Undergraduate Coping with Financial Stress: A Latent Class Analysis

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Background

- Costs of attending college keep rising
- Declining family incomes
- Students are financially vulnerable
  - Lack of assets
  - Little financial knowledge
Previous Research

• 1 in 3 described their finances as “traumatic” or “very difficult” to handle (ACHA, 2012)
• Negative impacts of financial stress
  o Attrition (Joo et al., 2008)
  o Lower academic performance (Ross et al., 2006)
  o Anxiety (McPherson, 2012)
  o Depression (McPherson, 2012)

Theory

• Stress and coping
  o Stress – a bodily reaction to an absence of means or external demand
  o Coping
    ▪ How individuals try to reduce stress
    ▪ Varies within and between individuals
    ▪ Styles: Emotion- and problem-focused
• Student engagement theory
Research Questions

1. How common is financial stress among first-year students at bachelor’s granting institutions?
2. How do first-year students cope with financial stress?
3. How do the coping strategies differ by demographic characteristics?

Methods

• Sample
  o NSSE 2012 – Financial Stress Experimental Set
  o 6,243 first-year students at 43 institutions

• Analyses
  o Descriptive statistics
  o Latent Class Analysis (LCA)
  o $X^2$ tests of latent group membership by student characteristics
Descriptive Results

- 60% frequently worried about having enough money for regular expenses
- 59% frequently worried about paying for college
- 42% frequently chose not to participate in activity due to lack of money
- 32% indicated that financial concerns interfered with their academic performance

LCA Results

Note: FS = Financially stressed
Class Membership

Note: FS = Financially stressed

Gender

Note: FS = Financially stressed
Parental Income

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Not financially stressed</th>
<th>FS, no impact</th>
<th>FS, low impact</th>
<th>FS, medium impact</th>
<th>FS, high impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $35,000</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
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<tr>
<td>$35,000-$64,999</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>$65,000-$99,999</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
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<td>$100,000 or more</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Note: FS = Financially stressed

Parental Education

<table>
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<th>Education Level</th>
<th>Not financially stressed</th>
<th>FS, no impact</th>
<th>FS, low impact</th>
<th>FS, medium impact</th>
<th>FS, high impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>High school or less AA or some college</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
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<tr>
<td>Bachelor's</td>
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<tr>
<td>Graduate degree</td>
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</tbody>
</table>

Note: FS = Financially stressed
Race/ethnicity

Note: FS = Financially stressed

Discussion

• Most first-year students evidenced financial stress
• Many students responsibly coped with financial stress
• The most concerning groups:
  o Financially stressed, high impact
  o Financially stressed, no impact
• Financial aid does not appear to be working for some students
• Next steps
Thank You!

For a copy of the paper, go to:
http://nsse.iub.edu/html/pubs.cfm

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