

Campus to Career: **College Students & Financial Capabilities During the Pandemic**



INTRODUCTION

The pandemic has significantly altered the college experience for students across the country. Virtual schooling, economic shocks, and health and mental well-being concerns have meant that many students were unable to benefit from the high degree of personal experience and individual development that occurs during this time in their lives. Yet, despite a year of extraordinary challenge, college students appear optimistic and confident about their economic situation.

It's important to understand the implications of COVID-19 on college students' mental, physical and financial wellness in order to help them successfully move forward. AIG Retirement Services, a leading retirement plan provider for tax-exempt and public sector employers, including education institutions, and EVERFI, a leading social impact education innovator, provide insight to the college student experience during this time frame through a survey of over 20,000 college students nationwide.

Data collected from this nationally representative sample covers student attitudes, behaviors, experiences and plans for the future revolving around their financial decisions and career trajectory. This report looks at college students during a tumultuous period of history, including the potential impact on the financial capability of young adults in higher education.

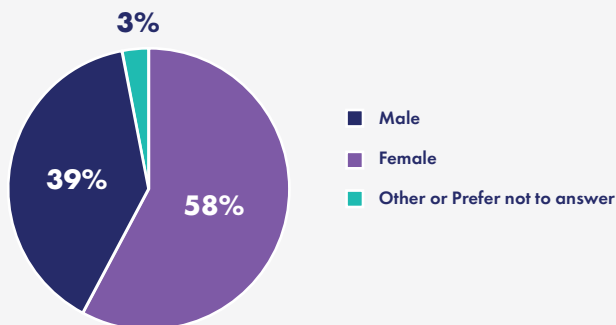


METHODOLOGY

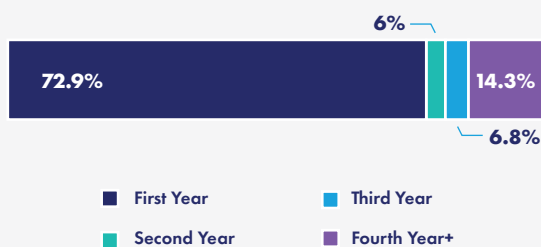
This report highlights data from EVERFI's eighth annual survey of higher education students, which collected survey data from a nationally representative sample of over 20,000 college students from more than 135 institutions located in 34 states.

The survey focused on respondents' financial knowledge, experience, behaviors and perspectives on the future. Students who were taking online education courses on personal wellness were given a chance to provide responses to survey items from October 1, 2020 – March 31, 2021, but data will also be included from every year since our investigation started into financial capability in higher education in 2012. While the size and composition of the sample has changed slightly each year, a comparison of this survey's demographics to the National Center for Education Statistics (NCES) shows consistently representative samples of the college student population in the United States.

Gender



School Year

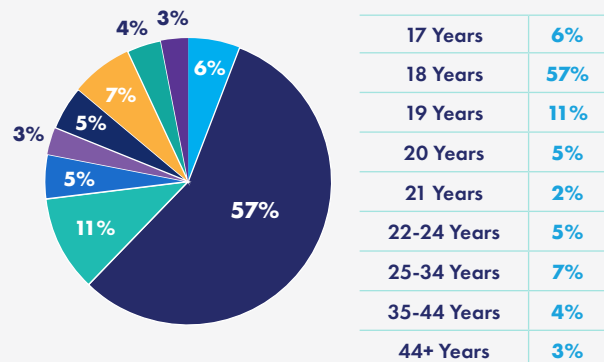


Race/Ethnicity *

White/Caucasian	65%
Asian	15%
Black or African American	11%
Hispanic or Latino/Latina	11%
American Indian/Alaska Native	3%
Middle Eastern or North African	2%
Native Hawaiian or Pacific Islander	1%
Not Listed or Prefer Not to Answer	1%

*This is a multi-select question.

Age



Most survey questions have stayed consistent over the years and covered a variety of topic areas related to financial capability and future planning, including checking accounts, student loans, credit cards, budgeting, saving and their professional careers. Students were also asked about how much stress they felt when engaging in personal finance behaviors, and how likely it would be that they would perform certain fiscal actions in the near future and in the next five years. Starting in the spring of 2020, we included questions regarding the students' COVID-19 pandemic experience.

PANDEMIC EXPERIENCE

The student experience in the past two years is of particular interest given the impact of the COVID-19 pandemic. It's critical to understand how the disruption of traditional student life and the current economic environment is affecting and shaping the next wave of students preparing to enter the workforce.

Reaction to Pandemic

Most students did not take (or consider taking) major financial or academic actions due to COVID-19. In fact, 40% of respondents did not select any actions at all. However, almost a quarter of respondents (24%) considered "taking on additional work to pay for college" and one-in-five considered "taking on additional part-time or full-time work to help pay for college." In line with students reporting limited financial concerns, only 5% considered dropping out to cut costs.

