

# Session #27

# Financial Literacy Matters

Elizabeth Coogan  
U.S. Department of Education  
2019 FSA Training Conference for Financial Aid Professionals

# Introductions



**Elizabeth Coogan**

Senior Advisor, Customer Experience Office

Federal Student Aid

# Presenters



**Erin Willig**

Director, Outreach and Strategic Initiatives  
Division for College Readiness and Success



**Nick Kilmer**

President  
Texas Association of Collegiate Financial Education Professionals



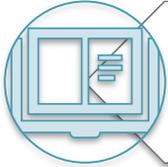
**Karen L. Serna, AFC**

Director, Student Money Management Office  
Austin Community College

# Financial Literacy Matters

Financial literacy support services and resources can contribute to student success. Learn about FSA's commitment to financial literacy and hear from a panel of experts from the state of Texas. They will share their coordinated approach to financial literacy and provide details on their services and resources that help students make smart financial decisions that contribute to academic and financial success.

# Who We Will Be Hearing From



Federal Student Aid



Texas Higher Education Coordinating Board



Texas Association of Collegiate Financial  
Education Professionals



Austin Community College

# External Data and Surveys



A word cloud of external data and surveys. The text is arranged in a roughly rectangular shape, with words of varying sizes and colors (red, green, blue, purple, brown). The words are: Student Financial Wellness Survey, Federal Reserve System, National Center for Education Statistics, The State of Financial Knowledge in College, Investor Education Foundation, Majoring in Money 2019, Federal Student Loan Portfolio, RAND Corporation, Gallup, National Association of Student Financial Aid Administrators, Charles Schwab, National Foundation for Credit Counseling, Report on the Economic Well Being of Households, National Financial Capability Study, Trellis Company, Teachers Insurance and Annuity Association, The Institute for College Access and Success, Incoming Students Struggle with Basic Financial Literacy, Gallup Purdue Index Report, and Sallie Mae.

# Student Financial Wellness Survey

**58%** of borrowers indicate that they **HAVE MORE STUDENT LOAN DEBT** than they expected to have at this point



**68%**

of students say they **WOULD USE FINANCIAL SUPPORT** services if offered by their school



**31%**

of students pay for college with **CREDIT CARDS**



**42%**

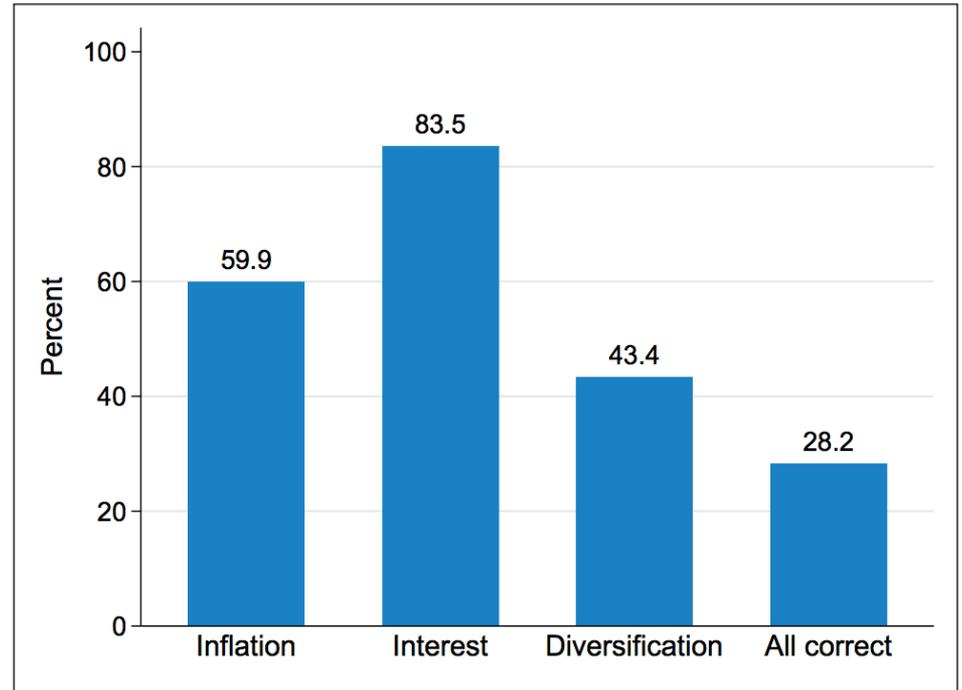
find their total **DEBT** amount to be **OVERWHELMING** (credit card, car loan, money owed to family/friends)

