

## KEY FINDINGS

- African American students are the most likely to report using **federal loans** to pay for their education, and are least likely to use **parent income** as a funding source. They also had consistently higher **negative financial management** scores.
- Asian American students were most likely to report using **parent income** as a funding source.
- Latinx students had consistently higher **financial strain** scores across all institution types.

## FINANCIAL WELLNESS OF STUDENTS OF COLOR

This report uses data from the 2017 administration of the Study on Collegiate Financial Wellness (SCFW) to examine the financial attitudes, practices and knowledge of students from colleges and universities across the United States. The SCFW surveyed students at 65 public and private, two- and four-year U.S. colleges and universities; 28,539 students completed the survey. This report summarizes the financial experiences of students of color.

## METHOD

Previous analyses on racial differences in financial wellness literature have focused on comparing students with minoritized racial and ethnic identities to white students (see Jackson & Reynolds, 2013;

Norvilitis et al., 2006). The present analysis attempts to center experiences of students of color by removing white students as a reference group. Removing white students, students who selected prefer not to answer and students who did not answer the race/ethnicity questions reduced the size of the sample from 28,539 students to 10,875 students

In order to obtain a reliable sample, participants who did not respond to all variables of interest were eliminated from the analyses. A rigorous data cleaning process consistent with Dugan et al. (2012) was employed to identify potential mischievous responses in the data. Responses with an overselection on multiple-answer items or inappropriate reactions to non-white identities in the open-ended portion of the race question were eliminated from the sample.

Further data cleaning was used to create discrete racial or ethnic identity categories. Students who selected more than one race were placed into a “Multiracial” category. Due to low sample sizes, monoracial Native American and Middle Eastern students were aggregated into the “Another racial identity” category, and Native Hawaiian or Pacific Islander students were aggregated into the “Asian or Asian American” category. International students were also

**Table 1: Racial and Ethnic Identities of Sample**

	Two-Year Institutions		Four-Year Institutions	
	<i>n</i>	%	<i>n</i>	%
Asian or Asian American	612	19.4%	998	20.5%
Black or African American	227	7.2%	1,211	24.9%
Hispanic or Latinx	1,987	62.9%	1,729	35.5%
Multiracial	201	6.4%	705	14.5%
Another racial identity	134	4.2%	222	4.6%
<b>Total</b>	<b>3,161</b>	<b>100.0%</b>	<b>4,865</b>	<b>100.0%</b>

excluded from the sample. The final sample consisted of 8,026 students (see Table 1 and Appendix). The sample was disaggregated by institution type to analyze responses of four-year students and two-year students separately.

## FINDINGS

### Funding Sources

The first set of analyses examined how students funded their education. Responses were coded into a binary variable of whether students had used this source of funding or had not used this source. Tables 2 and 3 summarize this data.

**Table 2: Two-Year Student Funding Sources**

	Asian or Asian American (n = 612)	Black or African American (n = 227)	Hispanic or Latinx (n = 1,987)	Multiracial (n = 201)	Another racial identity (n = 134)
Federal loans	26.1%	53.3%	23.8%	29.9%	35.1%
Private loans	9.8%	13.7%	6.0%	10.0%	11.9%
Scholarships or grants	55.7%	66.1%	55.8%	54.2%	57.5%
Parent income	62.1%	29.1%	48.4%	52.7%	37.3%
Loans taken by parent	12.6%	8.8%	6.9%	8.0%	4.5%
Money from job	55.4%	47.6%	65.4%	58.7%	66.4%
Credit cards	42.0%	26.4%	37.3%	29.4%	39.6%