Have you considered or taken any of the following actions due to COVID-19?

None of these	40%
Taking all of my classes online	24%
Applying for additional scholarships and grants	20%
Taking on additional part-time or full-time work to help pay for college	20%
Living at home while completing studies	17%
Delaying my studies until I can return to campus (i.e. gap year or year off)	10%
Accelerating my course of study with additional online classes	6%
Speaking with the financial aid office about changing financial circumstances	6%
Transferring schools	6%
Dropping out to cut costs for you and/or your family	5%
Switching my course of study to a more lucrative field	4%

Impact on life

When asked about how COVID-19 affected their lives, nearly one-third of the respondents (32%) report that the pandemic placed additional stress on their family and 19% expect having to take on more debt. Few respondents report that the pandemic has led to them losing their job or experiencing reduced work hours.

This impact extends beyond financial concerns as well, with a third of college students recognizing that they are more anxious than before the pandemic and slightly more indicating that they have not been able to get the most out of their college experience. Surprisingly, only a small number report that they got sick or tested positive for COVID-19, but nearly a fifth say that the pandemic prevented them from being able to focus on their studies.

How has COVID-19 affected you? *

I haven't been able to get the most of out of my college experience	39%
I am taking more classes online	38%
I feel more anxious	36%
None of these	24%
It's made it harder to chart my own path	22%
I haven't been able to focus on my studies	17%
My work hours have been reduced	16%
I lost my job	10%
I got sick with or tested positive for COVID-19	9%
I decided to move back home	5%
My family is now unable to support me financially while in college	4%

*This is a multi-select question.

**Students feel they are missing out —
39% feel they haven't been able to get the
most out of their college experience.**

Ready for College Life?

Students were also asked how prepared they felt to tackle a number of aspects of college life. Although more than two-thirds (68%) of students were prepared to live independently, keep up with coursework and stay organized, only 55% were prepared to find help and resources to succeed, and less than half (48%) were prepared to manage stress and anxiety.

Percentage of students prepared to tackle the following aspects of college life

(On a scale of 1 to 7, students responding Somewhat Prepared (5), Prepared (6) and Very Prepared (7))

Live independently	68%
Keep up with coursework	67%
Stay organized	66%
Maintain a healthy lifestyle	61%
Manage money	60%
Work experience	60%
Manage time	59%
Build new friendships	57%
Foster healthy romantic relationships	57%
Find help and resources to succeed	55%
Manage stress and anxiety	48%

Students were least prepared to manage stress and anxiety (only 48%).

FINANCIAL BEHAVIOR

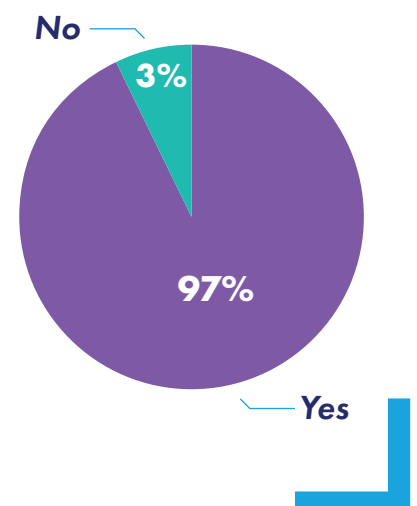
Students' financial experience seems to contradict stated confidence in their financial preparedness.

When asked about specific financial behaviors they have engaged in recently, less than two-thirds of students say they have checked their bank account balances and just half have created or used a budget to manage their personal finances. On a positive note, these responses have increased substantially since 2019. Some strong personal finance habits include nearly three-quarters of students (73%) reporting they stop spending when cash is running low and almost two-thirds (61%) check their bank accounts regularly. One encouraging trend involves the use of digital applications to keep track of spending and saving, with 37% reporting this behavior, a jump from 16% the previous year.

Please indicate how often you have done each of the following things. (% who responded with "Often" or "Very Often")

Stopped spending when cash was running low	73%
Had a job/worked in high school	64%
Checked my bank account balances	61%
Created a budget	51%
Used a budget	50%
Used an app to keep track of my spending and saving	37%
Bought myself something in order to make myself feel better	32%
Made only the minimum payments on my credit cards	11%

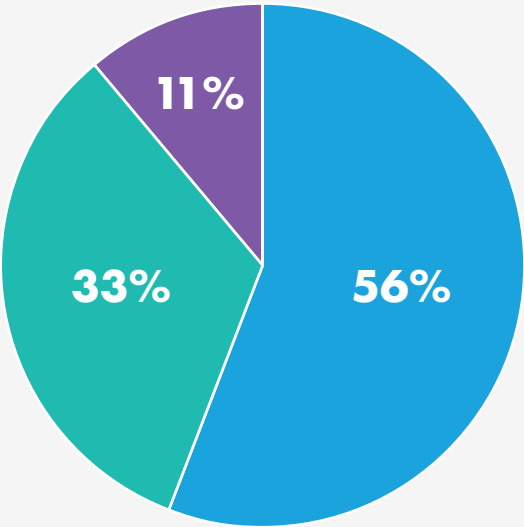
Financial experience starts with transactional bank accounts. Almost all students have a checking account.



