

Personal Finance for Multicultural Audiences: A Teaching Process

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Purpose

The purpose of this project is to develop a personal financial planning course addressing the political, social and economic externalities resulting from the rapid population growth of first generation college students within a multicultural environment. Advancing the class *for* multicultural education, as distinctly differentiated from a class *in* multicultural education (Preston, 1991), our goal is to satisfy general education requirements while addressing the specific financial issues facing freshman students from a multitude of cultures. The class will address three major objectives: the identification of cross-cultural perceptions of money, an analysis of the value attributed to money based on these perceptions, and the application of day-to-day money management strategies focused on aligning individual money behavior with the values defined by cultural identity. The class will provide students an opportunity to compare and contrast their culturally defined money behavior commonalities and differences in a society requiring extensive acculturation. Understanding differing values across exogenous groups will help develop culturally sensitive, cohesive student bodies; bridging cultural divides while advocating cultural and ethnic identity.

Rationale

Ethnic diversity is increasing rapidly in many areas of the country. The state of Texas projects that by 2040, the proportion of the Texas elementary and secondary school population that is Hispanic will reach more than 66%, the proportion of the population that is African American will reach more than 8%, and the proportion of the population that is Anglo will be reduced to less than 19% (Murdock, White, Hoque, Pecotte, You & Balkan, 2002).

Dara Duguay, executive director of the Jumpstart Coalition for Personal Financial Literacy (Harr, 2000), claims that only about 10% of students report learning about money in school. Financial literacy, taught in schoolbooks as early as the beginning of the twentieth century, but generally neglected until the past decade, has been given new life throughout educational programs across the country. Of particular interest is a program developed by the National Endowment for Financial Education (NEFE, 2002). This program, titled the High School Financial Planning Program (HSFPP), consists of seven modules that teach the basics of financial planning from the process to the application. A similar program, also created by NEFE, was implemented in Minnesota in 1989 and has reported impressive results. Attendance has reached 5000 students annually (Danes, 1999). As is the case in other states, momentum is building within the Minnesota state legislature for inclusion of the program at the core level. If education can help change attitudes, and this in turn can motivate behavioral change (Katona, 1972), then clearly this should enjoy major policy attention.

As has been found in the work place (Bailey, Woodiel, Turner, & Young, 1998), financial education can help ameliorate many of the personal difficulties associated with college life by helping students attain a higher sense of financial well-being and better money management practices. Skowron, Wester, & Azen (2004) found a significant relationship between the capacity for personal adjustment and stress, specifically including financial stress. Noting potential problems with external validity due to a low response rate, (Hayhoe, Leach, Turner, Bruin & Lawrence, 2000) found support for a relationship between affective credit attitudes and financial practices, in addition to support for the hypothesis that students with credit cards with maximum balances have higher levels of financial stress. Adjusting to college life can be an intimidating task; education to lessen financial stress may help minimize this adjustment period. Current studies by the authors of this paper suggest a high relationship between financial stress and the reduction in classes taken each semester, thereby lengthening the time and cost of college education.

In addition to filling a major need for financial education among college students (Bernheim, Garrett & Maki, 1997) this class will fulfill the multicultural education goals required as a result of the rapidly changing student demographics of educational facilities.

Methodology

To help students identify their values based on cultural differences, a discussion oriented class structure within a multicultural framework will be employed extensively, with a combination of subject-centered and problem-centered approaches used for money management applications. Counseling strategies will be integrated to engender broad class participation, hopefully overcoming barriers such as money taboos and introverted personality characteristics. Salient topics such as cash flow management, qualification for financial aid, effective use of financial institutions, consumer credit, and basic savings strategies will be covered.

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