The Credit Practices and Financial Education Needs of Community College Students

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This study examines the credit practices and financial education needs of community college students. Community college students were found to have specific preferences for financial education content and how that information should be delivered. Students wish to receive information on financial assistance and how to become responsible credit consumers. Students also prefer to receive financial education in one-on-one discussions, small group settings and from financial aid officers. Campus administrators and financial professionals can apply this information to develop resources that specifically address the financial education needs of community college students. Appropriate financial interventions on community college campuses are needed to ensure that these students are not at a financial disadvantage.
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Introduction

College students have faced a number of financial challenges in recent years. College costs have been rising at record levels, and students have had to borrow more to finance their education. At the same time, financial aid has not kept pace with rising college costs. In addition, fewer parents are helping to cover these costs, because they overextended themselves with debt during the 1990s (Johnstone, 1996; Fossey, 1998; Shenk, 2000; Asinof and Chaker, 2002). The end result is that an increasing number of students are turning to credit card debt to help finance their education (The Education Resources Institute and the Institute for Higher Education Policy, 1998; Shenk, 2000). The growth in credit card usage among college students has generated concern that students' credit card behavior is putting them at greater risk for high debt levels and misuse and/or mismanagement of credit after graduation. The recent economic slowdown and the rise in the number of bankruptcies for those under the age of 25 have intensified these concerns (United States General Accounting Office, 2001; Asinof and Chaker, 2002; Rohrke, 2002).

Recent studies have focused on investigating the credit usage and other financial practices of students attending four-year colleges and universities (Armstrong and Craven, 1993; Xiao, Noring, and Andersen, 1995; The Education Resources Institute and the Institute for Higher Education Policy, 1998; Hayhoe, Leach, and Turner, 1999; Joo, Grable, and Bagwell, 2001; U.S. General Accounting Office, 2001; Hayhoe, 2002; Lyons and Andersen, 2002; Staten and Barron, 2002; Baum and O'Malley, 2003; Lyons, 2004). Other studies have examined how financial education can help students attending four-year institutions become responsible financial consumers (Chen and Volpe, 1998; Doll, 2000; Pilcher and Haines, 2000; Varcoe et al., 2001; Weston, 2001; Lyons, 2003; Lyons, 2004). However, little attention has been given to investigating the credit usage and financial education needs of community college students. Lack of knowledge about the credit practices and financial education needs of community college students is a problem, because it prevents these campuses from providing the appropriate financial interventions and puts these students at a financial disadvantage, especially if financial resources are not being offered on their campuses.

This study uses quantitative and qualitative data collected from student leaders at community colleges

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throughout the state of Illinois to specifically examine the credit practices and financial education needs of community college students. The sample is limited to student leaders from a particular state, therefore, the findings cannot be extended to community college students in general. However, student leaders are active on their campuses in government offices and other student organizations and are aware of students' issues and concerns.

Literature Review

As previously mentioned, a number of studies have examined the credit usage and attitudes towards credit of students attending four-year colleges and universities (see articles previously cited). These studies have focused on whether college students are overburdening themselves with credit card debt. Specifically, they examine students' use of credit including credit card ownership, the amount of credit card debt incurred, the types of credit cards held, and students' attitudes towards credit usage. The findings from these studies indicate the following: approximately 80.0% of college students have at least one credit card; the vast majority obtain credit cards prior to college or during their freshman year; between 6.0 to 14.0% have four or more credit cards; over half of those with credit cards repay their balances in full each month; and only 14.0 to 16.0% report balances over $1000 while about 5.0% report balances over $3000.

In general, these studies find that the majority of college students have credit cards; they appear to be using them responsibly and are not accumulating large amounts of debt. These studies, however, acknowledge that there are some college students who do have excessive amounts of debt. These students are at risk of not being able to repay their debts, either because of a lack of financial experience or a lack of funds. Lyons (2003, 2004) identifies specific groups of college students as being more "financially at-risk" than others. College students who are financially at risk for mismanaging/misusing credit are more likely to be financially independent, to receive need-based financial aid, and to hold $1000 or more in debt other than student loans and credit card debt. These students are also more likely to have lower grade point averages and to be working more hours. With respect to demographics, they are more likely to be female, black, and/or Hispanic.