Personal Finance Education

The percentage of college students who remember taking a personal finance course in high school has never been very high in our data, including students in states where financial education is a requirement for graduation, wavering between 34% and 39%. This year the percentage fell even more to 33%, which is surprising considering the Council for Economic Education (2020) reported that several more states have included this requirement since 2018. It seems personal finance education was one of many sacrifices that needed to be made for high school students during the pandemic.

Did you take a personal finance course while you were in high school or college?



YES	33%
NO	56%
Don't remember/ Not Sure	11%



School Loans

Student loan debt and feelings on the topic have remained consistent when compared to prior years. The portion of students that expect to have student loans when they graduate (59%) has not changed in the past few years, nor has their expected total amount of student loan debt upon graduation.

When asked about what would help them feel less stressed or better prepared to pay off their student loans, the top three responses remain “making a plan to pay off my loans,” “a better understanding of loan repayment options,” and “having easy access to my balances so I can see my total amount,” with only a small percentage saying they had all the information they need to meet their needs.

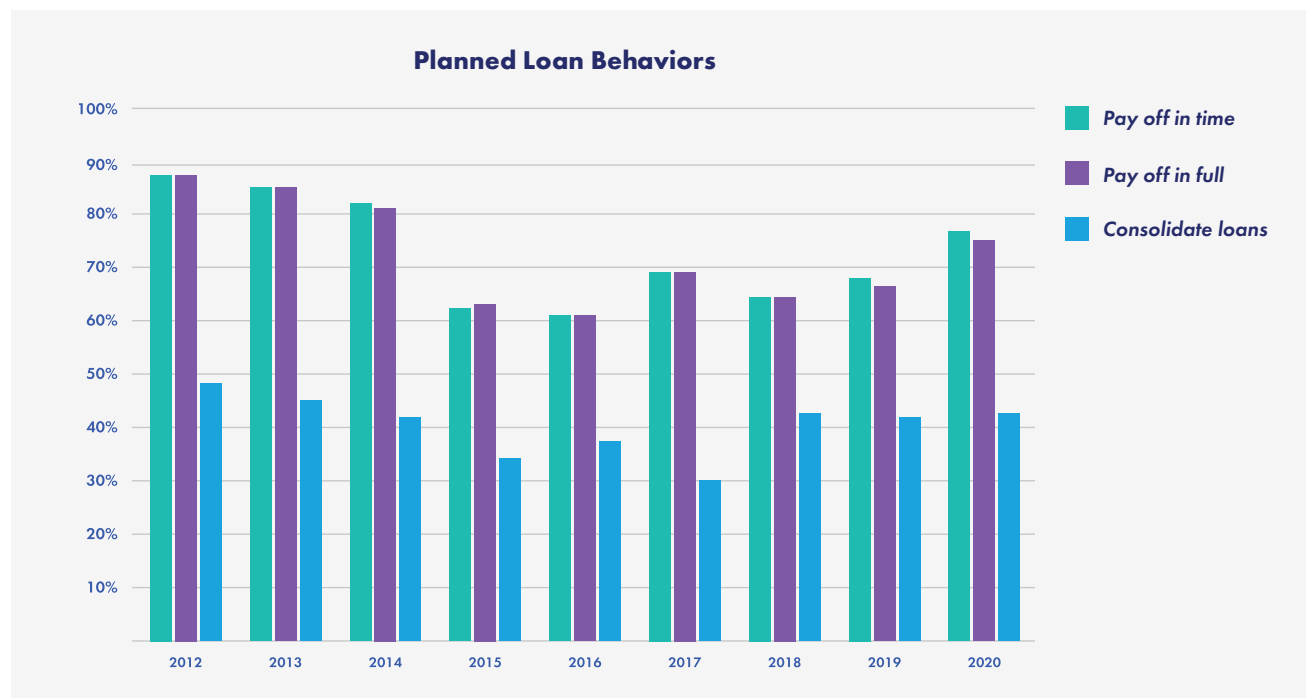
If you have or plan to take out student loans, what would help you feel less stressed or better prepared for paying them off? *

Having easy access to my outstanding balances so I can see what I owe all in one place	38%
A better understanding of loan repayment options	36%
Making a plan to pay off my loans	36%
Nothing, I don't plan on having any student loans when I graduate	32%
Having an idea of what my income will be when I graduate	30%
Reminders of what my student loan payments are likely to be	29%
Knowing how to limit the amount of loans I take out	27%
Having an idea of what my career path will be when I graduate	26%
More information about loan forgiveness programs	26%
Access to free financial planning services	24%
Finding the right person to talk to on campus	20%
More information about my responsibilities and consequences before taking out a loan	20%
Nothing, the information I receive now meets my needs	9%

**This is a multi-select question.*

Managing Loans

Some of the more significant changes year-over-year are in terms of student plans for loan repayment, as most of our sample reported they plan to make their student loan payments on time (77%, up from 68%) and pay off their student loan debts in full (75%, up from 66%). This is encouraging, as we have seen a marked decrease in these planned loan behaviors since our data collection started in 2012.



