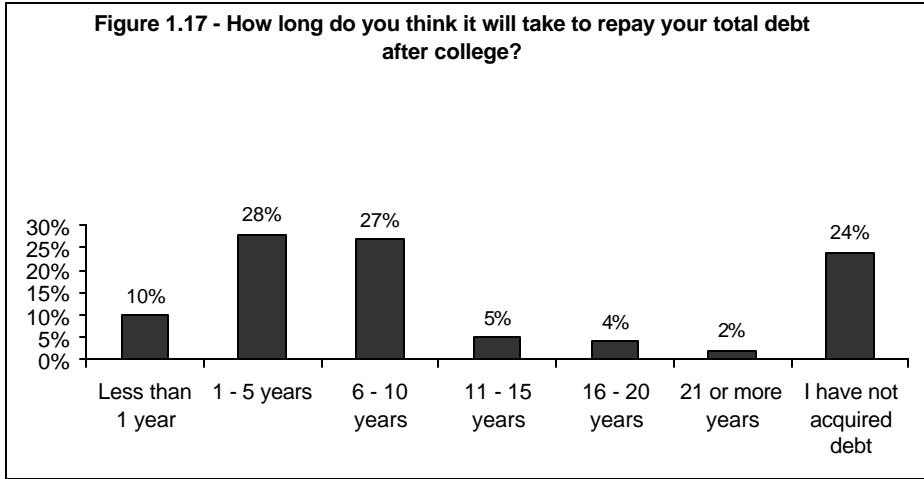


Figure 1.17 – As illustrated, 10% (n=32) indicated it would take less than a year to repay their total debt. Twenty-four percent (n=75) indicated they have not acquired debt.

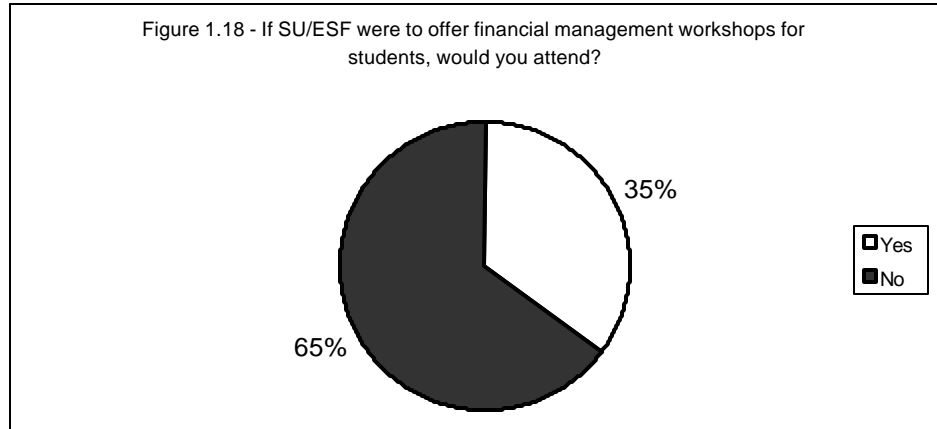


Figure 1.18 – As illustrated, 35% (n=122) of the respondents indicated they would attend a financial management workshop if SU/ESF were to offer such workshops. Sixty-five percent (n=230) indicated they would not attend a financial management workshop.