In addition to examining the credit usage of college students, a number of studies have also investigated how the financial knowledge and practices students develop affect their future financial well-being (Chen and Volpe, 1998; Doll, 2000; Pilcher and Haines, 2000; Varcoe et al., 2001; Weston, 2001; Lyons, 2003; Lyons, 2004). These studies show that formal financial education plays an important role in reducing students' financial management problems. Those who learn financial management skills at a younger age tend to do better financially than those who do not receive financial education (Varcoe et al., 2001). Also, college students who have taken a personal finance course are significantly less likely to be financially at-risk as are those who have sought out or are willing to seek out financial information from their parents (Lyons, 2003).

Studies also reveal that students have specific preferences for how they receive financial education and from whom (Varcoe et al., 2001; Lyons, 2003; Lyons, 2004). For example, Lyons (2003) finds that students attending four-year institutions prefer to receive financial information in one-on-one discussions, on the internet, and in printed format rather than by attending a campus workshop or enrolling in a formal college course. College students also prefer to receive financial information from financial professionals or their parents rather than financial aid counselors, professors, or other students.

Previous research has focused on the financial practices of students attending four-year colleges and universities. The credit usage and financial education needs of community college students have not been studied. This study addresses this gap in the literature by broadening the knowledge base to include community college students. Understanding the credit practices and financial education needs of community college students helps to ensure that these students are not at a financial disadvantage and are able to make informed financial decisions.

Framework

Traditional life-cycle theory with budget constraints provides insight into the credit practices and financial education needs of community college students. If we assume that students are rational agents who form expectations about their future income and wealth holdings, then they borrow against those expectations in order to smooth consumption over their life cycle. The type of institution students choose to attend has a substantial impact on the amount they decide to borrow. For example, in making the decision to attend a community college over a four-year institution, students take into consideration a number of factors including their own current budget constraint, their predicted future budget constraint, the tuition and fees at each institution, their preference for current versus future consumption.

They also take into account the maximum amount they are willing to borrow to finance an education whether it be via student loans, personal loans, credit cards, et cetera.

It is assumed that, regardless of the institution they choose, students who borrow have every intention of repaying their debts. However, unforeseen events (i.e. an unexpected increase in tuition or living expenses, car repairs, or medical expenses) may place them in a position where they are no longer able to meet their debt obligations. Researchers have argued that these "unforeseen events" are due to the fact that while most students come to college with an academic plan, few come with a well-defined financial plan (Chen and Volpe, 1998; Doll, 2000; Weston, 2001).

The financial plan of a community college student is likely to be very different from the financial plan of a student attending a four-year institution, particularly given the demographic composition of community college students and those in the state of Illinois. The Illinois community college system is the third largest community college system in the nation. Statistics for the state of Illinois in 1996 indicate that community college students account for 60.0% of all undergraduate students enrolled in public institutions of higher education. Nearly one out of every 11 Illinois citizens attends an Illinois community college. Of those attending a community college, 75.0% are registered as part-time students (Illinois Community College Board, 2002).

Of all the postsecondary institutions in the state, Illinois community colleges enroll the highest proportion of low-income youth, legal immigrants who are seeking to develop skills and expand their employment opportunities, and a disproportionate number of students from low-income, minority backgrounds (Illinois Community College Board, 2002). With respect to specific demographics, 56.0% of all Illinois community college students are women, 67.0% are white, 15.0% are black, and 13.0% are Hispanic. The median age of the students is 26.6 while the mean age is 30.4. The average student attending community college full-time pays only $1,400 per year in tuition and fees. Given the unique composition of these students, it is important that researchers begin to examine the credit practices and financial education needs of community college students.

Methodology

It is important to acknowledge that this study is a descriptive analysis; due to the small sample size, statistical tests are not meaningful.

Data Collection

The Illinois Community College Student Activity Association (ICCSAA) held a leadership conference in the Fall of 2002. A total of 271 student leaders from community colleges around the state of Illinois participated in the event. During the two-day conference, fourteen educational sessions were offered related to student leadership. In a collaboration with the Illinois Community College Board (ICCB), the authors of this paper were invited to present three sessions on "Building Leadership Skills and Knowledge: How to Conduct a Focus Group."

The purpose of the three sessions was to expose students to two different methods of collecting data—surveys and focus groups. At the beginning of each session, students were invited to complete a survey on credit usage and their preferences for receiving financial education. The survey consisted of 42 questions and was divided into three sections: *Current Credit Usage and Knowledge, Financial Literacy,* and *Some Information About You.* After the surveys were completed, a presentation was delivered to the students on how to collect survey information and conduct successful focus groups. Following the presentation, students engaged in an actual focus group discussion to experience first-hand how data could successfully be collected using focus group techniques. Overall, the sessions were used as an opportunity 1) to provide community college students with useful leadership tools, and 2) to gather quantitative and qualitative information on their credit practices and financial education needs.