Reducing College Costs and Student Loan Burden

The COVID-19 pandemic seems to have prompted college students into thinking about financing their post-secondary education in both the long- and short-term. In the 2019-2020 school year, we asked our respondents which steps they will likely take to help pay for college; in the last year (2020-2021), we have seen a substantial increase in those who plan to:

- Work 10-30+ hours while in college (**12% increase**),
- Live at home while attending college (**6% increase**), and
- Attend community college to reduce the cost of their education (**5% increase**).

We also found that nearly half of our sample (44%) planned to try to qualify for a student loan forgiveness program (new question in 2020-2021 school year).

Credit Cards

In contrast to some of the positive trends we've highlighted, our survey data also points to an increased use of and reliance on credit cards among college students, which could serve as an indicator of future financial trouble.

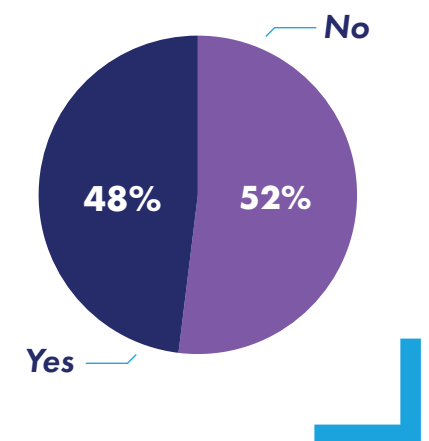
Nearly half (48%) of all surveyed students report having a credit card, a 10% increase. These college students also have more credit cards in their wallets than in previous years, with more than half (52%) charging to two or more cards (up from 41% a year ago and more than double the amount from when we first collected data in 2012, with only 25% saying they owned two or more cards).

How many credit cards do you have (including store credit cards)? *(Of those with a credit card)*

	2019	2020
1 Credit Card	59%	48%
2 Credit Card	21%	22%
3 Credit Card	10%	13%
4+ Credit Card	10%	17%

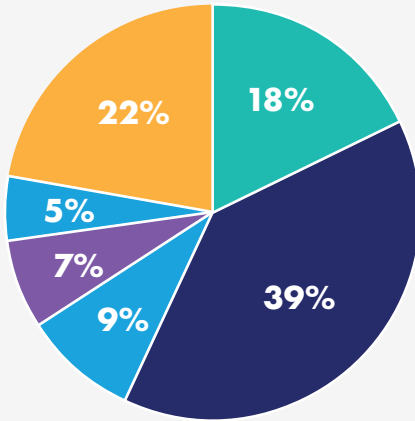
Credit Card Ownership

Do you have any credit cards?



Some students are relying more heavily on credit cards. This is evident in our data showing that 40% of students are carrying more than \$1,000 in total credit card debt (up from 33% last year) and 15% report having more than \$5,000 in credit card debt (up from 9% last year). It's also important to note that total credit card debt incurred by college students has increased substantially since the first year of our study.

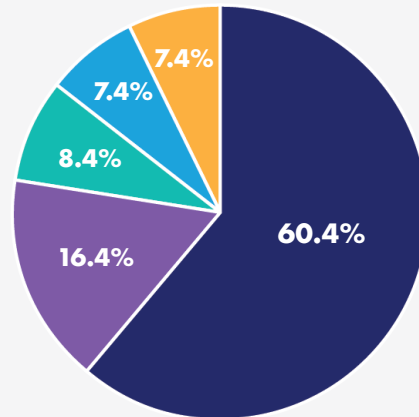
How old were you when you got access to your first credit card?