# 2016 NPSAS Survey - Financial Literacy Questions

- The National Postsecondary Student Aid Study (NPSAS) examines the characteristics of students in postsecondary education, with special focus on how they finance their education
- The 2015-16 National Postsecondary Student Aid Survey (NPSAS) included questions about financial literacy

Learn more about NPSAS [here](#)

Percent of American college students giving correct answers to financial literacy questions



# FSA Borrowers Survey

**If I could do it all over again I would...**

Find out exactly how much I am borrowing

Begin paying my loans during my studies

Take out just enough and not the maximum amount

Rethink how to spend my loan

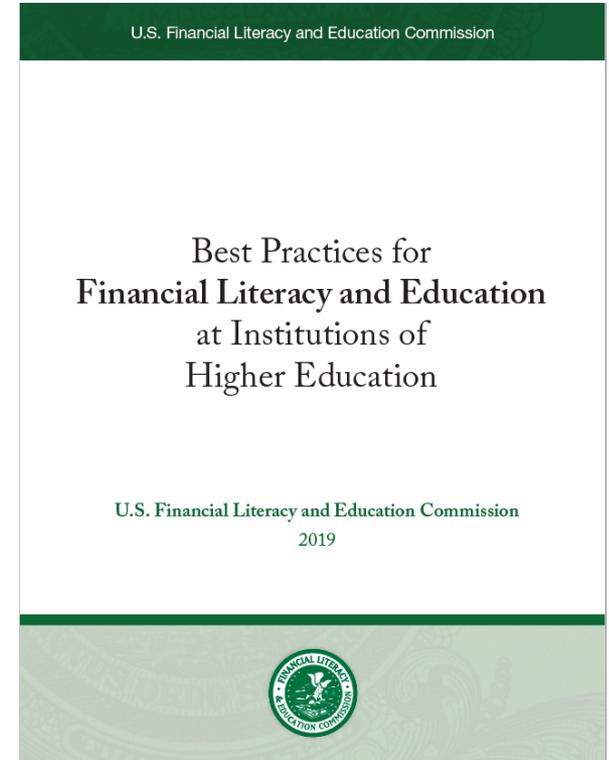
Find other resources and research how much education would cost

Not accept refund checks to make my loan smaller

Borrow less, and have a better idea of my repayment options

# Financial Literacy and Higher Education

- Prepared by the Financial Literacy and Education Commission (FLEC) to:
  - Establish best practices for institutions of higher education regarding methods of teaching financial literacy
  - Provide information to assist students with borrowing decisions



Access the report [here](#)

# Best Practices for Delivery of Financial Literacy

## Financial Literacy Programs

### ADOPT CONSUMER FINANCIAL PROTECTION BUREAU'S "FIVE PRINCIPLES OF EFFECTIVE FINANCIAL EDUCATION"

1. Know the Individuals and Families to be Served
2. Provide Actionable, Relevant and Timely Information
3. Improve Key Financial Skills
4. Build on Motivation
5. Make it Easy to Make Good Decisions and Follow Through