*Values represent % of students that had used funding source for education*

**Table 3: Four-Year Student Funding Sources**

	Asian or Asian American (n = 998)	Black or African American (n = 1,211)	Hispanic or Latinx (n = 1,729)	Multiracial (n = 705)	Another racial identity (n = 222)
Federal loans	52.2%	81.7%	66.8%	65.0%	61.7%
Private loans	17.3%	28.2%	24.9%	25.7%	23.0%
Scholarships or grants	78.5%	84.5%	82.0%	81.6%	81.1%
Parent income	80.6%	54.4%	60.7%	66.2%	56.8%
Loans taken by parent	18.7%	36.2%	23.5%	22.8%	18.0%
Money from job	47.7%	45.9%	54.3%	50.2%	52.3%
Credit cards	15.3%	19.1%	19.5%	14.3%	21.6%

*Values represent % of students that had used funding source for education*

Several important trends can be identified in this data. At both two-year and four-year institutions, African American students were the most likely to use **federal loans** to fund their education (53.3% and 81.7%, respectively). A high percentage of African American students (36.2%) at four-year institutions also reported that their **parents took out loans** to fund their education. However, African American students at two- and four-year institutions are the least likely to report using **parent income** to pay for their education (29.1% and 54.4%, respectively), relative to other groups.

Asian American students are the most likely to report using **parental income** to pay for education (62.1% and 80.6% in two- and four-year institutions). A relatively high percentage of Asian American students at two-year institutions reported using **credit cards** (42.0%) to pay for education; this trend was reversed for Asian American students at four-year institutions (15.3%).

Lastly, Latinx or Hispanic identified students were among the most likely to report using **money from their job** to pay for educational expenses at both two-year and four-year institutions (65.4% and 54.3%).

## Financial Scales

The SCFW instrument includes a number of items designed to measure specific aspects of participants' attitudes, knowledge and behaviors around finances. Select items were aggregated into measures of self-efficacy, positive management behaviors, negative management behaviors, optimism and strain (see the Appendix for detailed definitions of measures). A one-way analysis of variance (ANOVA) was conducted on scores for students of color at two-year and four-year institutions. Scheffe's method was used to detect differences between specific groups. Results are presented in Figures 1 and 2.

There were significant differences between **two-year** students of color on all financial scales. Significant differences between specific groups included:

- African American students (3.02) had significantly higher **self-efficacy** scores than Latinx students (2.88).
- Latinx students (2.79) had significantly higher **strain** scores than Asian students (2.65).
- African American students (2.05) had significantly higher **negative management** scores than all other groups. Additionally, Latinx (1.72) students had significantly higher scores than Asian (1.55) students.

Significant differences were also found on financial scale scores among **four-year** students of color, but only on the strain, positive management and negative management scales.

- Latinx (2.67) and African American (2.65) students had significantly higher **strain** scores than Asian (2.36) or multiracial (2.52) students. Additionally, multiracial students and students with another racial identity (2.55) had higher scores than Asian students.
- Asian students (3.42) had significantly lower **positive management** scores than Latinx (3.54) and African American (3.53) students.
- African American students (1.82) had significantly higher **negative management** scores than all other groups. Multiracial (1.50), Latinx (1.58) and students with another racial identity (1.58) had significantly higher scores than Asian (1.37) students.

