**Outreach**

**FEFE: Providing Financial Education for High School Students**

The national-award winning Family Economics and Financial Education Project (FEFE) is joining the Take Charge America Institute for Consumer Financial Education and Research at the University of Arizona in fall 2006. The mission of the project is to provide educators with no-cost curriculum materials and the skills and confidence to effectively teach family economics and finance to their students. This is accomplished through an annual grant from Take Charge America to Montana State University.

The project began in 2001 with the goal of determining what makes a curriculum work and how to effectively disseminate it to educators. In a collaborative effort with family economics and finance educators, it was determined that an effective curriculum must be easy to understand, simple to use, and low cost. Three distinct strengths resulted from this collaboration: (a) a curriculum designed, tested, and edited by educators for educators; (b) professional development opportunities offered to educators to expand their knowledge through training, newsletters, and individual assistance; and (c) lesson plans designed for students grades 7-12 in a straightforward, ready-to-teach format requiring minimal teacher preparation.

A key component of educator professional development is FEFE’s training model. Several statewide one- to four-day workshops and a national week-long training are conducted annually. Training sessions are led by FEFE staff members and master teachers, university faculty, and professionals in the field. Training sessions equip participants with the materials, skills, and knowledge required to teach the curriculum. These unique qualities distinguish the FEFE project from other family finance programs.

For additional information and to access curriculum materials for no-cost, visit: www.familyfinance.montana.edu or contact the Project Director, Nicole Chinadle, at: chinadle@email.arizona.edu.
Outreach

Credit-Wise Cats: College Students as Financial Educators

The Credit-Wise Cats (CWC) gave 64 personal finance workshops this year, which reached over 1,300 elementary, middle, high school, and college students, as well as other community members. On average, participants demonstrated a 43.6% increase in knowledge as measured by pre- and post-tests. This year, the Cats did a post-workshop follow-up survey via e-mail. Results showed that: (a) 40% of the respondents said they had set specific financial goals as a result of a CWC workshop, (b) 47% said they know the difference between needs and wants, (c) 30% said they were now paying their bills on time, and (d) 40% said they were more cautious in use of their credit cards.

Throughout the year, the Credit-Wise Cats worked with 14 refugee families at the International Rescue Center. They taught them basic banking and budgeting skills. They also worked with homeless, pregnant teens at Common Unity and taught them an introduction to personal finance.

We say goodbye to CWC senior, Adam Krauseneck, who has been with the team for three years. He is taking a position with Federated Department Stores in New York City. We welcome Angela Crespo, Craig Heckman, and Whitney Munroe, who will be joining the CWCs in the fall, along with our veterans, Jorge Perez, Gina Apresa, Ngoc Can, Shannon Bruce, Ty Kucera, and Viet Mai.

This year, in addition to Marcia Klipsch, Kristy Ruiz and Juan Ciscomani joined the TCAI team to help with activities of CWCs. Kristy will help conduct CWC activities, including regional and national duels (financial case study competitions). Juan will train CWCs, write financial cases, and assist in other activities of TCAI.

We look forward to a great 2006-7. For more information, contact the CWC Advisor, Marcia Klipsch at: mklipsch@email.arizona.edu.
Personal Finance Case Study Duels Expand to High Schools

Twelve successful regional personal finance case study competitions took place from November, 2005 to January, 2006 at universities in Wisconsin, North Carolina, Arizona, Colorado, Indiana, Utah, Minnesota, Missouri, South Carolina, Nevada, Massachusetts, and West Virginia.

Winners and host teams advanced to the national *Duel in the Desert* on March 2-5, 2007 at the University of Arizona. David Gardner of *The Motley Fool*, a syndicated newspaper personal finance column, gave a stimulating keynote address. Then, students were given a challenging case dealing with estate planning. Thirty-six hours later, Drury University from Springfield, MO was named the winner and was awarded $4,000 in prize money. Take Charge America, Chase, and Wells Fargo sponsored the event. Next year’s *Duel in the Desert* will be held at the University Marriott Hotel in Tucson, Arizona on March 1-4, 2007.

