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Financial Literacy and Social Work Students: Knowledge is Power

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The continued economic turmoil makes it imperative for the profession of social work, specifically within academic programs, to teach students how to utilize their education, training and skills to promote social and economic justice and to create social change on multiple levels, in numerous settings, and with clients in diverse economic situations. In order to create curricular components that can help social workers provide information and services to marginalized populations, educators must first better understand the financial literacy of social work students. The purpose of this pilot study was to better understand the financial literacy of undergraduate and graduate social work students. Findings suggest that students are not gaining the skills they need to successfully navigate the complexities of the personal finance landscape. Further, it suggests that they will not be well-equipped to help clients in this area. Social workers, especially those having only a bachelor's degree, work primarily in case management positions wherein they may be called upon to help clients in this area. Academics should consider creating opportunities for education to enhance student competency in this area.

Keywords: financial literacy; social work; education

Within the education of social workers, specifically within the undergraduate and graduate programs, it is important to help students understand how they can use their education and training to promote social and economic justice and to create social change. However, when students are not equipped with necessary knowledge and information, they are limited in their abilities to affect change. Social work practice can generally be described as helping clients obtain tangible services, providing counseling to clients or client groups, helping communities or groups provide or improve social and health services, and participating in the legislative processes (National Association of Social Workers, 2012). It is imperative that social work students are equipped to understand and

provide information and services related to the complexities of day-to-day financial management and planning for clients and client groups. Educating social work students about personal finance and financial capability helps to prepare them to become practitioners who can use their education and training to promote social and economic justice and to create social change. Marginalized populations are often times targeted by inequitable economic policies and lack access to financial resources. In order to help affect change, social workers must become financially literate. Therefore, it is incumbent upon social work programs to provide students with the knowledge and resources needed to understand basic financial concepts. However, prior to providing this education, educators must better understand student financial literacy.

Financially literate means that students should have a basic working knowledge of the financial institutions and programs with which clients, and social workers themselves, will interface on a regular basis. Further, social workers should be conversant in the language of economic policy and programs. How much do social work students know and understand about credit card debt, interest rates, and credit scores? How well can they advise clients or client groups related to the potential costs and benefits of homeownership or bankruptcy? Little research has been done, to date, that looks at social work students' financial literacy. In fact, social work students generally receive little or no practical education in family resource management (Sherraden, Laux, & Kaufman, 2007). This suggests that social work programs should consider incorporating financial literacy course material into the curriculum. To better serve clients, social work students should be conversant in both personal finances and the complexities of financial benefits and programs that many clients may be able to utilize.

In order to create courses and content that will help social work students to become more financially literate, it is important to have an understanding of what students do or do not know already. Thus, the purpose of this exploratory study was to better understand the financial literacy of undergraduate and graduate social work students across one Southeastern state. Students from three universities were asked to participate in a short online survey of financial knowledge. Results are presented here and implications for creating courses and curricular components are discussed.

LITERATURE REVIEW

Financial Literacy and College Students

In 2008, the Jump\$tart Coalition conducted a comprehensive study of college students' financial literacy. Thirty-six percent of students received a failing score on the financial literacy assessment, and 18% received a "C" or better on the survey (Jump\$tart, 2008). Students attending a four-year college received higher scores compared to students who attended a two-year college (Jump\$tart). Interestingly, those students who completed a semester personal finance course scored no better than those who had not completed a course (Jump\$tart). Similarly, Cude, Lawrence, Lyons, Metzger, LeJeune, Marks and

Machtme (2006) found that college students scored an average of 2.1 out of 5 points on a financial fitness survey; equating to a failing grade. In a 2008 survey on credit card usage among undergraduate students, 84% of students said they needed more education on financial management topics; 64% would have liked to receive information about financial management topics in high school; and 40% would have liked to receive such information as first year college students (Sallie Mae, 2009). These findings suggest that, generally speaking, college students are not financially literate.

The Importance of Social Worker Financial Literacy

Social workers often face barriers, such as lack of skills and expertise in helping clients address financial issues (Despard & Chowa, 2010). Social workers are interested in gaining personal finance knowledge to better serve their clients in social work practice and to personally help themselves and to understand the relationship between personal finance and emotions (Despard & Chowa, 2010). It stands to reason that this deficit in skills and expertise is likely related to a lack of education on financial matters within the social work curriculum. Social workers have the ability and the responsibility to be more of a resource than a referral source for marginalized populations targeted by inequitable economic policies. Yet, if social workers are not prepared to understand the complex landscape of personal finance, it will likely be difficult for them to be resources for clients and client groups. For example, Zhan, Anderson, and Scott (2006) found that low-income clients frequently are unaware of available public benefits, such as the Earned Income Tax Credit (EITC). Given the social work profession's commitment to serving marginalized populations and the commitment to social justice and the equitable distribution of resources, it is imperative for social workers to have a basic working knowledge of personal finance and financial policies and programs that can be valuable resources for clients.