The Sample

Of the 271 students who attended the conference, 45 students (17.0%) attended the presentation on how to conduct a successful focus group session. Of the 45 who attended the presentation, two students did not complete the survey and a few others chose not to respond to some of the survey questions. However, all 45 students participated in the focus group discussions.

Demographic Characteristics

In general, the sample of students is fairly representative of the Illinois community college student population with respect to the percentage of women, whites, and Hispanics in the sample (Illinois Community College Board, 2002). However, the sample of students is less likely than the average community college student to be black, more likely to be younger, and more likely to be attending college full-time rather than part-time (see Table 1).

The first column in Table 1 provides general demographic information on the sample of students used in this study. Of the 43 students who responded to our survey, 69.0% were women, 69% were white, 7.1% were black, and 11.9% were Hispanic. Almost 12.0% of the sample was over the age of 22, and approximately 83.0% attended college full-time compared to 14.3% who reported being part-time.

In addition to these general statistics, Table 1 also reports that over 90.0% of the students in the sample were single, and 14.0% had a child. The majority of students in the sample worked 20 hours or more per week (40.5%) and most earned $500 or less each month. A substantial proportion of the sample (32.6%) reported that they were the first person in their immediate family to attend college. A large fraction also reported being financially independent from their parents (34.9%). Although 34.9% of the students indicated that they were independent, only 9.5% reported monthly incomes of $1000 or more. Fourteen percent had taken, or were currently taking, a personal finance course.

Financial Resources

With respect to financial aid, 41.9% of the sample indicated that they were receiving some type of financial assistance; however, they were more likely to be receiving grants and scholarships than student loans and work study. These findings should not be surprising since 1) the costs of attending a community college are significantly less than for a four-year institution and 2) the conference attendees were student leaders and most likely at the top of their class. Only 2.3% of the sample reported having student loans greater than or equal to $5000.

With respect to other personal debts, the sample was much more likely to have some type of personal debt other than student loans and credit card debt, 23.3% compared to 4.9%, respectively. In addition, 14.0% reported having other personal debt greater than or equal to $1000. More specifically, 23.3% had a car loan, 4.8% had a mortgage, and 4.8% had some other type of formal loan from a financial institution or informal loan from their family/friends.

Table 1
Demographic Profile of Community College Students Who Participated in Focus Groups

	Percentages		
Variables	All Students (N=43)	Students without credit cards (N=20)	Students with credit cards (N=23)
Demographics			
Age ≥ 22	11.6	5.0	17.4
Female	55.8	50.0	60.9
White	69.0	65.0	69.6
Black	7.1	5.0	8.7
Hispanic	11.9	20.0	4.3
Asian	4.8	0.0	8.7
Single	90.7	90.0	91.3
Has a child	14.0	5.0	21.7
Full-time student	83.3	89.5	78.3
Part-time student	14.3	5.0	21.7
Has taken personal finance course	14.0	13.0	17.4
First person in family to attend college	32.6	30.0	34.8
Financially independent	34.9	25.0	43.5
Not working	21.4	26.3	17.4
Working ≤ 20 hrs/wk	38.1	31.6	43.5
Working > 20 hrs/wk	40.5	42.1	39.1
Monthly income ($0)	19.0	26.3	13.0
Monthly income ($1-$499)	35.7	36.8	34.8
Monthly income ($500-$749)	16.7	10.5	21.7
Monthly income ($750-$999)	19.0	26.3	13.0
Monthly income (>$1000)	9.5	0.0	17.4
Commitments outside of the classroom			
Family	69.8	50.0	87.0
Job	76.7	80.0	73.9
Community or volunteer service	58.1	45.0	69.6
Clubs or campus organizations	83.7	85.0	82.6
Family/job affects schooling	46.5	45.0	47.8
Financial situation affects schooling	16.3	20.0	13.0
Student Finances			
Holds a credit card(s)	53.5	0.0	133.0
Receives financial aid	41.9	30.0	52.2
Student loans	4.9	0.0	9.1
Work-study	9.8	10.5	9.1
Grants	22.0	15.8	27.3
Scholarships	19.5	15.8	22.7
Student loans ≥ $5000	2.3	0.0	4.3
Personal loans	23.3	10.0	34.8
Car loan	16.7	10.5	21.7
Mortgage	4.8	0.0	8.7
Other personal loans (formal and informal)	4.8	0.0	8.7
Other debt ≥ $1000	14.0	10.0	17.4

Omitted category for ethnicity/race is "other ethnicity/race"; omitted category for full-time and part-time student is "other."