Added to the *Duel* line-up was the first annual *Junior Duel in the Desert*, sponsored by Hughes Federal Credit Union. For this competition, high school and middle school students participated in a six-week money management course taught by Hughes employees and Credit-Wise Cats students. An additional lesson was taught by members of the Students In Free Enterprise (SIFE) team. This lesson dealt with the competition rules and the case, and included coaching on PowerPoint and presentation skills. On April 29, 2006, four teams presented their findings to a panel of judges who awarded top honors and prize money to Alice Vail Middle School, Tucson, Arizona. The event was so successful that plans are being made for the second annual *Junior Duel in the Desert* on March 31, 2007, which will include 8 high school teams and 8 middle school teams. For more information about the duels, contact the event coordinator, Marcia Klipsch, at: mklipsch@email.arizona.edu.

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Credit-Wise Cats
Georgina Apresa, Accounting
Shannon Bruce, Pre-Business
Ngoc Can, Finance
Angela Crespo, Pre-Business
Craig Heckman, Engineering Management
Ty Kucera, Pre-Business/Finance
Viet Mai, Management Information System
Whitney Munroe, Finance/Entrepreneurship
Alma Peralta, Economics
Jorge Perez, Operations Management/Entrepreneurship

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My Experience Working in TCAI

In the three and a half years that I worked in TCAI, I had multiple roles. I acted as Credit-Wise Cats Advisor, Personal Finance Lecturer, Financial Consultant, and content developer for the *Duel in the Desert*. During this time, I was completing my Ph.D. in finance. While my responsibilities more often than not required assuming an educator’s role, they always had a very profound service component with the greater outside community as a target. TCAI’s commitment to reduce America’s consumer-debt abuse, high bankruptcy rates, and financial illiteracy permeated everything I did.

As I leave Arizona for a tenure-track finance faculty position in New Mexico, I cannot help but think about the impact this service concentration has had in my academic formation. I realize now that studying a social problem from a distance, with just hard data, can only take one’s learning experience as a scholar so far. Doing something about it and “getting one’s hands dirty,” however, takes the learning process to a whole new level. Not only does it give the scholar the insight and sensibility to turn the classroom experience into a more enriching one, but it can also influence the questions one poses as a researcher.

Beyond the ivory tower await a lot of unsolved problems whose solutions have tremendous potential
My Experience (cont’d.)

to improve people’s lives. I look ahead into what I hope will be many years of an academic career, and I ask myself, “Wouldn’t it be something to be able to say at the end that I helped to make one person’s life better?” More than the number of publications or academic accolades I could receive, I cannot think of a more rewarding feat. I am grateful to TCAI for giving me the opportunity to learn this important lesson at such an early stage of my academic career. I hope that I can live up to the challenge.

Emmanuel Morales Camargo
(Morales-Camargo@mgt.unm.edu)

Extension Money Management Programs

University of Arizona Cooperative Extension continues to be involved in a range of financial education and financial literacy programs throughout Arizona. One such program was the video conference training held on March 2, 2006 for Small Steps to Health & Wealth™. The training was made available at three Arizona locations with a total of 47 registered participants. Training sites included Tucson, Phoenix, and Flagstaff with assistance and leadership from Extension Family & Consumer Health Science agents and staff from Maricopa, Mohave and Pima Counties. Major presenters included Dr. Barbara O’Neill, Ph.D., CFP™, Rutgers Cooperative Research and Extension, and Robert Lanza, M.S., Support Systems Analyst with Take Charge America Institute.

Small Steps to Health & Wealth™ (SSHW) is a new curriculum developed by Dr. Barbara O’Neill and Dr. Karen Ensle at Rutgers Cooperative Research and Extension in New Jersey. The program is designed to teach participants 25 behavior change strategies that can be simultaneously applied to improve health and increase wealth and to track their progress over time. Participants in the March training were individuals who were already delivering financial and health education at their agencies or were working in a volunteer capacity. Agencies represented included: Extension Food & Nutrition Education Program (EFNEP), health centers and clinics, social service agencies, credit counseling agencies, and students.