### ADDITIONAL THREE BEST PRACTICES FROM FLEC'S RECOMMENDATION

1. Develop Standards for Professional Educators
2. Provide Ongoing Support
3. Evaluate for Impact

# Recommendations for the Delivery of Financial Literacy and Education



**PROVIDE CLEAR AND CUSTOMIZED INFORMATION TO INFORM STUDENT BORROWING**



**TARGET DIFFERENT STUDENT POPULATIONS BY USE OF NATIONAL, INSTITUTIONAL, AND INDIVIDUAL DATA**



**PREPARE STUDENTS TO MEET FINANCIAL OBLIGATIONS UPON GRADUATION**



**COMMUNICATE THE IMPORTANCE GRADUATION AND MAJOR ARE ON REPAYMENT OF STUDENT LOANS**

# Recommendations for Engaging Students in Financial Literacy and Education



**DEDICATED STAFF TO ADVISE STUDENTS  
ON LOANS, MAJORS AND OBSTACLES TO  
GRADUATION AND DEPLOY WELL-TRAINED  
PEER EDUCATORS**



**EMERGENCY ASSISTANCE**



**MANDATORY FINANCIAL  
LITERACY COURSES**

# Financial Aid Offer Letter Recommendations



## ITEMIZE & SUB-TOTAL COST OF ATTENDANCE

- Specific costs and who they are paid to
- When they need to be paid
- Estimations for room and board at university
  - Extra fees: books, supplies
- Assumptions used by the university like
  - Residency in state and out state
  - Attendance fulltime & part time



## DIFFERENTIATE AID OFFERS BY TYPE

- Institutions should not assume students know the difference between loan types
  - Ex. Grants, loans, and work-study
- Including descriptions of loan type



## HIGHLIGHT DETAILS & DISTINCTIONS BY AID TYPE

- Institutions can add distinctions & requirements per aid type
- This additional information helps students assess what options is best for them
- State terms + conditions and how to maintain aid
- Define how federal work study is earned and distributed



## CALCULATE COST AFTER GRANTS & SCHOLARSHIPS

- Show the amount the student would need to pay the institution directly what net cost will be to cover all relevant expenses
- Explain what costs are estimates, clearly state that the estimate is based on averages
  - Actual costs depend on student choices



## DO NOT INCLUDE PARENT PLUS LOANS

- Parent PLUS loans are paid to the parent
  - Should be listed separately if at all
- Institutions should clearly state how these loans differ and clearly differentiate them from student's aid
- Clearly disclose how Parent PLUS loans differ from student loans



## PROVIDE ACTIONABLE NEXT STEPS

- Instructions on how to accept, decline, or adjust enrollment
- Deadlines for accepting aid
- Clear portal details with link and login information
- Specific detail and explanation of tuition payment plan
- Budget planning form
- Information on how to contact the institution financial aid office and other resources

# Student Loan Debt Letter Recommendations



## PROVIDE INFO TAILORED TO THE STUDENT

- Estimated repayment amount at anticipated graduation
- Tuition plan payments
- Estimated accrued interest if student defers payments
- Average borrowing level for other student's
- Average salary of graduates related to student's major or concentration



## MAKE IT EASY TO FIND ADDITIONAL INFORMATION & SUPPORT

- Link to resources
  - websites
  - Contact information



## PROVIDE COMMUNICATION WHEN THE TIME IS RIGHT

- Students are more motivated to act on loans when timed to an event
  - Registering for courses
  - Deadline to change financial aid



## PAIR WITH OTHER FINANCIAL LITERACY STRATEGIES

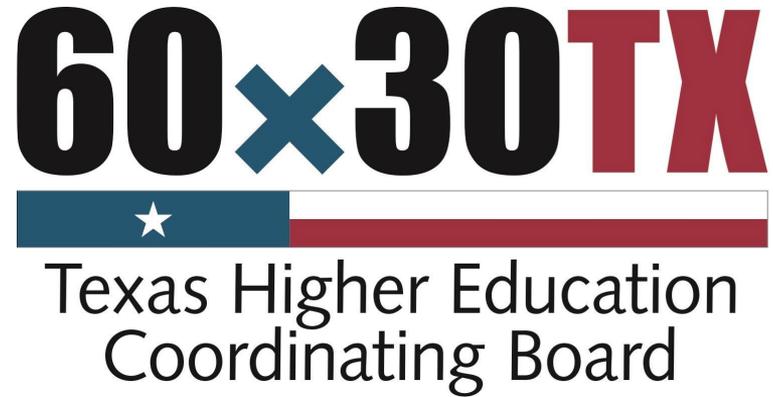
- Debt letters can have a positive outcome when
  - paired with encouragement and for graduating on time
  - Offer incentives to obtain financial counseling

# The Texas Higher Education Coordinating Board



# Texas Higher Education Coordinating Board

The mission of the Texas Higher Education Coordinating Board (THECB) is to provide leadership and coordination for Texas higher education and to promote access, affordability, quality, success, and cost efficiency through *60x30TX*, resulting in a globally competitive workforce that positions Texas as an international leader.



