

# Financial Literacy Efforts at Kentucky's Public Colleges & Universities



**Addressing Student Debt &  
Improving Affordability**

January 2018

## **About the Council on Postsecondary Education**

The Council on Postsecondary Education is Kentucky's adult and higher education coordinating agency committed to strengthening our workforce, economy and quality of life. We do this by guiding the continuous improvement and efficient operation of a high-quality, diverse, and accessible system of postsecondary education.

Key responsibilities include:

- developing and implementing a strategic agenda for postsecondary and adult education that includes measures of progress.
- producing and submitting a biennial budget request for adequate public funding of postsecondary education.
- determining tuition rates and admission criteria at public postsecondary institutions.
- collecting and distributing data about postsecondary education performance.
- ensuring the coordination and connectivity of technology among public institutions.
- administering adult education programs serving every county in Kentucky.
- licensing non-public postsecondary institutions to operate in the Commonwealth.

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## Introduction

Financial literacy, or understanding how money is made, spent, and saved in order to make informed decisions, is particularly important during the transition to and through college. Students who have a deeper understanding of finances and how they work are better positioned to make decisions regarding the college or university they attend, what to major in, how to pay for their education, how to increase their chance of graduating, and how to take on and manage student debt after finishing school. All of these choices have a direct impact on their future success and financial security.

This brief provides an overview of strategies in Kentucky to improve the financial literacy of the state's college students, and consequently, the longer-term financial well-being of graduates as they begin their careers and families. As these initiatives grow and expand to other campuses, they promise to relieve some of the pressure rising costs have placed on enrollment, retention and completion.

## Many Students and Families Feel College is Out of Reach

Education and training beyond high school strengthens state and regional economies, builds a strong workforce, and improves economic opportunity for individuals. But concerns about the rising cost of postsecondary education and growing student debt levels have become a barrier to college access and completion, particularly for low- and middle-income families.

According to a recent report from Gallup,<sup>1</sup> “four in five Americans (79%) do not believe higher education is affordable for all. Further, young adults cite college costs as their top financial problem, and paying for college tops the financial concerns of U.S. parents who have children younger than 18.” In Kentucky, over 60% of public university graduates leave with student loan debt, and average loan amounts are over \$29,500, up from just over \$22,000 in 2010-11.<sup>2</sup>

## For Friends in Need, Peer Mentors are Friends Indeed

Peer mentors and counselors have proven to be an effective way to educate fellow students about student aid, loans, and college financing at several Kentucky colleges and universities. KCTCS student ambassadors provide limited loan and financial counseling to students, while UK's MoneyCats Team builds rapport with peers and assists them with basic money management concepts they might not be comfortable discussing with faculty or staff. These peer coaches attend mandatory training to understand available campus resources and the proper way to conduct appointments. Duties include meeting one-on-one with peers, giving presentations about financial literacy concepts, and assisting with the creation and implementation of student programs.





## You've Got Mail!

Several campuses are accelerating student loan outreach through annual personalized loan letters. These efforts are modeled after Indiana University's program, where loan transparency letters are sent every time a student receives a financial aid package. The letters remind students of the total amount borrowed up to that point; the potential total payout amount; potential monthly payments; and the percent of the amount available to them by the federal government. IU credits the letters, along with broader program efforts, in reducing loan volume by 15% since 2011-12. UofL began distributing loan letters this semester, while UK will begin next year.

Anxiety about college costs is compounded by:

- the complexity around pricing,
- the unpredictability of tuition and fees,
- confusion over net price versus published price and direct cost versus total cost,
- access to student aid, and
- the role of family income and assets in the final "packaged" cost.

Additionally, there are many other questions and issues that contribute to the lack of transparency and clarity around paying for college.

While the financial challenges facing students and families can be significant, improving financial literacy and providing comprehensive information about navigating the financial path to graduation play an important role in whether students enroll in the institutions and majors best suited to their needs and interests. They also influence if students borrow responsibly, stay on track to graduate, finish a degree on time, and transition to meaningful careers.

## Financial Information and Tools at the Federal Level

In recent years the federal government has launched a number of online tools to help students and families better understand college costs, manage the financial aid application process, and navigate the path to college.

Studentaid.gov is the federal government's "one stop shop" where students and families can apply for federal financial aid, monitor and manage student loans, and research and map a path to postsecondary education. Developed in 2012, the site is mobile friendly, full of tutorials, and easy to navigate and understand. The following are included in the site:

- **A simplified FASFA application tool** - the daunting Free Application for Federal Student Aid (FASFA), which has been compared to filling out tax forms, was revised and streamlined in 2009. While arguably still complex, it is less lengthy and now allows students to directly download IRS data into the FAFSA form, cutting down on errors and time to complete. Students can fill out the FAFSA directly from the studentaid.gov site, and receive an estimate of their financial aid package.