The evaluation survey asked how they planned to use the information presented at the training. The highest response was to “use the information at home” (25), followed by “providing healthy snacks and physical activity at upcoming workshops” (21) and “use with young adults” (14). Then, they were asked about a special action they personally planned to take in the future. The first choice was to “increase daily exercise” (19) closely followed by two other categories, “set one or more specific written health or financial goals” and “decrease portion sizes of foods eaten,” both with 18 responses.

A three month, follow-up survey has been sent to participants to evaluate how they used the information and if they implemented any behavior change as a result of the training. These questionnaires are currently being evaluated, but an early review of responses received indicate the SSHW™ information is being delivered in nutrition and financial classes, personal use, train the trainer, with young adults, IDA/EITC clients and in faith-based community programs. The greatest number of responses for actions taken three months after the training was to “increase daily exercise.” When asked about the specific health goal taken, the greatest number of responses was to “eat at least 5 servings of fruits and vegetables a day” and the greatest response for financial goals was a tie between “establishing or increasing emergency fund savings” and to “decrease household spending.”

In addition to the March training, Pima County Cooperative Extension reached over 500 participants with SSHW™ at the YWCA Women & Money Conference held in April. Additional SSHW™ presentations have been given in conjunction with Life & Work Programs at the University of Arizona, Kino Hospital, and various local programs. Additional funding for SSHW™ has been received from the University of Arizona Cooperative Extension to provide translation of some of the worksheets into Spanish and for collaboration with state partners. Jing Jian Xiao, Professor and Director of TCAI, is collaborating with Dr. O’Neill, Robert Lanza and other national partners to finalize the web-based on-line registration for SSHW™ and the impact evaluation research that will study participant progress and health-wealth relationships. The online site will be made available in late fall to coincide with the release of the SSHW™ workbook that is currently being printed. For more information on SSHW™, visit www.rcrc.rutgers.edu/health/finance and http://tcainstitute.org.

We submitted an application for providing a per-
Extension Money Management Programs (cont’d.)

sonal finance course to those who filed bankruptcy to the U. S. Department of Justice Trustee Program in November, 2005. The classroom course was approved in May, 2006, and Linda Block took the leadership to offer the course. A course brochure with class dates, times, and other information has been developed and distributed. The online course site has been developed by Robert Lanza, the IT support staff of Norton School, University of Arizona. The site will be complete soon.

Arizona Saves and Financial Security in Later Life (FSLL) are additional programs that have been incorporated into the curricula of SSHW™. Arizona Saves encourages individuals to establish goals to increase savings and to reduce debt. The program works with savers through wealth coaches and motivational speakers to assist program participants to achieve financial stability and personal and future financial security. As of June 15, 2006, there are 3,022 savers who have enrolled in this program in Arizona. The strong focus is on the Arizona Kids Save program with an emphasis on reaching high school students because the number one reason for students dropping out of college in Arizona is due to students’ high consumer debt. The other major Extension program, Financial Security in Later Life, is a national CSREES initiative to (a) assist educators and consumers to plan for a long and vital life, (b) act now, (c) evaluate changes needed, and (d) achieve financial security for individuals and families. This program is being integrated into Financial Security for All (FSA) as a Community of Practice with eXtension. For more information on Small Steps to Health & Wealth™, Arizona Saves and Financial Security in Later Life, please contact Linda Block at: lblock@cals.arizona.edu or call (520) 626-5161.

Research

Peter Rose: New Research Council Member

Dr. Peter S. Rose is Professor Emeritus in Finance from Texas A & M University where he taught for nearly 30 years and held the Blocker Chair in Business Administration. Previous to that time, he served as a Financial Economist with the Federal Reserve System.

He retired from teaching in August of 2000 in order to continue writing and consulting activities. He now resides in Bozeman, Montana.

Peter has contributed substantially to the activities of TCAI since its inception. He helped write and review financial cases that are used in Duel in the Desert and its regional duels (a national financial case study competition among college students organized by Credit Wise Cats) and served as the head judge in the national duel. Also, he is serving on the TCAI advisory board and provides numerous insightful suggestions during the Board meetings and through e-mails and telephone calls.