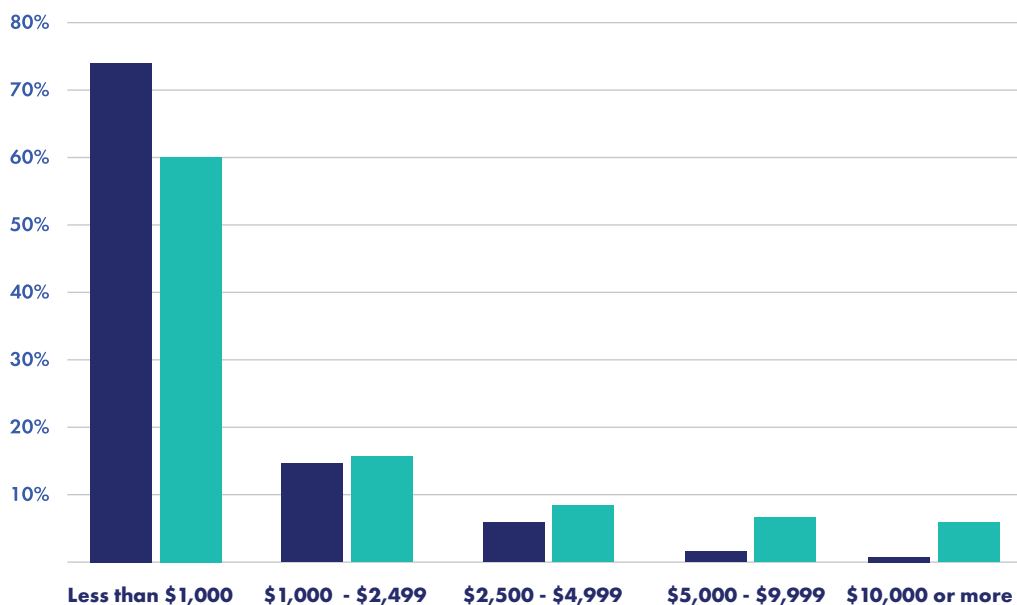
17 or Younger	18%
18	39%
19	9%
20	7%
21	5%
21+	22%

How much credit card debt do you have?

Less than \$1,000	60.4%
\$1,000 to \$2,499	16.4%
\$2,500 to \$4,999	8.4%
\$5,000 to \$9,999	7.4%
\$10,000 or more	7.4%



