

CHANGES TO THE 2017 STUDY ON COLLEGIATE FINANCIAL WELLNESS

SUMMARY

The Study on Collegiate Financial Wellness (SCFW) was designed to develop a more thorough and accurate picture of the financial wellness of college students throughout the United States. The objectives of the study are to assess students' financial attitudes, knowledge, stress and behavior while examining the relationship between these aspects of financial wellness and students' academic success during college.

Changes to the 2017 SCFW survey are based on the results of the first national administration of the survey in 2014, as well as institutional feedback, review of recent literature, and cognitive interviews conducted by the research team. While the study remains focused on better understanding college student financial wellness and its relationship with academic success, the survey has been updated with the following goals in mind:

1. To improve the clarity of item wording and ease of responding to survey items.
2. To better reflect the student financial wellness of a diverse college student population by ensuring that all survey items and response options are worded in an inclusive way;
3. To improve the measurement of underlying social and psychological aspects of college student financial wellness through the development and psychometric evaluation of financial wellness scales;
4. To capture additional aspects of student debt by adding measures of student loan aversion and parent loans.

The following document describes improvements made to the survey prior to the 2017 administration, as well as the processes used to inform these changes.

SURVEY UPDATES

Survey Inclusivity and Clarity

Cognitive interviews with six undergraduate students, including two nontraditional-age students, two first-generation college students, one military/veteran student, and one international student, were conducted for the purposes of (a) examining the clarity of item wording and ease of responding to items, and (b) ensuring that the survey accurately reflected the financial wellness of students from diverse backgrounds.

Findings informed our understanding of how students interpret and respond to the survey (see "Cognitive Interviews" brief for detailed findings), in addition to informing the following survey changes:

- Clarifying item wording to ensure accurate and consistent interpretations
- Defining specific terms such as "work study" and "Parent PLUS loan"
- Distinguishing between financial dependence as determined by the FAFSA and actual dependence upon financial support provided by a parent/guardian or other family
- Providing response options that more accurately reflect the financial situations of diverse groups of students, particularly international students and nontraditional-age students
- Adjusting the display of particular survey items so that students do not see items that are not applicable to them (e.g., not displaying items about federal need-based aid to international students who do not qualify for these programs)

Financial Wellness Scales

The 2017 SCFW will include scales used to measure the following underlying social and psychological aspects of college student financial wellness:

1. Financial Socialization
2. Financial Management Behaviors
3. Financial Stress/Strain
4. Financial Optimism
5. Financial Knowledge
6. Financial Self-Efficacy

To develop these scales, we conducted an exploratory factor analysis conducted with data from the 2014 SCFW. This analysis identified five underlying constructs: financial socialization, financial management behaviors, financial strain, financial optimism, and financial knowledge. Following the criteria established by Fabrigar, Wegener, MacCallum, and Strahan (1999), factors were reviewed for interpretability, or the extent to which they can be interpreted in the context of existing theory and research, and stability, or the extent to which the underlying construct is represented by items on the scale. Based on the findings of these analyses, survey items were added and item wording was adjusted in the 2017 SCFW to improve upon the interpretability and stability of these five financial wellness measures.

Furthermore, a comprehensive literature review of recent research was conducted to identify the theoretical constructs related to college student financial wellness. Based on this literature review, we added a scale to the 2017 SCFW to measure financial self-efficacy, or a students' confidence in their ability to manage their own finances (Lown et al., 2014).

New Student Debt Measures

Through a review of research literature on student debt and discussions with financial education and financial aid practitioners, we identified two topics related to college student debt that were added to the 2017 SCFW:

- **Student Loan Aversion.** Some students may choose not to take out the student loans they are offered, despite having unmet financial need. Student loan aversion can be due to lack of perceived need, personal discomfort with debt and cultural perspectives that discourage borrowing (Cunningham & Santiago, 2008; Goldrick-Rab & Kelchen, 2013). To examine possible student loan aversion, the 2017 SCFW includes items asking students who did not take out student loans whether they chose not to do so because of lack of need, discomfort or family discouragement.
- **Parent PLUS Loans.** Although Parent PLUS loans are borrowed by parent(s) of a student and the responsibility for repayment cannot be transferred to the student, some students may agree to help their parent(s) pay back the loan. To examine this issue, questions were added regarding awareness of Parent PLUS Loans and agreements regarding the repayment of these loans.

REFERENCES

- Cunningham, A. F. & Santiago, D. A. (2008). Student aversion to borrowing: Who borrows and who doesn't? Washington, D.C.: Institute for Higher Education Policy.
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- Lown, J. M., Kim, J., Gutter, M. S., & Hunt, A-T. (2014). Self-efficacy and savings among middle and low income households. *Journal of Family and Economic Issues*, 36, 491-502.