Credit Practices

The remaining columns in Table 1 provide demographic and financial information on student leaders according to credit card ownership. Of the 43 student leaders who responded to the survey, twenty-three students (53.5%) indicated that they had at least one credit card while 20 students held no credit cards (46.5%). The percentage of community college students with at least one credit card is substantially smaller than statistics reported for students attending four-year colleges and universities, which reports approximately 80.0% of students have at least one credit card (see The Education Resources Institute and the Institute for Higher Education Policy, 1998; U.S. General Accounting Office, 2001; Staten and Barron, 2002; Baum and O'Malley, 2003; Lyons, 2003; Lyons, 2004).

Because of the small sample size, statistical tests of differences in credit practices do not yield meaningful results. However, observation of the data indicates that students who reported having at least one credit card were more likely than students without credit cards to be older, female, to have a child, and to be attending college part-time. They were also more likely to be financially independent and to have monthly incomes over $1000. They were somewhat more likely to be the first person in their immediate family to attend college and to have taken, or be taking, a personal finance course.

With respect to time commitments outside of the classroom, students with credit cards were more likely to have a family commitment and/or be involved in the community or volunteer service. Regardless of credit card status, nearly half of the sample indicated that family and job obligations are likely to affect their ability to complete/reach their educational goals. Students also reported that family and job obligations are significantly more likely than their financial situation to affect their educational goals.

With respect to overall finances, students with credit cards were more likely to be receiving some type of financial aid including student loans, need-based grants and scholarships, and to have more than $5000 in student loans. They were also more likely to owe some type of personal debt such as a car loan, mortgage, or other personal loan. In addition, they were more likely to hold $1000 or more in other debt. These findings are consistent with those found for students attending four-year colleges and universities (Lyons 2003, 2004).

Table 2 summarizes the credit card practices of the sample of student leaders who reported holding a credit card. Of those holding a credit card, 17.4% reported having 4 or more credit cards, 13.0% indicated that they owed $1000 or more in credit card debt, and 8.7% owed $3000 or more. The majority of students with credit cards (65.2%) reported paying off their balances in full each month. However, 30.4% had reached the borrowing limit on their credit cards, and 26.1% had been delinquent on their credit card payments by two months or more. Overall, community college students are more likely to hold fewer credit cards than students attending four-year institutions. However, they are less likely to payoff their balances in full each month and more likely to have reached the borrowing limit on their cards and to be delinquent (Lyons, 2003).

With respect to their ability to obtain credit, 87.0% indicated that they obtained their first credit card either in high school or in the first year of college, and slightly less than half of the students with credit cards (47.8%) reported having a borrowing limit of $1000 or more. Most of the students in the sample indicated that they acquired their credit cards through the mail or at a bank or financial institution. Several students also acquired their cards over the phone or through their parents. None of the students acquired their cards at a campus table most likely because credit card companies are less likely to be setting up tables on community college campuses, because the students are not as accessible as those at four-year institutions.

Table 2
Credit Characteristics of Community College Students Holding Credit Cards (N=23)

	Percentage
Credit Access	
Obtained credit card in high school or first year of college	87.0
Borrowing limit ≤ \$500	34.8
Borrowing limit ≤ \$1000	52.2
Credit card usage	
4 or more credit cards	17.4
Credit card debt ≥ \$1000	13.0
Credit card debt ≥\$3000	8.7
Almost always pays entire balance	65.2
Has reached limit on credit cards	30.4
Delinquent on payments	26.1
How credit card(s) were acquired:	
Through a mail application	34.8
At a bank/financial institution	21.7
Over the phone	17.4
Online	4.3
From parents	13.0
At a campus table	0.0

Overall, the findings indicate that community college students may be more likely to misuse and mismanage their credit than students attending four-year institutions. The results suggest that there is a need for financial education on community college campuses, especially with respect to responsible credit management.