Total Credit Card Debt: More students carrying higher balances



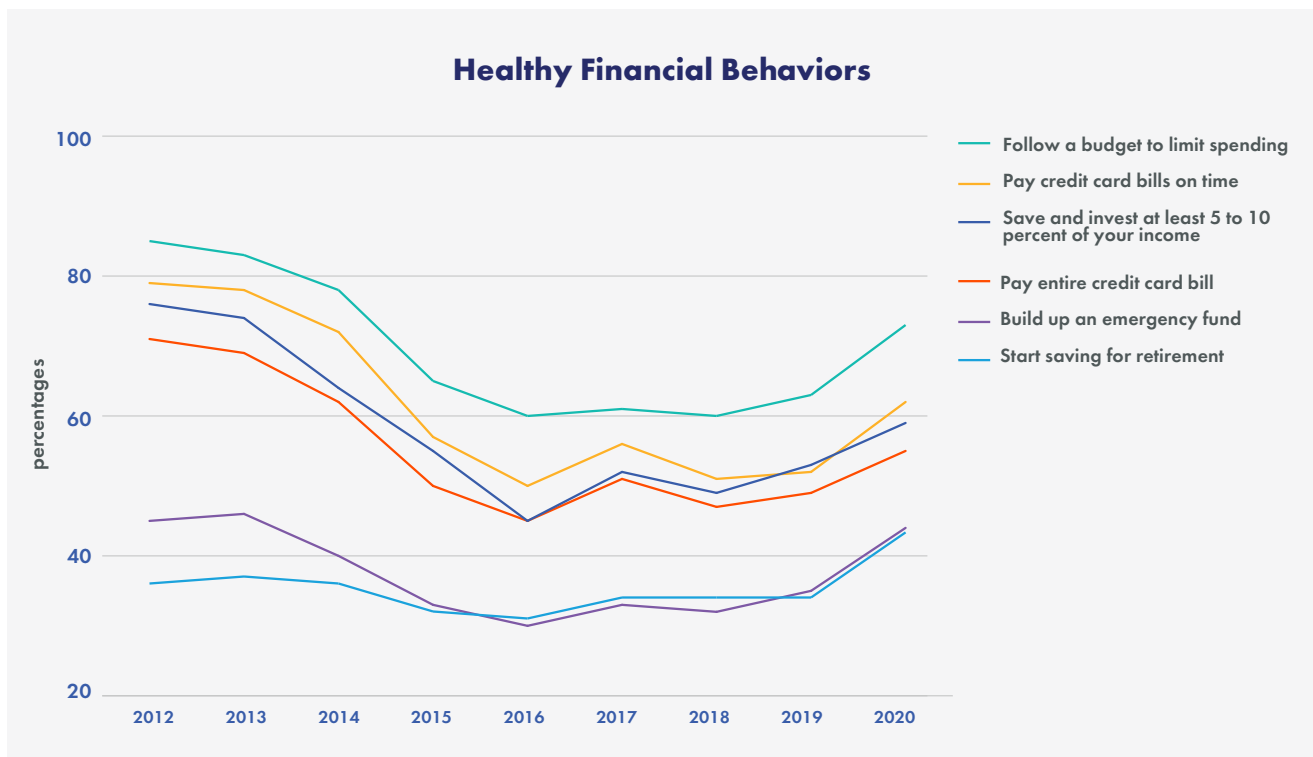
FINANCIAL PLANS

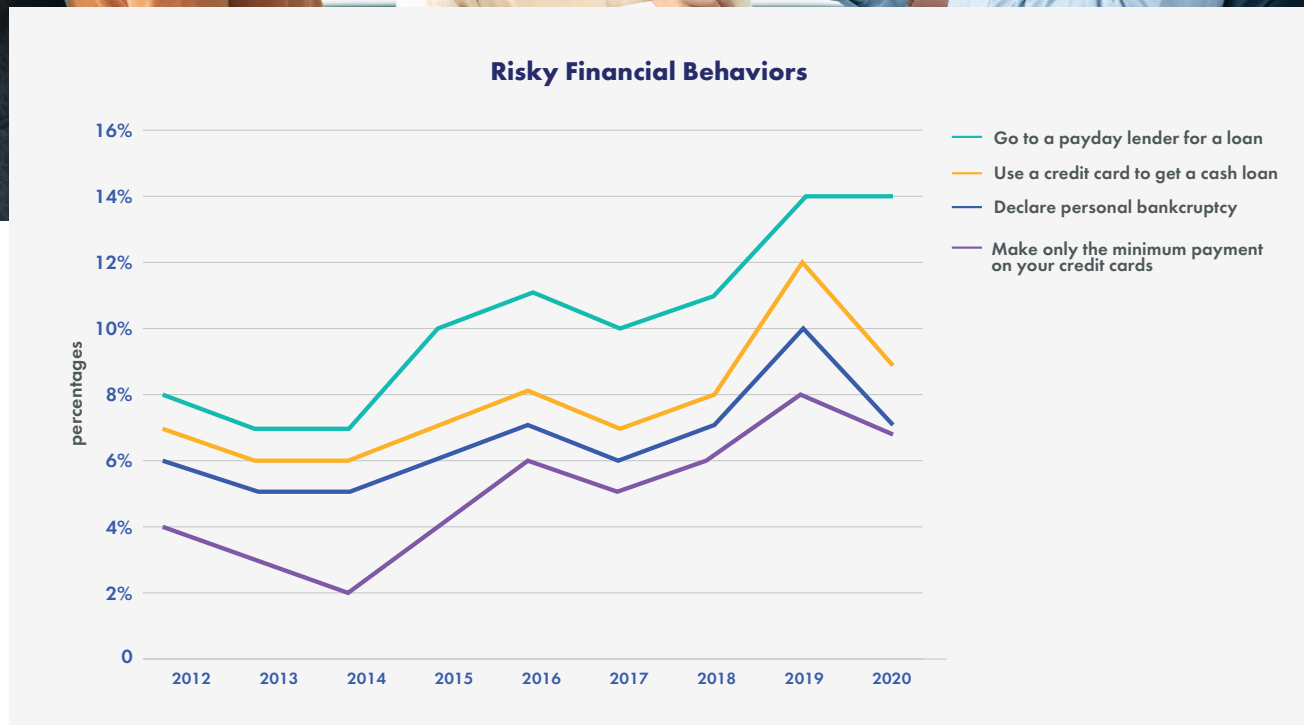
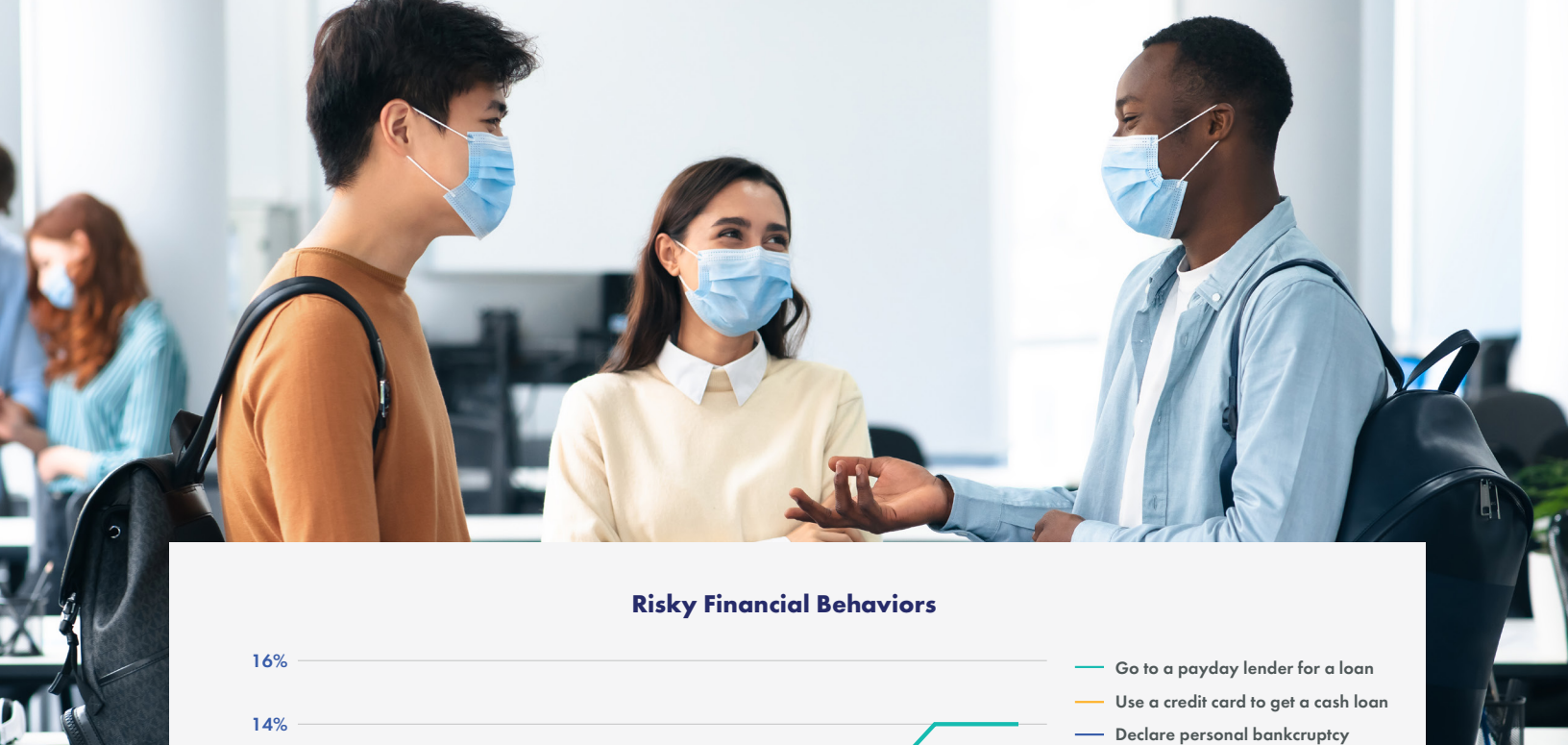
Healthy financial behavior out-trending risky behavior.