# Financial Literacy and Education Matters to Texas

## 60x30TX STUDENT DEBT GOAL

By 2030, undergraduate student loan debt will not exceed 60 percent of first-year wages for graduates of Texas public institutions.

Target	2016*	2017*	2030 Goal
Student Loan Debt to First Year Wage Percentage	60%	59%	60%
Excess Semester Credit Hours Attempted	18	18	3
Percent of Undergraduates Completing with Debt	48.2%	47.2%	50%

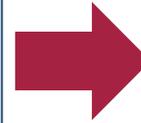
# Developing an Informed Statewide Strategy

**Financial Literacy Advisory Committee (FLAC)** convened to determine ways to better advise students and parents on financial aid options and the impact of those options on students' finances before, during, and after their college careers.



**Recommendations** released included:

1. Development of a personalized **tool** for students,
2. Expanding **training** for providers of financial literacy instruction, and
3. Using **statewide partnerships and effective branding to communicate** the importance of postsecondary education and training.



THECB Division for College Readiness and Success reviewed the FLAC recommendations in conversation with Student Financial Aid Programs and developed a plan with manageable, **actionable steps to implement FLAC recommendations.**

# Statewide Efforts to Impact Student Financial Wellness

Our strategy to enhance THECB's efforts in regards to **student financial literacy and wellness** includes:

Effectively **communicating and disseminating financial literacy and financial aid literacy** information to students, counselors, and institutions.

- *Integration with Generation TX and Advise TX*
- *Engagement on social media*
- *Toolkits and checklists*
- *Training for Advise TX advisers*

Empowering and supporting institutions of higher education to create or further develop **financial literacy and wellness programs and systems** to improve student financial health.

- *Convened Financial Wellness Learning Collaborative in partnership with Trellis Company*

# Financial Wellness Learning Collaborative

- Group of higher education professionals working to create **actionable, practical tools to support institutions of higher education** as they grow their efforts to improve student financial health.
- Representatives from 4 community colleges and 9 public universities.
- Three work groups:
  - Student Programs
  - Policy and Procedure
  - Training Design



*Efforts of all three work groups are informed by and aligned with the FLAC recommendations and FLEC best practices report.*



# Student Financial Wellness Programs Survey

- **Goal: better understand the scope of programs being provided to students at institutions of higher education to support their financial literacy and wellness.**
  - Where on campus are programs housed?
  - How are programs structured and supported?
  - Are programs being evaluated?
  - What topics are being addressed by these programs?
- Developed by Student Programs Work Group, disseminated by THECB
- Over 85 Texas institutions of higher education responded

# Texas Association of Collegiate Financial Education Professionals



# Texas Association of Collegiate Financial Education Professionals



- Created in 2013
- Peer network of financial educators
- Made up of a diverse set of institutions, associations, and companies
- Annual Symposium each May
- Planning & Programming Summit in January
- Interested in joining? Visit [tacfep.com](http://tacfep.com)
- Memberships fees are minimal



The University of North Texas

## Getting Started

- Denton, Texas (just North of Dallas)
- 39,330 students (24% Hispanic, 14% African American)
- Student Money Management Center
- Reports to Student Affairs
- 4 fulltime staff, 2 graduate assistants, 7 peer mentors
- Specializes in peer mentor training, program assessment and marketing