Findings

Quantitative Results from the Survey

In addition to asking students about their credit practices, student leaders were also asked a series of questions about their financial education needs. The questions included, but were not limited to, the following:

1. If you were in need of personal finance information, how would you MOST like to receive this information?
2. Who would you MOST like to receive this information from?
3. In the last few years, where have you gone to find financial information?
4. Would you register for a classroom course related to credit if offered on campus?
5. Would you register if the course was offered online?

For the first three questions, students were given several options and asked to select their top three choices. Table 3 summarizes the responses for the entire sample. With respect to *how* they would like to receive financial information, students ranked receiving information in a discussion with a financial professional as their first choice (59.5%), at a campus workshop/seminar as their second choice (54.8%), and on the internet (47.6%) as their third choice. These delivery methods were preferred over receiving a packet of printed materials and receiving information during student orientation, in a course, or on video. These findings differ somewhat from the preferences of students attending four-year colleges and universities. College students attending four-year institutions are more inclined to prefer impersonal methods of delivery such as the Internet and printed materials to workshops and seminars (Lyons, 2002; Lyons, 2003).

With respect to *who* they would like to receive financial information from, students overwhelming indicated that they wanted to receive this information from a financial aid counselor (81.4%). In fact, throughout the sessions, student leaders communicated that they would like to have more contact with their financial aid offices and they would like to receive more information and resources from them. This finding varies from that of students at four-year institutions, who indicated that they preferred to receive financial information from financial professionals and parents rather than financial aid counselors (Lyons, 2003). Aside from financial aid counselors, community college students also indicated that they would prefer to receive financial information from guest speakers on campus who were financial experts (48.9%) and from their professors (39.5%). Only a third of the students expressed an interest in receiving information from other students/peers (34.9%).

With respect to *where* students are currently going to find information on credit, the number one response was that they ask their parents (55.8%). Other top sources for financial information included the internet (41.9%), financial institutions (34.9%), and friends (32.6%). However, while half of the students indicated that they go to their parents for financial information, only 25.6% of the students preferred to receive information from their parents.

Table 3
Financial Education Needs of Community College Students in Illinois (N=43)

How would you most like to receive information?	
In a discussion with financial professional	59.5
At a campus workshop/seminar	54.8
On the internet	47.6
In a packet of printed materials	38.1
During student orientation	33.3
In a college course	26.2
On video	11.9
In an online course	7.1
Who would you most like to receive information from?	
Financial aid counselors	81.4
Guest speaker on campus (i.e. financial expert)	48.9
Professors	39.5
Other students/peers	34.9
Campus administrators	34.9
Student organizations	30.2
Parents	25.6
Where are you going to find financial information?	
Parents	55.8
Internet	41.9
Financial institutions	34.9
Friends	32.6
Books, magazines, and newspapers	23.3
TV and radio	16.3
College course	14.0
Would you register for a classroom course on credit?	
Yes, would register for course	46.5
Maybe, would register for course	20.9
No, would not register for course	32.6
Would you register if the course was offered online?	
Yes, would register for online course	25.6
Maybe, would register for online course	18.6
No, would not register for online course	55.8

Note: For the first three questions, students were given several options and asked to identify their top three preferences. For this reason, the percentages do not sum to 100.0 percent.

In addition to the previous three questions, student leaders were also asked about whether they would register for a course on credit management. The majority of the sample indicated that they would register for a classroom course on credit if offered on their campus; 46.5% indicated that they would definitely register for the course and 20.9% indicated that they might. Students were also asked if they would register for the course if it was offered online. Students clearly preferred the classroom course over the online course. The majority of students (55.8%) indicated that they would not register for an online course suggesting once again that students prefer personal attention and small group settings when receiving financial information.

Qualitative Results from the Focus Groups

To investigate the financial education needs of community college students more closely, a series of focus groups were conducted with the student leaders after they completed the survey. The 45 student leaders who participated in the three conference sessions were divided into seven focus groups consisting of six to eight students. Students in each of the seven groups were given approximately 20 minutes to respond to the following questions:

- How could a financial literacy program help students on your campus?
- Who would benefit most from a financial literacy program on your campus?

Each group was assigned a moderator and recorder. The primary role of the moderator was to keep the group focused and on task given the time constraints; the recorder documented the participants' comments. The sessions were not tape recorded.