Since 2012, we have asked respondents about their likelihood to engage in healthy and risky financial behaviors in the following year. While there was a dramatic drop in planning to engage in positive behaviors from 2012-2016, more recent data has shifted in a positive way.

- Close to three-quarters (73%) plan to pay their credit card bills on time
- Almost two-thirds (62%) plan to pay their entire credit card bill each month to avoid interest
- More than half plan to create a budget for spending and saving

Students planning to save for retirement (43%) and build an emergency fund (44%) experienced the sharpest increase (up by close to 10% from 2018).





Despite the increased financial hardships brought on by the COVID-19 pandemic, there has been a drop in plans to engage in risky financial behaviors. These planned behaviors had been on the rise over the past few years, but intentions decreased dramatically in the 2019-2020 academic year with less than 10% planning to make minimum credit card payments, use a credit card to get a cash loan, or declare personal bankruptcy. These shifts are not as dramatic in size compared to the changes in healthier planned behaviors, but they are still encouraging considering their already low incidence rates.

FINANCIAL STRESS

Financial stress is not new to college students, considering the already significant higher education costs and student loan debt. Combined with the impact of the pandemic, it would seem natural for stress levels to rise. However, students across the board reported a decline from prior years in how much anxiety was caused by a series of ten financial topics associated with higher education. Consistent with what we have found in prior years, students reported the highest levels of stress related to financing their education and finding a job after graduation.

When you think about managing your finances while you are in college, which of the following causes you the most stress?

Finding a job after graduation	50%
How much tuition may go up	46%
Applying for financial aid/having enough financial aid	42%
Cost of books and school supplies	42%
Having enough money to last the semester	42%
The amount of student loans I will be taking out	42%
How to pay for/afford another year at school	40%
Finding or keeping a job while in college	37%
Keeping track of spending	34%
Keeping up with my peers	27%
Overdrafting/managing a bank account	26%

In the past year, nearly all financial topics caused less stress, especially related to finding a job after graduation — while this still ranks number one, with 50% saying it is the highest cause of stress, it is significantly lower than reported in 2017, at 72%. Other top causes of anxiety are more practical, near-term concerns, such as increases in tuition, costs of books and supplies, and managing financial aid.

Overall, the pandemic seems to have resulted in students planning to engage in healthier financial decisions, with many reporting they are less anxious in general and more focused on how they will finance their education.