Johnson and Sherraden (2007) stress the importance of not only providing financial education to disadvantaged youth, but also building their financial capabilities by providing access to financial institutions through experiential learning. However, they also note that youth programming must consider the family environment. For example, social workers may provide resources and education to parents, which may empower them to become better financial role models for their children. Youth are just one marginalized population who would likely benefit from financial literacy and financial capability. In general, older women have lower levels of financial literacy compared to older men (Lusardi & Mitchell, 2008). Given this lower financial literacy, older women are less likely to make successful plans for retirement. This creates opportunities for social workers to engage in advocacy, coordination, management, education and, facilitation to enhance social justice.

In order for social workers to have this knowledge, it must be taught within the curriculum. By teaching financial literacy and financial social work skills, social workers could aide in the development and delivery of adequate financial education and training programs geared at empowering low-income clients and supporting the clients in changing

their financial behaviors (Anderson, Zhan, & Scott, 2007). At present, there is a small, yet growing interest in financial literacy and social work. In order to create curricular components that can help social workers to provide better practice to clients who are often marginalized populations, social work educators must first better understand the financial literacy of social work students.

Financial Literacy and Social Work Students

Social work undergraduate and graduate students find financial literacy to be relevant to their client work and students are open to personal finance education within the social work curriculum (Kindle, 2009). These results provide support for Sherraden et al.'s (2007) work and their call for the inclusion of financial education in social work curricula. However, educators must identify specific areas of financial skills and knowledge that could assist social workers in their client work. Therefore, this current study contributes to addressing this research gap by assessing social work student financial literacy and exploring student attitudes towards financial social work practice.

METHOD

In order to better understand basic financial literacy among social work students, this pilot study utilized a cross-sectional survey. Including graduate and undergraduate students in the sample allowed the researchers a broader range of student data for exploration and analysis. By better understanding how financially literate students are, social work educators can begin to create and expand financial social work courses and curricular components at both undergraduate and graduate levels that can enable social workers to better serve clients.

Sampling Procedure

Students from three universities, including one research-focused state land grant university, one regional state university, and one private religiously-affiliated university, all located in the same mid-southern state were invited to participate in the research project. The survey was approved by the Institutional Review Board at each school and was endorsed by the respective Social Work department or college. At the time of the study, each program was accredited by the Council on Social Work Education and had both undergraduate and graduate social work programs.

An initial invitation to participate and a follow-up reminder were sent out through each program's student list serv during the spring semester of 2010. The web-based survey was open for a one-month window. One hundred and sixty-eight students responded to the invitation to participate. Of these, 161 consented and completed the survey. A response rate cannot be calculated, given that the number of students who received the list serv invitation is unknown.

Respondent Characteristics

The final sample was comprised of 161 students, of which nearly 63% were graduate students enrolled at a research university (67.6%). On average, students were 30 years in age, White (86.9%) and female (87.8%), and nearly 45% of the sample was single. Characteristics of the respondents are presented in Table 1. However, not all respondents answered all questions, creating a smaller n for some items than others. When appropriate, the sample size is noted in Table 1.

Table 1
Respondent characteristics

<i>Characteristic</i>	<i>%</i>	
Gender (n = 147)		
Male	12.2	
Female	87.8	
Status (n = 146)		
Graduate	63.0	
Undergraduate	37.0	
Race (n = 145)		
White	86.9	
African American	5.5	
Other	4.9	
Declined to answer	2.8	
University (n = 145)		
Research	67.6	
Regional	21.8	
Private	7.6	
Marital Status (n = 147)		
Single, never married	44.9	
Married	24.5	
Divorced/separated	4.7	
Widowed	19.7	
Living with a partner	6.1	
	M	SD
Age (n = 143)	30	9.55 (min = 17, max = 58)

Instrumentation

The web-based survey included 41 questions of which 32 questions are discussed in this paper. Questions can be broken into four categories: a) demographics (i.e., six questions, results presented above), b) personal financial management and behavior (i.e., 10 questions), c) financial literacy (i.e., 12 questions), and d) financial social work practice

(i.e., four questions). The 22 questions that comprised financial management and behavior and financial literacy were adapted for this pilot study from the College Student Financial Literacy Survey (Jorgensen, 2007) and the Jump\$tart College Questionnaire (Jump\$tart, 2008). Additionally, the financial social work practice questions were developed by the authors to measure students' comfort levels advising clients in this area. Therefore, the overall assessment tool has not been subjected to reliability and validity testing. However, through careful development and consultation, it is deemed to have good face validity, but also may reflect the authors' bias. The non-probability sampling method was appropriate for the exploratory nature of this research. However, it is recognized that findings cannot be generalized beyond the study sample.