A number of themes emerged from the discussions, and each group tended to focus on a primary issue of concern. Table 4 summarizes the central themes from each focus group and the key points that were recorded. The seven major themes that were identified for the first question were related to: the financial aid process, debt management, general financial management, financial independence, financial literacy, financial education as a preventative tool, and diversity among community college students.

The theme of the first group focused on how a financial literacy program could help students with the financial aid process. Students mentioned the lack of information provided to them from their financial aid offices. They indicated that more resources were needed to help students understand the process of applying for financial aid and how to utilize their aid options to the fullest potential. Students also indicated the need for education on how to budget their money and manage their financial aid resources once they were received.

The central theme of the second group focused on how a financial literacy program could help students with debt management. Student leaders identified critical areas in which students need information including how to manage their finances and prepare a budget; how to repay their debts; and how to build a good credit history and read a credit report. Students in this group considered information about the financial aid process critical to a student's financial success.

Table 4
Qualitative Responses Collected from Focus Groups

How could a financial literacy program help students on your campus?

Group 1

Central theme: The financial aid process
- Educate students about how to obtain financial aid and manage these resources
- Educate students on how to utilize their student loans to their full potential
- Teach students how to budget their money.
- Help students find on-campus financial resources (i.e. financial aid)

Group 2

Central theme: Debt management
- Teach students the importance of managing their finances
- Teach students how to prepare and manage a budget
- Educate students about paying off their debts
- Teach students how to build a better credit history
- Teach students how to read their credit reports
- Inform students about the process of applying for student loans and receiving financial aid

Group 3

Central theme: Financial management for everyday living
- Teach students how to create a budget
- Inform students about important credit terminology
- Teach students how to "comparative shop" for loans, especially for big purchases
- Help students to stay out of debt
- Teach students how to build a good credit history
- Help students to become informed consumers and to say no and resist advertisements/propaganda
- Teach students that they don't have to get a credit card
- Inform students about the long-term consequences of incurring large amounts of debt and how "credit cards can be evil"

Group 4

Central theme: Financial independence
- Prepare students for the future, especially future expenses that are both college related and personal.
- Teach students how to establish a good credit history
- Teach students about key credit terminology and definitions
- Provide students with information on fraud to help them become savvy consumers

Group 5

Central theme: Financial literacy is necessary for students
- Financial literacy program is necessary, otherwise students would have to learn it on their own
- Program needs to be geared towards students who are on their own
- Program needs to "teach responsibility"

Group 6

Central theme: Financial education as a preventative tool
- Program should establish preventative measures to help keep students out of debt
- Students need financial information right away to prevent them from getting into trouble with credit cards

Group 7

Central theme: Diversity among community college students
- Community college students have different financial education needs than students at 4-year institutions
- Community college students may be better prepared financially then students at 4-year institutions
- Community college students are a more diverse group than those attending 4-year institutions

Who would benefit most from a financial literacy program on your campus?
- All students in general
- Financially independent students
- Non-traditional aged students, adult students
- One-parent families, especially single mothers
- Young parents
- Those struggling with debt, big spenders
- Freshmen, students applying for financial aid for the first-time
- Transfer students
- School organizations and clubs
- Faculty and staff
- The community
- Students who are close to graduation and getting ready to enter the workforce

Issues related to general financial management was the theme for the third group. Students in group three expressed a need to learn more about how to manage their debt and create and manage a budget. However, their comments focused mainly on the process of making informed consumer decisions. Students wanted to learn how to do comparative shopping and how to critically evaluate credit offers and opportunities. They expressed a definite need to teach community college students about the long-term consequences of incurring large amounts of debt and how this can affect their credit history and financial future.

The central theme of the fourth group focused on how a financial literacy program could help prepare community college students for financial independence. Students in this group were clearly thinking about their financial futures and the information that they would need to plan for future expenses both college and non-college related. Like the other groups, they felt students needed information on how to establish a good credit history and how to be responsible credit consumers. They especially wanted information on how to protect themselves from consumer fraud.

A general discussion of financial literacy and whether a financial literacy program was needed at the community college level became the focus of groups five and six. The students in these two groups clearly felt that financial literacy was necessary to becoming a responsible financial consumer and that community college students needed this information when they were freshmen to help prevent them from making poor credit choices down the road. They especially felt that financial education efforts needed to target students who were financially independent from their parents.