He is the author or co-author of more than 200 articles and monographs and more than 30 books in banking, financial institutions, and the money and capital markets. Several of his books have been translated into Chinese, Russian, Polish, and other languages. He has served as a consultant to banks, bank holding companies, savings and loan associations, and other financial institutions. Rose is a graduate of both the University of Arizona and Arizona State University.
Applying Theory of Planned Behavior to Retail Credit Counseling Clients

This study applied the theory of planned behavior to examine factors associated with the intention and behavior of staying in debt management plans (DMP). Data collected from a sample of clients of Take Charge America, a national credit counseling agency, were used.

The theory of planned behavior posits that behavior is determined by the behavioral intention. The behavioral intention is then determined by three factors: (a) the attitude toward the behavior, (b) subjective norm, and (c) perceived control. Findings of this study suggest that behavioral intention is positively associated with the attitude toward the behavior, perceived control, satisfaction with the service, and debt-reducing behavior. At the same time, behavioral intention is negatively associated with other financial behaviors. The behavior of staying in a DMP is positively associated with the behavioral intention and perceived control.

The findings have several implications for credit counselors working with clients to complete a DMP.

(a) Emphasize an Attitudinal Change. If a client is fully informed that a DMP is the best option, the counselor should provide information to the client about benefits of completing the plan. This helps create positive attitudes toward the benefits of completing and staying in the plan.

(b) Raise Clients’ Perceived Control Ability. Counselors also need to provide resources and information to clients and help them increase their confidence in fighting the debt problem. If clients feel more in control of their debt problem through completion of a DMP, they would have a stronger intention to stay in the plan.

(c) Improve Client Satisfaction. Counselors need to treat their clients with respect and convince them that counselors are working for them instead of just collecting service fees from them. Providing more satisfactory services for clients will result in a client’s stronger intention to stay. This, in turn, will increase the likelihood of remaining in the DMP, which will benefit all parties involved: the client, counselor, and creditor.

(d) Encourage Clients to Develop Positive Financial Behaviors. Counselors should encourage their clients to develop positive financial behaviors, which may help improve their financial status and eliminate undesirable debts sooner. Consumers performing these financial behaviors are more likely to stay in the plan compared to others who do not. Also, counselors should be aware that their clients may expect more from them about debt-reducing strategies and ideas than other financial topics, such as saving and long-term financial planning. To encourage clients to complete a debt management plan, counselors should focus on only debt-reducing strategies.

For a working paper, see: http://cals.arizona.edu/fcs/tcai/workingpapers/index.htm. For more information about this study, contact Jing Jian Xiao at: xiao@email.arizona.edu or Jiayun Wu at: wu@email.arizona.edu.

Winner of Consumer Finance Dissertation Proposal Competition

TCAI is pleased to announce the winner of the 2006 Consumer Finance Dissertation Proposal Competition. The winner is Saihong Jiang, Economics, Ohio State University (Advisor: Lucia Dunn). Jiang received a $1,000 cash award. Two honorable mentions are Jianfeng Wang, Marketing, University of Arizona (Advisor: Melanie Wallendorf) and Cheng-Chung Chen, Consumer Science, Ohio State University (Advisor: Sherman Hanna). Each received a $500 cash award.

A panel of distinguished experts reviewed and ranked the submitted proposals: Sharon DeVaney, Purdue University; John Grable, Kansas State University; George Haynes, Montana State University; Jeanne Hogarth, Federal Reserve Board; Angela Lyons, University of Illinois; Lewis Mandell, State University of New York at Buffalo; Peter Rose, Texas A & M University; Soyeon Shim, University of Arizona; Michael Staten, George Washington University; Michael Sullivan, Take Charge America; and Jing Jian Xiao, University of Arizona.

Next year’s submission deadline is February 1, 2007. For more information, visit our website: http://tcainstitute.org or contact Jing Jian Xiao at: xiao@email.arizona.edu.
Teaching Personal Finance to College Students Online

My online personal finance course, INDV 102, continues to earn increasingly positive student reviews. The course is continually filled to capacity, and students are turned away. Recently, I expanded the material on student loan debt and the how-much-to-work-after-childbirth decision.