Measurements

Personal financial management and behavior. Ten questions were used to assess personal financial management and behavior. These included a Likert-type question that asked, "how sure do you feel about your ability to manage your own finances," wherein 1 = "not sure at all" and 5 = "very sure." In addition, three questions addressed credit reports, four questions asked about credit card usage, and two questions inquired about college classes and financial knowledge. Regarding credit reports, three questions were used to understand student knowledge and behavior in which the first two questions used dichotomous response categories, coded as 1 = "yes" and 2 = "no." The knowledge question simply asked, "did you know that you can get a free copy of your credit report every year." The behavior questions asked, "have you ever ordered a copy of your credit report" and a follow-up question asked, "how well do you understand the information provided in your credit report." This follow-up behavior question used a Likert-type scale, wherein 1 = "not well at all" and 5 = "very well." Credit card knowledge and behavior was assessed using four questions. One asked "do you have a personal credit card," in which respondents answered "yes" or "no" and responses were coded as one and zero, respectively. A follow-up question asked "how many personal credit cards do you have." Typical credit card payment behavior was assessed by asking respondents to indicate, for the card used most often, how they managed the account. Respondents were asked to check the response that best matched their habits. Options and coding included 1 = "do you usually pay the full amount due each month," 2 = "pay less than the full amount but more than the minimum," 3 = "pay only the minimum," 4 = "pay less than the minimum," 5 = "sometimes skip a payment," or 6 = "don't know." Another question asked whether students knew the interest paid on the credit card they used most often. Two questions asked students about their past college courses and financial knowledge. Questions asked, "have you taken any personal finance college classes," and the next question asked respondents to rate how much they had learned in college about financial issues such as managing money, balancing a checkbook, and building personal savings. Responses were gauged on a Likert-type scale from 1 = "nothing" to 5 = "a great deal."

Student financial knowledge. Student financial knowledge was assessed using a 12-item financial literacy assessment tool. The twelve-item index asked students to

correctly answer questions related to net worth, loan approval, co-signing a loan, personal debt repayment, credit bureaus, credit reports, tax credits, tax deductions, sales tax, gross income, net income, savings, stolen credit cards, and life insurance. One point was awarded for each correct answer. Higher scores indicated higher financial literacy. Summed scores could range from 0 - 12.

Financial social work practice. Financial social work practice questions asked respondents to assess their comfort with helping clients. The first question asked, “how comfortable would you be helping a client to develop financial documents such as a budget or an income and expense statement,” and the second asked, “how comfortable would you be helping a client make financial decisions.” Both used a five-point Likert-type scale anchored with 1 (“extremely comfortable”) and 5 (“extremely uncomfortable”). The third question in this category asked students, “have you ever helped a client make financial decisions.” Possible response categories and coding included 1= “yes,” 0 = “no,” and 3 = “not sure.” The fourth question asked, “how interested would you be in a financial social work class” with possible response categories and coding being 1 = “very interested,” 2 = “somewhat interested,” and 3 = “not interested.”

RESULTS

Personal Financial Management and Behavior

Ten questions related to personal financial management and behavior were used. Respondents were asked to rate their ability to manage their personal finances using a five-point scale wherein higher scores were indicative of higher confidence or ability. The mean score was 3.68 (n = 160, SD = .97, min = 1, max = 5). Whether or not respondents knew they could access their credit report for free (yes = 71.4% and no = 28.7%) and whether or not respondents had accessed their free credit report (yes = 58.4%, no = 41%, don't know = .6%) were answered by 160 respondents. Four questions sought to better understand student credit card usage. The number of credit cards held ranged from one to ten cards. Of those who had at least one credit card (n = 114), the average number of active credit cards was 2.6 (SD = 1.67). Of these credit card holders, 43.3% indicated paying the bill in full each month on their primary card, 42.5% indicated paying less than the full amount, 11.5% indicated paying only the minimum amount due, and 2.7% reported not making a payment. Only 12.5% of students (n = 21) had taken a personal finance class in college. When asked to rate what they learned in class, 14.3% learned a great deal, 33.3% learned a fair amount, 14.3% learned just enough, 28.6% learned not too much, and 9.5% learned nothing at all.

Financial Knowledge and Financial Literacy

Twelve questions were used to assess basic financial literacy. Table 2 shows the frequency with which each question was correctly answered. Summed, these twelve questions created a scale of basic financial literacy. Among study participants the mean

score was 8.43 (SD = 1.83, minimum = 4 and maximum = 12). If we were grading students on their financial literacy, the average score would have been a 70%, barely a “C” on typical grading scales.