The theme of the last group focused on the challenges of implementing a financial literacy program on community college campuses. The discussion specifically focused on differences in the financial education needs between community college students and students attending four-year institutions. The group perceived community college students as having different and more varied needs than those attending four-year institutions, particularly since community college students are a more heterogeneous group. However, at the same time, they felt that community college students were better prepared financially than those attending four-year institutions. They felt that community college students were more “forward thinking” with respect to their financial futures. They indicated that a significant number of community college students intentionally chose a community college so they did not have to take out student loans and could set money aside for a home or a new vehicle.

In addition to asking about how a financial education program could help students on their campus, student leaders also were asked who they thought would benefit the most if a program was offered on their campus. There was a significant amount of overlap in the groups’ responses. The overall response was that all students on campus could potentially benefit from a financial education program. However, certain groups of students were identified as being particularly in need of financial education. Those groups included: one-parent families (especially single mothers), young parents, freshmen and transfer students, and those currently in debt or applying for financial aid for the first-time. Other groups identified were financially independent students, non-traditional students, and students getting ready to enter the workforce. Some non-student groups were also listed as possibly benefiting from these resources, including faculty, staff and the community.

Discussion

Overall, the findings from both the quantitative and qualitative investigations provide insight into the credit practices and financial education needs of community college students. While the sample is limited to student leaders and generalizations cannot be made, the findings have implications for educational outreach at the post-secondary level.

The quantitative findings provide insight into student *preferences* for financial education and how financial information can more effectively be delivered. First, there is evidence to indicate that student leaders at community colleges prefer to receive financial information in individual or small-group settings where they receive more personal attention and feel comfortable asking questions and talking about their financial concerns. The findings suggest that successful financial education programs at the community college level need to deliver personal financial information in one-on-one discussions or settings such as workshops or seminars.

Second, there is evidence to suggest that student leaders have a strong preference for receiving this information from individuals who they perceive to be financial professionals (i.e. financial aid counselors, professors, financial experts) rather than their own peers. This is particularly interesting given that a number of four-year institutions have implemented peer financial counseling programs, where students are trained to deliver financial education workshops to their peers. The recent trend towards peer financial counseling programs at four-year institutions may not be the best delivery method for addressing the financial education needs and preferences of community college students.

Third, while most of the community college students in the sample would prefer to receive information from a "financial professional," most are currently turning to their parents for this information. This finding is most likely reflecting the fact that while students prefer personal contact with a financial professional, they do not have access to these resources and so they turn to their parents. If campuses are unable to provide financial resources to students, then perhaps there is a role for high schools, community organizations, and financial counselors and planners to provide financial information to parents so that they are better able to help their students become responsible financial consumers.

The qualitative findings reported by the student leaders support the quantitative findings. The focus group discussions indicate a clear need for financial education on community college campuses. Specifically, student leaders communicated that community college students need more financial information from their financial aid offices. They indicated that financial aid information was not readily available on their campuses, and they were not fully aware of their financing options. While conducting this research, a number of informal discussions were held with financial aid directors at colleges and community colleges in the state. These conversations revealed that some financial aid offices on community college campuses are intentionally providing limited information to students about their financial aid options. They are making a conscious effort to discourage students from taking out student loans for primarily two reasons. First, the cost of attending a community college is substantially less than the costs associated with attending four-year colleges and universities. Second, a number of community college students enroll for two years and then transfer to four-year colleges or universities to complete their degree. Financial aid offices would prefer to see students delay borrowing until they transfer to institutions that are more expensive.

In addition to information on financial assistance, student leaders also wanted to know how to become responsible credit consumers. They expressed interest in preventive measures they could take to avoid credit problems and build good credit records. Students wanted to learn about general credit concepts, establishing and maintaining a budget, and managing their finances responsibly. Students were very "forward thinking" with respect to their financial situations. This should not be surprising given that students feel they are better prepared financially than students attending four-year institutions.

Implications for Campus Administrators

Campuses administrators and educators face a number of challenges in designing programs and providing resources to address the financial education needs of community college students. Community college students are a more heterogeneous group than students attending four-year colleges and universities. A significant number are non-traditional students who are attending school part-time. They are also more transient in nature. Some have transferred in or are planning to transfer out after they have completed general course requirements. Given the diverse needs of this student population, it may seem that "one size does not fit all" when it comes to financial education. However, this study has identified a number of student leaders' preferences and educational themes that provide insight into the types of services and programs that are likely to reach a wide-range of community college students.