CAREER DEVELOPMENT

This study found the post-graduation job search is causing less anxiety for college students than might have been expected, especially given the volatility of the current job market. Other research raises questions as to whether that confidence is well-founded. Studies have shown that graduating during an economic downturn (such as the Great Recession of 2008) affects earnings, employment prospects, and even the health and happiness of young adults compared to those graduating just beforehand (Selingo & Sigelman, 2020). However, more than one-third of our sample do not expect COVID-19 to have any impact on their post-grad search.

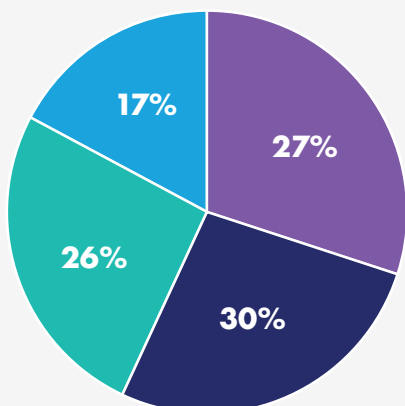
How do you expect COVID-19 to change your post-grad job search? *

No change	39%
It will be harder to find a job	31%
It will be harder to network and attend job fairs	25%
I will have to rely more on personal connections	21%
I will have to broaden my job search	19%
I may make less than I'd like	19%
My job may be fully remote	17%
I'll have less leeway to negotiate a job offer	11%
My start date may get moved	11%
I won't want to live and work in a dense urban environment	8%
My job offer may end up being rescinded	8%

**This is a multi-select question.*

Respondents are split on how COVID-19 will impact the post-graduation job search, but students are bullish about their salary expectations. This optimism may be due in part to a hangover effect as those preparing to graduate during the 2019-2020 school year were expected to enter the best labor market in 60 years (Selingo & Sigelman, 2020).

What do you estimate the salary will be of your first job after graduation with your degree?



Nearly one in five students (17%) expect to make more than \$85,000 in their first job after graduation, up from one in ten in 2019-2020.

Career Paths

While only 16% of our respondents agreed with the statement “I am more interested in working in healthcare because of COVID-19,” we have seen a substantial increase over the past year in the portion of students who describe their intended career path as “healthcare.” Those venturing into healthcare increased from 21% in 2019-2020 to nearly a third, while the second most popular career path, STEM, dropped 5%. Perhaps the current college student population sees vast opportunities for employment and reimbursement in the future healthcare sector.

Which of the following best describes your current intended career path?

Agriculture, Food, and Natural Resources	2.9%	Information Technology	1.3%
Architecture and Construction	2.1%	International Relations	3.1%
Arts, Audio/Video Technology, and Communications	3.9%	Law, Corrections, and Security	0.8%
Business, Management, and Administration	8.0%	Manufacturing	1.4%
Education and Training	7.1%	Marketing	0.4%
Finance	2.1%	Nonprofit/Charitable	0.7%
Government and Public Administration	1.1%	Public Safety (Fire Fighter, Police Officer)	0.6%
Healthcare	32.2%	Social Services	2.6%
Hospitality and Tourism	0.4%	Science, Technology, Engineering, & Mathematics	12.5%
Human Services	2.3%	Other/ Not Sure/Prefer not to answer	14.5%

MOVING COLLEGE STUDENTS FORWARD

Even with the stress, grief and hardship brought on by the pandemic, many college students say they are ready to take care of their finances and are optimistic about post-graduation job prospects.

Given historical context, it is possible this sample of college students are underestimating how their financial and employment prospects will be affected by the current crisis, and this points to the need for increased financial support and education for young adults. Research has shown that financial education can improve knowledge, attitudes and behaviors related to personal finance management. It can also increase students' feeling of self-efficacy and reduce the distress they experience (Yakoboski, Lusardi & Hasler, 2020). Effective financial education does more than contribute to financial knowledge, it also addresses the financial habits that lead to good financial decisions.

It is critical to continue to provide support, skill development, access to resources and financial education to this generation as we watch how the current pandemic plays out in the long-term. As Selingo and Sigelman (2020) state, "It will be quite some time before we understand the full impact of the coronavirus on the long-term labor market and higher education as a whole. But we know from previous business disruptions that what are seen in the moment as temporary shifts often turn into lasting ones."

References

National Council on Economic Education. (2020). *Survey of the states: Economic and personal finance education in our nation's schools in 2020*. New York: NCEE.

Selingo, J. & Sigelman M. (2020). *Good Jobs in Bad Times*. Washington, D.C.: Chronical of Higher Education.

Yakoboski, P., Lusardi, A., & Hasler, A. (2020). *Financial well-being and literacy in the midst of a pandemic: The 2021 TIAA Institute-GFLEC Personal Finance Index*. New York: TIAA Institute, Washington, D.C.: Global Financial Literacy Excellence Center.

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