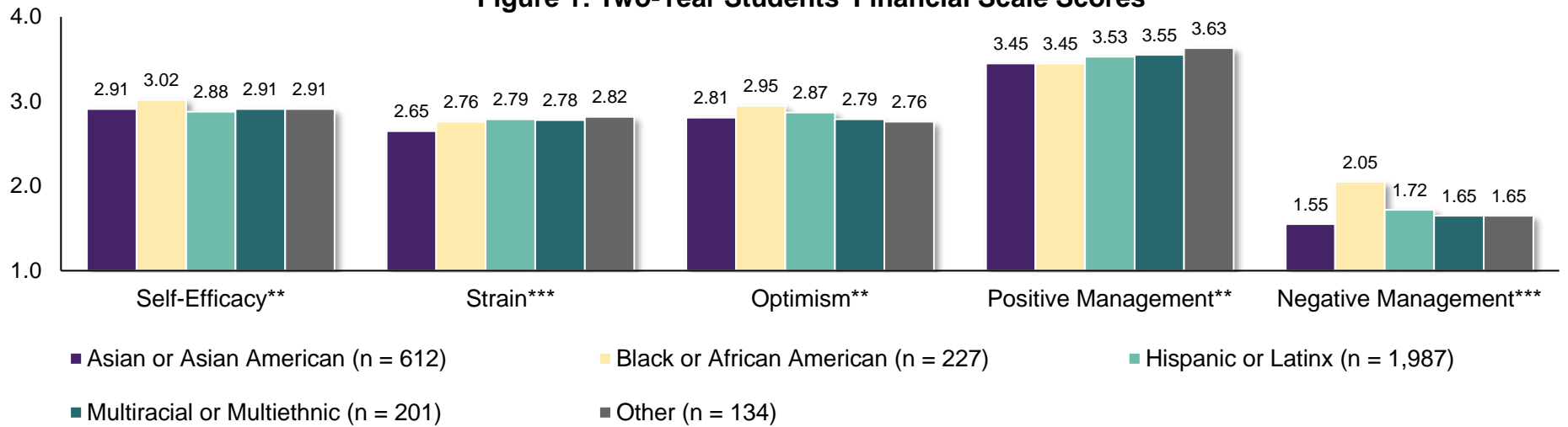
## **CONCLUSION**

Results from the 2017 SCFW indicate that financial experiences vary for students of color depending on their racial and ethnic identities. Latinx and African American students report higher rates of financial strain than their peers do, with African American students also reporting higher rates of federal loan use and higher negative financial management scores. While Asian students generally reported lower strain scores and using parental income to fund their education, Asian students at two-year institutions were more likely to use credit cards to fund their education and Asian students at four-year institutions had lower positive management scores. Future research can further disaggregate racial identity to observe more nuance, as well as include more ethnic identities to provide additional context for students' financial experiences.

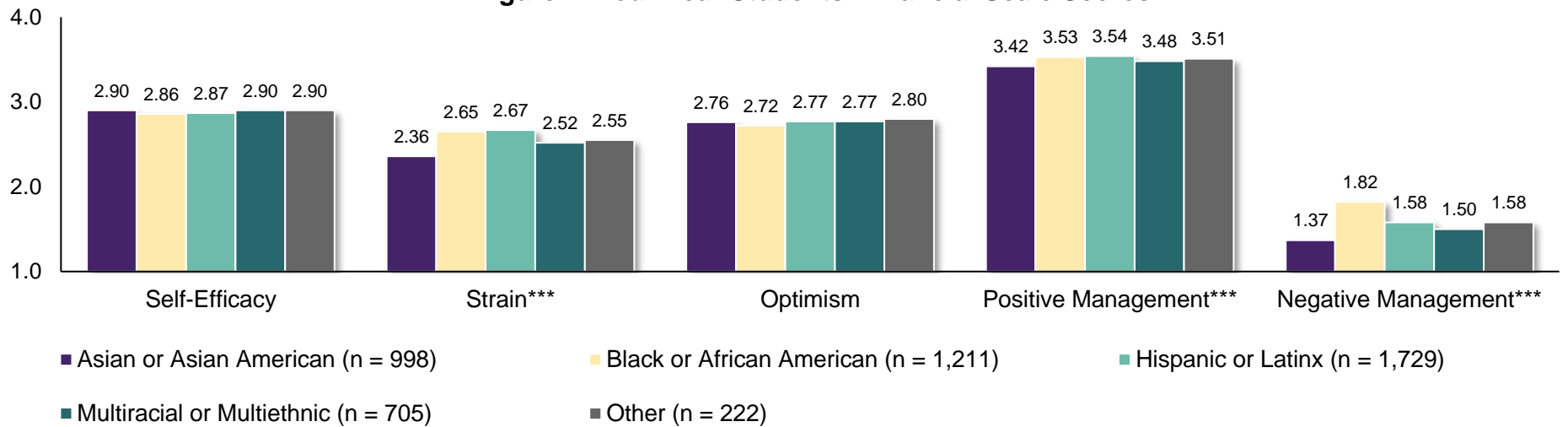
## **MORE INFORMATION**

The Study on Collegiate Financial Wellness (SCFW) is a national survey of college students examining their financial attitudes, practices and knowledge. The 2017 SCFW was administered to 271,191 students at 65 different U.S. institutions and 90 individual campuses; 28,539 students responded for a response rate of 10.5%. Most respondents were enrolled at four-year public institutions (68%); 10% were enrolled at four-year private institutions and 22% were enrolled at two-year public institutions.