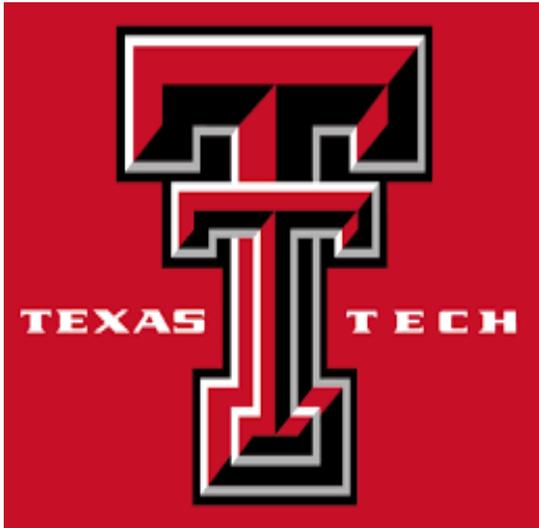


**Sam Houston State University**

## Meeting Requirements

- Huntsville, Texas (West of Houston)
- 21,025 students (24% Hispanic, 19% African American)
- Student Money Management Center
- Reports to Financial Aid
- 4 fulltime staff, 3 peer coaches, 3 student assistants  
5 student loan mentors
- SB 887 (required annual Student Loan Debt Letter)
- Developed a student tested debt letter expanding student loan engagement opportunities

## Wading into Uncharted Territory



**Texas Tech University**

- Lubbock, Texas (in the Panhandle)
- 37,845 students (27% Hispanic, 7% African American)
- Red to Black Peer Financial Coaching Program
- 1 fulltime staff, 1 graduate assistant, 2 student assistants, dozens of volunteer financial educators advocates, and coaches
- Personal Financial Planning, Human Sciences
- Life, Love, & Money 3 Credit Hour Course
- Core Elective (Social & Behavioral Sciences)

## Looking to the Future



**Texas A&M University**

- College Station, Texas (near Caldwell)
- 63,694 students (22% Hispanic, 3% African American)
- Money Education Center
- Reports to Financial Aid
- 4 fulltime staff, 5 student workers
- ED's Loan Counseling Experiment
- Began 2017/2018 academic year
- Different method, content by classification
- NASFAA Enhancing Loan Counseling Taskforce

# Texas Association of Collegiate Financial Education Professionals

Aid Year	Freshmen	Sophomores	Juniors	Seniors
2017-2018	Online Module 1	Online Module 1	Online Module 1	Presentation or Appointment
2018-2019	Online Module 1	Online Module 1	Presentation or Appointment	Presentation or Appointment
2019-2020	Online Module 1	Online Module 2	Presentation	Appointment

**Online Module C** College funding resources, budgeting, the importance of timely graduation

**Online Module S** Step by step process and worksheet for creating a college funding plan

**Presentation** Student loan repayment basics (repayment timeline, terms, available plans, delinquency and default, etc.)

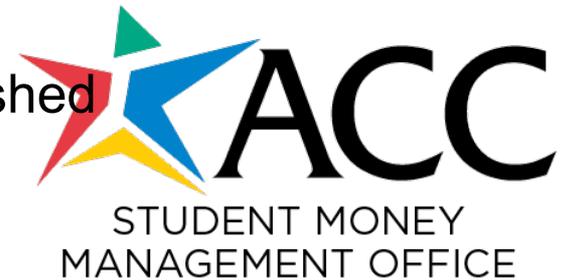
**Appointment** Analyze ability to afford the Standard Repayment Plan (and other loan repayment plans if not)

# Austin Community College



# Austin Community College

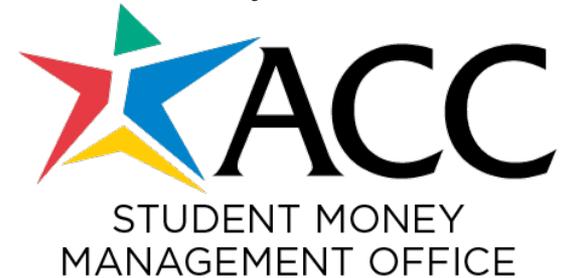
- 11 campuses
- 40,799 Fall 2018 enrollment
- 5,432 Firsttime in college students
- 7,500 students received the Pell Grant in fall 2018
- 2016 Student Money Management Office established