First, campus administrators should consider providing financial aid offices with additional resources for financial services and programs. Student leaders suggest that students are looking to financial aid offices for comprehensive financial information. Given students' preference for receiving financial information in smaller group settings, financial aid offices may want to offer financial workshops and seminars. They may also want to consider offering one-on-one financial counseling and planning and developing a financial counseling clinic that operates either within or outside of the financial aid office.

While one-on-one interaction may be ideal for community college students, it is time intensive and resource intensive to offer these types of financial services. Moreover, regardless of resources, financial aid offices may be ill-equipped to provide these services, especially financial counseling and planning. If community colleges are faced with limited resources, campus administrators may want to consider forming partnerships with other campuses or local community organizations such as Cooperative Extension or Consumer Credit Counseling Services (CCCS). These non-profit organizations frequently help students with debt management and other financial needs.

At the very minimum, campuses can offer a course on credit usage and financial management to provide students early in their college careers with the basic skills and tools necessary to become responsible financial consumers. Almost half of the student leaders indicated that they would register for a classroom course on credit, suggesting that a formal course is likely to be an effective delivery method. Campuses may want to consider offering such a course through their continuing education departments, which have been successful at delivering financial education to adults.

Another effective delivery method for disseminating financial information to community college students may be over the Internet. In addition to workshops and seminars and discussions with financial professionals, the Internet was also listed as a preferred way to receive financial information. However, campus administrators need to be cautious when considering e-mail and the Internet as modes of delivery for financial education. Comments made by student leaders and financial aid directors suggest that these may not be the most effective modes of delivery for community college students. While e-mail and the Internet are quick and cost effective ways to disseminate financial education and information about financial resources, it may be difficult to reach community college students by e-mail or with the Internet. Campus addresses and e-mail lists are constantly changing and often out-of-date given the transient nature of community college students and the large number of non-traditional students. In addition, compared to students at four-year institutions, a larger fraction of community college students do not have Internet access when they are off campus. This may provide a plausible explanation for why student leaders indicated a stronger preference for a classroom course rather than an online course on credit.

Finally, campus administrators may want to consider getting students involved in the development of financial education programs and initiatives on their campus. After the focus group sessions, students were asked to indicate their level of interest in participating in the development of a financial literacy program for community college students in the state of Illinois. All of the student leaders, except for two, expressed strong interest in participating in such a project. Campus administrators need to give students the opportunity to provide input about how their campus can better meet the needs of their students. They also need to provide opportunities for students to participate in the planning and development of programs and resources. Student involvement is more likely to ensure successful campus outreach.

Implications for Financial Counselors and Planners

While community college students may be looking to their campuses for financial information, a lack of funds may prevent them from providing these resources. In these cases, financial counseling and planning professionals can serve as a valuable resource to community college campuses that are interested in addressing the financial education needs of their students.

A number of opportunities exist for financial professionals to provide financial information to this clientele base. As this study points out, student leaders prefer receiving information from financial professionals and in one-on-one discussions or small group settings. In addition, student leaders reveal that community college students are more likely to be "forward thinking"—setting long-run goals and planning for their financial future (i.e. purchasing a home, starting a family, and planning for retirement.) Thus, they are likely to be at a teachable moment, where the information provided by financial professionals would be relevant and applicable. For these reasons, financial professionals may want to consider linking with community college campuses to provide financial planning and counseling services and seminars and workshops. These resources could target students as well as parents and the community.

Conclusions

Using survey and focus group methods, this study investigates the credit practices and financial education needs of community college students. The findings suggest that while community college students may be more likely to hold fewer credit cards than students attending four-year institutions, they may also be more likely to misuse and mismanage credit. Further evidence suggests that effective financial education programs at the community college level depend on what information is presented, how it is presented, what delivery methods are used, and who delivers that information. The findings indicate that community college students prefer to receive information on issues related to financial assistance and on how to become responsible credit consumers. Students also prefer to receive financial education in one-on-one discussions, small group settings and from financial aid officers.

However, while this study provides insight into the financial education needs of community colleges students, the sample size is very small and consists of a group of self-selected student leaders in one particular state. For this reason, the findings must be interpreted with caution but they do provide campus administrators and financial counselors and planners a basis for developing programs and curricula that specifically address the financial education needs of community college students.

This study should be replicated with a representative sample of community college students Research is also needed to evaluate the effectiveness of current financial education efforts at these types of institutions. Appropriate financial interventions on community college campuses are needed to ensure that these students are not at a financial disadvantage.

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