EXploring Approaches to Fi

Providing financial literacy resources should be an essential outgrowth of a school’s financial aid debt management counseling, as required under Title IV. Delivering financial literacy integrally links student aid to both the general needs of students and the academic mission of the institution. It is also helps the financial aid office to develop key connections with the school community.
Although many schools have developed financial literacy programs directed at students, the aim should be to reach the wider school community. The financial aid office is uniquely positioned to develop financial literacy resources and programming, given its involvement in financial issues and counseling.

The financial aid office does not need to develop extensive programming on its own, however; financial literacy resources are plentiful on the web. Various government agencies and departments, as well as non-profit organizations and community-based organizations offer these resources for free. This could be done by developing a website with hyperlinks, or by creating a publication that lists resources, web-links, and other sources of information. The available resources run the gamut from basic resources on money, credit, and the implications of borrowing, to utility in the development of web-based planning tools and downloadable budgeting worksheets. While some resources are designed to be used in a formal education setting others provide effective self-education.

### Free Resources Abound

Many U.S. government agencies offer financial literacy information for free: the U.S. Department of the Treasury, the U.S. Department of Labor, the Social Security Administration, the Securities and Exchange Commission, the Federal Reserve, and several Federal Reserve banks around the country all provide excellent resources. State departments of banking, finance, or treasury typically offer resources, and other state agencies, such as departments of labor, may also do so. State guaranty agencies, required to provide resources under the Higher Education Act, often have effective materials and programming. Despite the July 2, 2010, mandate to shift to Direct Lending by the Health Care and Education Reconciliation Act of 2010, guaranty agencies remain a viable resource for financial literacy resources, programming, and services.

Non-profit and community-based organizations also develop and deliver financial literacy resources and programming, sometimes in combination with for-profit groups or governmental entities.

Other countries around the world provide excellent resources as well, particularly in countries with strong social democratic socio-political systems. For example, the Organization for Economic Cooperation and Development’s (OECD) website, (www.financial-education.org) houses their “International Gateway for Financial Education.” The site explains that “The Gateway serves as global clearinghouse on financial education, providing access to a comprehensive range of information, data, resources, research and news on financial education issues and programmes around the globe.” It also contains several reports on financial literacy issues, including their 2005 report, Financial Literacy: Analysis of Issues and Policies).

### Video Resources

Video is increasingly becoming a popular medium for financial literacy information as a complement to text-based material. Of particular note are several recent PBS documentaries, including:

- **Secret History of the Credit Card:** part of the PBS investigative series, Frontline: [www.pbs.org/wgbb/pages/frontline/shows/credit/](http://www.pbs.org/wgbb/pages/frontline/shows/credit/)
- **In the Mix: Financial Literacy On the Money:** [www.pbs.org/inthemix/shows/show_money.html](http://www.pbs.org/inthemix/shows/show_money.html)
- **To Our Credit:** [www.pbs.org/toourcredit/home.htm](http://www.pbs.org/toourcredit/home.htm)
- **The Ascent of Money:** Based on the 2008 book by, Niall Ferguson, this program traces the historical development of the concept of money: [www.pbs.org/wnet/ascentofmoney/](http://www.pbs.org/wnet/ascentofmoney/)
Interactive Education
Beyond video content, the real strength of the web and computers in improving financial literacy lies in interactive software on relevant topics, such as planning and managing budgets, banking credit and financial transactions, etc. Some examples include:

• Microsoft Money
• Moneydance Personal Financial Manager
• Personal Budgeting
• Quicken
• Simple Home Money Management
• U.S. Department of Education College Savings Calculator

(These are just examples of some available software; this list does not constitute endorsement by the author or NASFAA.)

Many of these software programs offer online budget worksheets, financial estimators, and other tools that may appeal to a user who is technologically adept. Most students these days are heavy consumers of telecommunications hardware, any strategy that leverages those media should provide useful.

The Downturn Yields Updates
Much has been written about the recent financial crisis, notably Andrew Ross Sorkin. Too Big To Fail (Viking, 2009), Sebastian Mallaby. More Money Than God: Hedge Funds and the Making of a New Elite (Penguin Press, 2010), and Brittany McLean and Joe Nocera (Portfolio, 2010). All The Devils Are Here: The Secret History of the Financial Crisis.

While all of these are instructive and offer insights into many aspects of the financial services industry not otherwise known, little is said about the student loan industry, particularly private loans. Something that clearly explains how private loans work, from funding to lending to the borrower to repayment, begs for development.

Another outgrowth of the economic turmoil has been a renewed focus on the relationship between money management and religious convictions. A number of recent books have addressed this relationship, and some denominations have established task forces and committees to study the relationship between money management and theological principles as well as the consequences of debt for those pursuing church vocations. One lending institution with a tangential relationship to a denomination has won major national awards for its financial literacy programming, which is delivered within individual church organizations.

Privacy and Consumer Protection Remain Crucial
No discussion of financial literacy is complete without covering issues of privacy and consumer protection. Knowing what a credit score is and how it affects a consumer’s purchasing power should be a critical component, as should guidance about avoiding identity theft. The U.S. Federal Trade Commission and the Privacy Rights Clearinghouse provide excellent resources on these topics.

There Is Help Out There
As schools consider the delivery of financial literacy resources and services, they do not necessarily need to develop their own programming. Simply pointing to the plentiful innovative and engaging resources available is an excellent complement to any financial literacy effort. Using readily available resources saves the institution funds that can be targeted to other needs, while at the same time leveraging educational resources, developed with tax dollars, to reach a greater audience.

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Some Recommended Readings and Resources on Financial Literacy

American Institute of Certified Public Accountants: www.360financialliteracy.org
Association of American Medical Colleges. MD2: Monetary Decisions for Medical Doctors: aams.financialliteracy101.org/welcomeme.fm
International Gateway for Financial Education: www.financial-education.org/pages/0%2C2987%2Cen_39665975_39666038_1_1_1_1_1%2C00.html
US Financial Literacy and Education Commission: www.mymoney.gov
Federal Deposit Insurance Corporation: www.fdic.gov/consumers/consumer/moneysmart/
U.S. Federal Trade Commission: www.ftc.gov/bcp
Privacy Rights Clearinghouse: www.privacyrights.org

The author is developing a bibliographic listing of resources for future publication.
For a more complete listing of resources and recommended readings, please contact him at drsmedley@gwmail.gwu.edu.
USA Funds Consultants — Strategies for Managing Cohort Default Rates

The new three-year cohort default rate calculation will put your debt management and default prevention programs to the test. USA Funds® consultants can work with you to assess your debt management, default prevention and student retention strategies and suggest enhancements that can improve results.

To locate your USA Funds consultant, visit www.usafunds.org and select “Contact,” or call USA Funds at (800) 766-0084.