

Grand Challenge in Social Work



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Background

Grand Challenge: Create a Social Response to a Changing Environment

Our Challenge: Find Solutions to the Shifting Economic Climate in Young Adulthood

Goal:

Decrease the overall burden of consumer debt associated with unhealthy psychological factors such as impulsive spending, overspending, lowered self-esteem, and other dysfunctional behaviors leading to lower life satisfaction.



Descriptive Studies

Household debt has increased dramatically over the past 40 years.

Young adults who started to accrue debt as adolescents are increasingly at risk for starting their early careers under a mountain of debt they may not be able to repay.

Recent research on debt in young adults suggests that becoming overburdened with debt in this critical life stage could diminish their ability to attain economic independence, increase their risk of bankruptcy, and have consequences for their psychological well-being (Houle, 2014).

Descriptive Studies

For this age group, roughly 18-30, the need to get an education and make a living, conflicts with the needs of a culture in which the economic system thrives on consumer debt.

Correlational Studies

Concern with Immediate Consequences Magnifies the Impact of Compulsive Buying Tendencies on College Students' Credit Card Debt (Joireman, Kees, Sprott)

A systematic Review of Financial Debt in Adolescents and Young Adults: Prevalence, Correlates and Associations with Crime (Hoeve et. al.)

Relationships Between College Students' Credit Card Debt, Undesirable Academic Behaviors and Cognitions, and Academic Performance (Hogan, Bryant, Overmyer-Day)

Concern with Immediate Consequences Magnifies the Impact of Compulsive Buying Tendencies on College Students' Credit Card Debt

Compulsive Buying Tendencies (CBT)

Consideration of Future Consequences (CFC)

Credit card debt has been linked with increased anxiety and poor health

CBT linked with lower levels of self-esteem and conscientiousness and higher levels of materialism, narcissism, impulsivity, depression, anxiety and stress

CBT positively related to present time orientation

Persons high in CFC: less alcohol/tobacco use, concern for health, pro-environmental preferences, better academic performance, better sleep, and safe

A Systematic Review of Financial Debt in Adolescents and Young Adults: Prevalence, Correlates and Associations with Crime

Credit card debt carries with it a negative effect on young people that impacts their sense of mastery and self-esteem as they grow older due, most likely to financial stress

It's possible that debt and delinquent behaviors are risk taking behaviors that come from similar origins

Offenders when compared to non-offenders were more likely to have debt

Debt such as student loans or auto loans did not correlate with criminal behavior

If parents talk to their children about debt and provide financial support, young adults were less likely to report debt

Relationships Between College Students' Credit Card Debt, Undesirable Academic Behaviors and Cognitions, and Academic Performance

College graduates in 2011 expected to leave college with \$25,250 in student loans

Low self-control = high-risk credit behavior

Significant relationship found between students' credit card debt and high-risk health behaviors

92% of college students use credit cards to pay for part of their educational expenses

Effectiveness Studies

There is limited research in this topic area, however we did come across 2 interventions that addressed increasing debt in young adulthood.

Empowering Young Adults to Control Their Financial Future (Bowen & Jones, 2006)

State Mandated Financial Education and the Credit Behavior of Young Adults (Brown, Collins, Schmeiser, & Urban, 2014)

Empowering Young Adults to Control Their Financial Future

Background/Intervention

Pennsylvania State University

Commonwealth Credit Project (CCP)

Purpose:

“educate freshman and sophomores on credit card issues and assess their knowledge, attitudes, and behavior related to credit cards and money matters” (p. 35)

Pre and post-test

Pre-test measured students’ current knowledge, included an educational seminar, and allowed students take give their info to

Results

There was a significant difference between the pre and post-test; students’ knowledge did increase

Implication is that students on college campuses may be missing crucial financial curriculum

Limitations:

May not be clinically significant

Can results transfer to real life?

State Mandated Financial Education and the Credit Behavior of Young Adults

Background/Intervention

Study followed 3 states (Georgia, Idaho, and Texas) where state mandated educational programs were in place

Georgia, Idaho, and Texas were compared against 25 control states that did not have such programs

Measured changes in credit scores, and delinquency rates

Results

Concluded that state mandated programs did have an effect on young adults

Young adults in Georgia, Idaho, and Texas had higher credit scores and reduced delinquency

To eliminate the effects of outside variables, they noticed that the improvements increased for young adults the longer the program was in effect

Limitations:

Prioritize funding

Conclusion

Household debt has increased dramatically and is affecting adults who are at a higher risk; accruing unnecessary debt results in poor outcomes such as repaying loans

Grand Challenge: improving financial outcomes for young adults by mandating financial literacy classes within schools and decreasing consumer debt.

Digital age, credit easily & readily accessible

Debt interferes with ability to maintain future economic independence, increase risk of bankruptcy and negatively affects physical and mental well-being.

Higher debts results in lower self-esteem, anxiety, lower GPA's, lack of self-control.

Interventions: mandated financial literacy classes, conducting pre and post tests and evaluating effectiveness on financial education programs. More research needed for effective interventions.