Table 2
Individual financial knowledge questions

<i>Question</i>	<i>% of Correct Answers</i>
Net Worth	54.0
Loan Approval	95.3
Consequences of Co-Signing a Loan	98.7
Creditors	95.3
Role of Credit Bureaus	76.0
Accessing Credit Reports	60.0
Tax Credits and Tax Deductions	32.2
Sales Tax	67.3
Gross and Net Pay	78.5
Savings	85.9
Life Insurance	75.3
Federal Law (i.e. stolen credit cards)	19.6

Graduate Students had significantly higher mean score ($M = 8.68$) on the knowledge index than did undergraduates ($M = 7.96$). An independent sample t-test was used to examine this relationship ($t = -2.25$, $df = 102.95$, $p = .026$).

Financial Social Work Practice

Respondents were asked to rate their comfort with providing financial advice to clients. Respondents' scores ranged from one to five with a mean score of 2.83 (SD = 1.02) When asked to rate comfort with helping a client to make a budget, respondents reported a mean score of 2.75 (SD = .93, min =1, max = 5). When asked about helping clients make financial decisions, 32% of respondents indicated they had helped clients to make financial decisions, 64.4% indicated they had not, and 3.4% were unsure.

Relationships between these Different Areas

Table 3 provides the matrix of the bivariate correlations. A positive correlation was found between students' confidence in their own financial management and their financial knowledge ($r = .245$, $p = .003$, $n = 143$). Bivariate correlations also showed statistically significant negative relationships between each of the financial social work practice questions and knowledge ($r = -.339$, $p = .000$, $n = 142$) and helping a client make financial decisions and knowledge ($r = -.216$, $p = .010$, $n = 140$).

Table 3
Bivariate Correlation Matrix

	Financial Knowledge
Student confidence in their own financial management	0.245**
Financial social work	-0.339***
Helping a client make financial decisions	-0.215*

* $p < 0.05$, ** $p < 0.01$, and *** $p < 0.001$

DISCUSSION

The continued economic turmoil in the United States makes it imperative for the profession of social work, specifically within academic programs, to teach students how to utilize their education, training, and skills to promote social and economic justice and to create social change on multiple levels, in numerous settings, and with clients in diverse economic situations. This exploratory study reveals helpful information related to social work student financial management and behavior, financial knowledge, and practice behaviors. Affecting sustainable, long-term financial behavioral change requires financial competency based upon students' possessing a working knowledge of financial concepts, institutions, language, and being minimally conversant in basic economic policy and programs. It is equally essential for students to understand the psychosocial component of money, which generally impacts everyone's relationship and behavior with money (Sparks, 2009).

Within this sample, students were "somewhat comfortable" with their own personal financial management. This suggests that students are not gaining the skills they need to successfully navigate the complexities of the personal finance landscape. Further, it suggests that they will not be well-equipped to help clients in this area. When compared to their scores on the financial knowledge index, students who were more comfortable with their own financial management had significantly higher scores on the financial knowledge index. Intuitively, this makes sense. However, given the low mean scores on the financial knowledge index, this does not mean that these students are well-equipped to face, personally and professionally, a complex financial landscape.

As it stands, many social work students are not knowledgeable regarding their own finances. As evidenced by the current research, they often lack an understanding of personal financial topics, such as credit reports and tax credits. Many do not possess the financial knowledge necessary to provide financial advice and education to their clients, nor are they comfortable with the topic. Social workers, especially those having only a bachelor's degree, work primarily in case management positions wherein they may be called upon to help clients in this area. As described in the current Council on Social Work

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Education's Educational Policy and Accreditation Standards (EPAS), social work students must learn to "engage in practices that advance social and economic justice" (Council on Social Work Education, 2008, p. 5). Educators should consider creating course materials to enhance student competency in this area. Specifically, academic social work programs should consider adding financial social work curriculum to their course offerings. Financial social work is a relatively new content area that creates opportunities for students to develop knowledge and skills related to personal financial behaviors as well as the skills and knowledge needed to assist clients and client groups in resolving financial problems and equipping them with the skills needed to make sound decisions. Social workers can provide assistance by helping clients create a budget and work with clients to identify and address underlying issues, such as feelings of inadequacy or money messages from their family of origin, which may negatively impact their finances. However, social workers must understand their own relationship and behavior with their money before entering into a helping relationship with a client about his or her personal finances.

The economic and political climate of the early 21st century has been tumultuous. Faced with economic recession, reductions in social programming, and an increased emphasis on individual accountability, there is an expanded need for academic institutions to prepare students in human services and financial professions to be competent financial practitioners. Educating social workers about the realities of financial management and personal finance is an integral component of this process. Additionally, by creating options for financial social work courses, certificates, and curricular content, there will be an increased awareness and utilization of financial therapy and financial planning professionals, thus creating a more integrated interdisciplinary workforce that can better meet client needs.

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