- **Loan Repayment Estimator** – this site has a wealth of information about student loans, loan services, delinquency and default, and perhaps most important, repayment plans. The Repayment Estimator helps students and families make sense of the various plans and which one makes the most sense for their circumstances.
- **FAFSA Completion Tool** – this tool was developed to assist schools, student counselors, and financial aid professionals track FAFSA completions at their schools and monitor progress on a weekly basis. It helps them gauge the effectiveness of their efforts to increase FAFSA completion and adjust strategies in real-time to help students in the application process.

*The Higher Education Act of 2008* required that all postsecondary institutions receiving federal financial funding post net price calculators prominently on their websites. The calculators combine data on family income as well as institutional data to help students better anticipate out-of-pocket costs (net of grants and scholarships). More information on the net price calculators can be found at <https://collegecost.ed.gov/netpricecenter.aspx>.

Information about the net price calculators is part of a larger federal site focused on college costs, affordability and transparency. Several other key tools can be found on this site, including the Financial Aid Shopping Sheet,

a template now used by about 3,000 colleges and universities to create greater uniformity in the typical financial aid award letter. The goal of the template is to help students and families make “apples to apples” comparisons about financial aid offerings from various institutions. Also on the site is a link to the new College Scorecards, redesigned in 2015 to be more user friendly and intuitive. The scorecards give college-specific information about costs, graduate earnings, degree programs, size, average student debt, and institutional default rates.

The U.S. Department of Education’s Financial Aid Toolkit is a valuable resource for high school counselors, community outreach professionals, financial aid officers and others who are in a position to mentor students and families about navigating the financial path to postsecondary education. The toolkit includes information about the financial aid process, conducting outreach, obtaining training, and accessing handouts, infographics, presentations, public service announcements and other tools to assist in the education process.



## UK’s Team MoneyCats for the Win!

UK’s Student Financial Wellness Center opened on January 30, 2017. The Center engages students in financial literacy programs and provides a place for one-on-one mentorship through the MoneyCATS team. This office works closely with the financial aid office, student accounts, and financial ombud to ensure that students see the “big picture” of financing an education. In 2016-17, the Center gave 74 outreach presentations to student organizations and classes. The Center is dedicated to serving the entire UK community and supporting the evolving financial needs of students across campus.

## At UofL, a Financial Literacy Program Worth its SALT

UofL has partnered with SALT, a non-profit, web-based financial advising and planning organization, to offer services to all UofL students, faculty, staff, and alumni. SALT offers interactive money management tools; a personal dashboard to help manage loan debt; loan advice from SALT's expert counselors; My Money 101, an online learning resource; and access to thousands of jobs and internships. Among the popular tools and ebooks offered are the Repayment Navigator, Know What You Owe, and the College Cost Planner. SALT student loan experts and financial counselors also are on hand to answer questions.



## Financial Literacy Programs at the State Level

Programs like CPE's GEAR UP Kentucky, which served more than 15,00 middle and high school students between 2012 and 2017, made financial literacy a cornerstone of its curriculum. GEAR UP partnered with Dave Ramsey Solutions to offer financial literacy instruction to every student in grades 7 through 12. Topics included personal budgeting, savings, borrowing responsibly, financial aid options, and college application processes. The program also provided financial aid and FAFSA workshops for students and parents, as well as several online tools to help them learn more about the costs of college and how to find and apply for scholarships and financial aid.

Kentucky's P-12 Education System is tackling financial education head on by integrating it into the state academic standards starting in elementary school and continuing through high school. While the districts have flexibility to develop specific curricula, students must master certain skills and concepts regarding consumer decision-making, financial literacy, career awareness, exploration and planning, and employability skills. Districts have access to a range of tools and programs<sup>3</sup> offered by the

Kentucky Department of Education to assist students in mastering these standards. Several bills over the past few years, including three this session, have been introduced in the Kentucky General Assembly to make a financial literacy course, designed by KDE, a high school graduation requirement.

The Kentucky Higher Education Assistance Authority (KHEAA) offers financial literacy education for high school students and adults interested in returning to college through outreach staff located throughout the state. A companion publication, "It's Money Baby," is used in the presentations. Additionally, KHEAA has developed financial literacy videos and is in the process of developing a financial literacy game that will have a smartphone application. Outreach counselors also conduct financial literacy programs at the colleges. The information is tailored to a college audience and includes more information on student loans and credits cards.

State Treasurer Allison Ball launched a broad-based financial literacy initiative last fall, which includes a track focused on the needs of K-12 and college students. Four areas of focus have emerged for young adults, including debt management, encouraging savings, credit management, and protecting resources. The steering

committee, which includes representatives from CPE and the campuses, will continue meeting this spring, with a rollout of recommendations and proposed activities later in the year.

## Financial Literacy Programs at Public Colleges and Universities

KCTCS and six of the eight public universities responded to a fall 2017 survey seeking information about financial literacy, loan counseling, and targeted financial aid programs on their campuses. All institutions reported a range of financial literacy programs for entering students, including one-on-one counseling, presentations to student groups through orientation sessions and first-year seminars, and the use of external financial education programs and services.