At public universities the percentage of students graduating with over $40,000 in student loan debt increased 18-fold between 1993 and 2004; that’s even with using constant inflation adjusted dollars. In 1993, only 0.3% of all graduating seniors had student debt of greater than $40,000 (in 2004 dollars). By 2004, 5.4% did. One-fourth of all public university graduating seniors in 2004 had student loan debt greater than $22,821. Half had student loan debt greater than $15,471. Median student loan debt increased by 108% between 1993 and 2004, which is 58%, adjusting for inflation. Masters degree students can graduate with over $150,000 in student loan debt.

Even with all of this borrowing, 46% of all full-time students work at least 25 hours per week. Twenty percent work at least 40 hours per week, 2½ times the percentage that did so in 1987. Studies show that working more than 15 hours per week lowers GPA and decreases the odds of graduating. Only 29.2% of the 1997 entering class at the University of Arizona graduated four years later, only 49.7% graduated five years later, and just 54.7% graduated after six years.

An average bachelor’s degree holder will earn over one million dollars more than an average person who has only graduated from high school. A basic understanding of how the student loan system works and of all of the lender’s options can make student loans far less detrimental. This is knowledge few borrowers have. The vast majority of students can consolidate all of their student loans with the Federal Direct Loans program, and this program offers an income contingent payment plan. Students who know about and ask for this plan will have their payments linked to their income, never exceeding 20% of their disposable income. And, after 25 years, any balance still unpaid is forgiven.

If a student borrows too little, he/she may have to work too much and take a very dangerous risk of never graduating. Or, he/she may graduate years later, with a much lower GPA. If a student does graduate with a debt load of $30,000 plus, I teach him/her in INDV 102 about options like consolidating with the Federal Direct Loans program (as opposed to consolidating with a private lender), and applying for the income contingent payment plan, if necessary. Of course, I also teach him/her how to budget and to think about his/her money in a balanced, intelligent way.


Richard Serlin (serlin@email.arizona.edu)

Feedback from Students

- I thought this class was by far the most useful. I have taken many classes pertaining to finance, and I thought that this class made the most sense.
- Overall, I think this class should be a requirement for everyone to take because it is so great!
- The class as a whole has been surprisingly helpful. I went into the class with the mindset that it would be an easy class that would fulfill an annoying credit that had nothing to do with my major. Now, as the class is coming to an end, it is almost shocking to think about how much I have learned and how much of the content is relevant to my situation at this very moment.
- Overall, 10 out of 10. It wasn’t an easy course; it wasn’t a hard course, and I learned things I can and will apply over my lifetime.
- I think the syllabus of this course is amazing. It clearly tells students what they have to do, and all the readings, homework and other materials we were assigned were truly helpful.
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Journal Special Issues in Consumer Finance

TCAI is sponsoring three special issues in consumer finance in the *Journal of Family and Economic Issues*. The first special issue will be published in December 2006. The guest editor is Jessie Fan of the University of Utah. The second special issue will be published in June 2007. The guest editor is So-Hyun Joo of Texas Tech University. The third issue will be published in June 2008. The guest editor is Lucia Dunn of Ohio State University.

The 2008 special issue invites original empirical or theoretical research papers relevant to consumer finances. Suggested topics are: (a) recent bankruptcy law changes; (b) recent proposed increases in minimum required payment rates; (c) growth of the payday loan industry; and (d) introduction of credit card use in China. Manuscripts are not limited to these topics.

Please follow the 5th Edition of *Publication Manual of the American Psychological Association* to prepare manuscripts. The manuscript should not have more than 30 pages. Send an electronic copy of the paper, along with a cover letter, to Lucia F. Dunn, Guest Editor at: dunn4@osu.edu, on or before **February 1, 2007**. For more information, please contact: Dr. Lucia F. Dunn, Guest Editor, Professor of Economics, Ohio State University Columbus, OH 43210-1172, USA; (614) 292-071; dunn4@osu.edu.

For a more detailed Call for Papers, see: [http://cals.arizona.edu/fcs/tcai/research/CallforPapers09-05.htm](http://cals.arizona.edu/fcs/tcai/research/CallforPapers09-05.htm).