# Austin Community College: Text Messaging

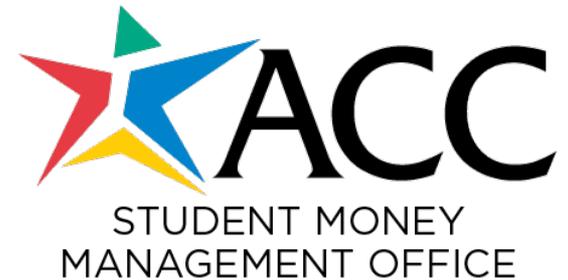
“Reminders for FA info are helpful mid semester when I am swamped with class work and not thinking of FA. It's easy to let important deadlines fall through the cracks without the reminders.”

- **13-15%** increase in fall-to-fall persistence
- **9%** increase in scholarship submissions
- **12,500** students received texts messages last academic year



# Austin Community College: Emergency Aid

- Long time **emergency aid** program
- Revamped in 2017 to be more accessible and available to students
- Managed by our **Financial Aid Office** and our **Support Center**
- Where does financial literacy fit in?



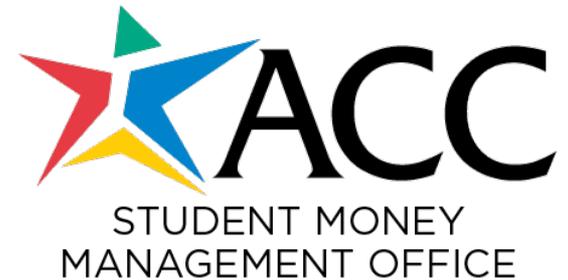
# Austin Community College: Incentivized Savings

- Let's prepare students for **financial emergency**
- Partnership with a local credit union
- Earn up to \$ 100 in cash incentives
- Last year, 95 students collectively saved **\$43,016**



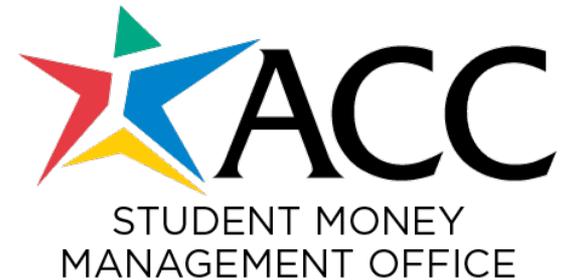
# Austin Community College: Peer Mentors

- Conduct outreach and staff tabling events
- Design and deliver mini workshops to peers
- Work on group projects that advance our mission
- Write blogs and started a podcast
- Receive a \$600 stipend or work study eligible



# Austin Community College: Finding the Money

- Department of Education Title III Strengthening Institutions Program Grant
- Approach existing funders and ask them to deepen their commitment (scholarship donors, emergency aid donors)
- Use data to support your ask



# Questions and Answers

# Contact Information

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# APPENDIX

- [Trellis Student Financial Wellness Survey](#)
- [CFPB Effective Financial Education Principles](#)
- [What to Avoid When Issuing Financial Aid Offers](#)
- [5 Things to Know When Evaluating a Financial Aid Offer](#)
- [Financial Literacy Guidance from Federal Student Aid](#)
  
- [University of North Texas' Student Money Management Center Online Handbook \(email to request access\)](#)
- [Sam Houston State's Student Loan Debt Letter](#)
- [Texas Tech University's Life, Love, and Money Course](#)

# APPENDIX

- [Evaluation of Austin Community College's Strengthening Institutions Program Grant: Annual Outcomes and Impact Report](#)
- [Conducting a Text Messaging Scavenger Hunt to Promote Financial Aid Literacy Among Community College Students](#)
- [Don't Txt Me L8r, Text Me Now: Exploring Community College Student Preferences for Receiving a Text Message from Their Institution](#)