

Virginia Tech Financial Literacy Program

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Abstract

In March of 2005, the General Assembly of Virginia enacted an amendment to the Code of Virginia relating to financial education in public schools and in higher education institutions. In order to comply with this amendment (Chapter 741 § 23-9.2:3.5) and to provide our students with the best education possible, the Office of Scholarships and Financial Aid at Virginia Tech began designing a financial literacy program for the students. This program promotes financial life skills needed during the first year of college and encourages further personal growth for the future. It is in the developmental stages but it has received excellent responses from the students who have “tested” it to date. In July of 2006, the program will be presented to the freshman class during Fall Orientation through our Blackboard Learning System.

Program under Construction

Although there are many financial literacy programs available, it is important to provide students with financial information that is relevant to their current life stage. This program has been written, developed and designed specifically with this in mind. All of the modules are sequenced to build off of previous concepts presented. The following “menu” of topics illustrates the information our students will gain after completing the program:

Module #1 contains information about *Budgets*:

- Definition of a budget.
- Importance of keeping a budget.
- Importance of goal setting.
- How to design a budget.
- Needs vs. wants.
- Spending hazards.
- Extras that should be included in a budget.
 - Emergency funds
 - Taxes
 - Insurance

Module #2 contains information on *Account Management*:

- Definition of account management.
- Importance of account management.
- Types of accounts available and how they work.
- The risks and rewards of online banking and shopping.
- Local banking options available.
- The “wonder” of compound interest.
- The benefit of saving early for retirement.
- Process of opening and closing accounts.
- Proper management of a bank account.
- Other accounts available.

Module #3 contains information on *Credit Cards*:

- Definition of a credit card.
- The benefits and dangers of owning a credit card(s) while in college.
- How to cancel a credit card.
- How to obtain a credit report and how to correct bad information.
- Alternatives to credit cards.

Module #4 contains information on *Debt Management*:

- Tips on controlling current debt and ideas on how to manage future debt.
- Difference between “bad” and “good” debt.
- How debt will affect future financial life.
- Definition of a collection agency.
- Description and contact information of organizations that can (and cannot) help with debt management.

Module #5 contains information about *Other Benefits Available*:

- Definition of a financial benefit.
- Importance of searching for other types of aid.
- Definition and calculation for Cost of Attendance (COA).
- Importance of “partnership” with parents when completing entrance interview for financial aid.
- Types of aid available (not just for school).
 - Financial Aid
 - Scholarships
 - Social Security
 - Medicaid
 - Veteran’s Benefits
 - Vocational Rehabilitation.

Module #6 contains information about *Loan Management*:

- Three simple rules to remember when borrowing from a lender.
- What to know before you borrow a student loan.
 - Terms and Conditions
 - Consolidation
 - Deferment/Forbearance
 - Default
 - Grace Period
 - Repayment
- What to know before you borrow a car loan.

Module #7 contains information about *Consumer Rights and Responsibilities*:

- Definition of a consumer.
- Definition of consumer rights.
- Definition of consumer responsibilities.
- Process of filing a consumer complaint.
- Protecting your consumer rights.
- Hazards to be aware of.
 - Identity Theft
 - Predatory Lending
 - Pay Day & Car Title Loans
 - Tax Refund Anticipation Loans
 - Rent-to-Own Stores & Pawnshops
- How these hazards happen, how to prevent them, and who can help if they have already “attacked”.

When deciding how to present this program to the students, we chose to utilize the Blackboard Learning System because of its accessibility and grading adaptability. Once the students log on to the system and enter the program, they are introduced to an introduction presentation and the seven module links. Under each module link, there is a list containing objectives, a key point presentation, activities (1-3 per module), resources, and a 3-4 question quiz. The modules have been designed to take approximately 20-30 minutes a piece to complete. Additional exploration opportunities are available in the resources section. In addition, in order to satisfy the amendment requirement, the students will complete a comprehensive assessment when they have finished all of the modules. It will be comprised of 25 random true/false questions from a pool of 100 taken from all of the modules. The students will be required to earn a certain percentage in order to complete the program successfully. This number is yet to be determined. Currently, we are in the process of piloting the program.

Acknowledgments

Karen Richel would like to thank the Office of Scholarships and Financial Aid for this incredible learning opportunity. Ms. Richel completed her Bachelor's degree with a concentration in Family Financial Management in May 2005 and is currently completing her Master's degree in Career and Technical Education with a concentration in Family and Consumer Sciences at Virginia Tech. Developing this program has been the highlight of her educational career.

Endnotes

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