**Figure 1: Two-Year Students' Financial Scale Scores**



**Figure 2: Four-Year Students' Financial Scale Scores**



*If your institution is interested in participating in the next administration of the SCFW, please contact us at [scfw@osu.edu](mailto:scfw@osu.edu).*

**Suggested Citation**

Study on Collegiate Financial Wellness. (2019). *Financial Experiences of Students of Color: Research Brief*. Center for the Study of Student Life, The Ohio State University, Columbus, Ohio.

## APPENDIX

**Table A1: 2-Year Student Demographics**

		Asian or Asian American (n = 612)	Black or African American (n = 227)	Hispanic or Latinx (n = 1,987)	Multiracial (n = 201)	Other (n = 134)
Gender Identity	Man	36.9%	33.5%	29.1%	26.4%	38.1%
	Woman	61.4%	64.3%	68.9%	71.1%	59.7%
	Gender non-binary	0.9%	1.3%	1.4%	2.0%	0.7%
	Prefer not to state	0.7%	0.9%	0.7%	0.5%	1.5%
First Generation	First Generation	62.1%	70.5%	84.7%	61.7%	52.2%
	Continuing Generation	32.0%	25.6%	13.1%	37.3%	44.0%
	Don't Know	5.9%	4.0%	2.2%	1.0%	3.7%
Age	18-23 years old	59.5%	31.7%	57.1%	50.7%	41.0%
	24+ years old	40.5%	68.3%	42.9%	49.3%	59.0%
Employment Status	Not employed	44.4%	38.3%	32.6%	29.9%	31.3%
	Employed part-time	43.5%	34.4%	45.4%	47.3%	41.8%
	Employed full-time	12.1%	27.3%	21.9%	22.9%	26.9%

**Table A2: 4-Year Student Demographics**

		Asian or Asian American (n = 998)	Black or African American (n = 1,211)	Hispanic or Latinx (n = 1,729)	Multiracial (n = 705)	Other (n = 222)
Gender Identity	Man	33.4%	27.0%	30.7%	31.2%	40.1%
	Woman	65.3%	71.7%	68.0%	66.7%	56.8%
	Gender non-binary	1.3%	1.2%	1.5%	1.7%	0.9%
	Prefer not to state	0.0%	0.1%	0.1%	0.4%	2.3%
First Generation	First Generation	33.4%	50.8%	60.0%	36.3%	37.8%
	Continuing Generation	64.7%	47.9%	39.4%	63.1%	61.3%
	Don't Know	1.9%	1.3%	0.6%	0.6%	0.9%
Age	18-23 years old	91.7%	84.1%	86.2%	90.2%	80.6%
	24+ years old	8.3%	15.9%	13.8%	9.8%	19.4%
Employment Status	Not employed	46.1%	36.7%	36.7%	37.6%	36.5%
	Employed part-time	50.3%	53.1%	54.0%	53.8%	53.6%
	Employed full-time	3.6%	10.2%	9.3%	8.7%	9.9%

**Table A3: Definition of Financial Measures**

Measure	Description	Total Items
Positive Financial Management	Engaging in positive money management behaviors, such as saving or monitoring account balances	3
Negative Financial Management	Engaging in negative money management behaviors, such as making late payments	3
Financial Self-Efficacy	Feeling of confidence and preparedness when dealing with financial matters	7
Financial Strain	Feeling stressed or worried about finances	5
Financial Optimism	Attitudes toward financial future	3