At KCTCS, financial literacy topics are incorporated into first-year experience courses. Topics and resources vary, but may include materials from external sources like Dave Ramsey Solutions, KHEAA, and CashCourse, a resource

from the National Endowment for Financial Education, as well as financial planning and budgeting tools from campus staff. The first-year experience course is mandatory at some campuses, but limited to those students with developmental needs at others. KCTCS campuses also integrate financial topics into new student orientation programs, offer workshops on personal finance topics, and provide finance and money management resources to all students through financial aid offices and online.

Like KCTCS, Kentucky's public universities offer a broad range of financial and money management information, advice, and counseling through new student orientations and first-year programs. Efforts to educate students and families about college costs and paying for college often begin earlier when students are beginning to explore postsecondary options. Financial aid staff may partner with admissions officers on prospective student visits and tours, high school visits, college fairs, FAFSA workshops, and other recruitment events to be on hand to talk with families about financing college.



### NKU Students Tap into UCAP

NKU's UCAP program (University Connect and Persist) provides students with advice and counseling on financial, academic, and personal topics. UCAP also offers retention awards, which provide one-time financial assistance to students who are struggling to pay tuition. The program's academic and financial success planning empowers students to navigate their financial aid packages and align academic plans with financial resources. The UCAP lending library lowers textbook costs by allowing students to borrow one textbook per semester. Students also meet with a UCAP staff person for a financial and academic wellness check.



Campus financial aid offices generally take the lead on financial literacy efforts for prospective, entering and returning students, but programs often involve multiple departments and staff from across the campus. Student life staff may partner with financial aid counselors to host financial literacy programs in residence life buildings or train residence advisors to provide counseling to students. At some campuses, student success coaches and academic advisors integrate financial literacy lessons into their counseling sessions. Professors in gateway and orientation courses may reach out to financial aid staff to build financial literacy lessons into their curricula. Other areas of campus often involved in financial literacy efforts include athletics programs and university libraries.

## College and University Strategies to Promote Responsible Borrowing

All campus financial literacy programs include an in-depth focus on student debt, responsible borrowing, and loan repayment. Information sessions about student loans begin prior to enrollment, and education about student loans and borrowing continue throughout the orientation programs and one-on-one financial aid counseling

sessions. Once students accept a loan, they are required to complete online entrance counseling provided by the U.S. Department of Education. It is through this online counseling that students can further see how borrowing will affect them and what is required once they receive student loans.

Students also receive loan counseling at the end of their college experience or program through the U.S. Department of Education, from campus financial aid offices, and at events like graduation fairs. The counseling details repayment requirements, repayment plans (including deferments and forbearance options) and provides examples of monthly payments. Student are encouraged to meet with financial aid staff if there are any questions regarding their student loans or how to communicate with their loan servicers as they enter into repayment.

All KCTCS colleges have contracted with a third party servicer (either KHEAA or EdFinancial) to help manage loan default rates and assist borrowers in preparing for entry into repayment. As part of its debt management and early intervention initiatives, KCTCS provides these organizations ongoing reports of students who withdrew without receiving a credential so they will be contacted during their grace period multiple times.

### At WKU, a Financial Literacy Program You Can Take to the Bank

WKU's Center for Financial Success helps students, faculty, and the Bowling Green community take control of their finances. The Center provides faculty advising, peer-to-peer student counseling, and applied financial planning in seminars and workshops like Basic and Advanced Budgeting Techniques; Cash Account Management Strategies; Investing & Retirement Planning; Estate Planning for Everyone; Car and Home Buying Strategies; Tax Planning; and more.



## Conclusion

Kentucky's public colleges and universities have a strong foundation of financial literacy practices upon which to build. The Council on Postsecondary Education will be working with postsecondary institutions over the next year to gather more information about current offerings and explore best practices for potential replication across the state. CPE also will assist with the evaluation of financial literacy strategies to better determine their effectiveness moving forward.

## Notes

1. Busted, Brandon and Stephanie Kafka, "Most Americans Say Higher Education Not Affordable," Gallup News, April 16, 2015. [http://news.gallup.com/poll/182441/americans-say-higher-education-not-affordable.aspx?g\\_source=affordable%20for%20all&g\\_medium=search&g\\_campaign=tiles](http://news.gallup.com/poll/182441/americans-say-higher-education-not-affordable.aspx?g_source=affordable%20for%20all&g_medium=search&g_campaign=tiles)
2. The Institute for College Access & Success, Project on Student Debt, State by State Data. <https://ticas.org/posd/map-state-data>
3. These include the CARE Program, the Kentucky Council on Economic Education, Kentucky Jump\$tart, and others. <https://education.ky.gov/curriculum/conpro/plandcs/Pages/Financial-Literacy-and-Personal-Finance.aspx>



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Printed with state funds.

