In the U.S., access and admission to college has become available to most of the population. The increased availability and acquisition of student loans has resulted in higher numbers for both college admission and attendance, job markets for college-educated people have become increasingly competitive due to the rate of growth in college graduates annually, and people are burdened with large amounts of debt very early in their lives.

This study locates relationships between student loan debt, financial literacy and management, and life course outcomes by surveying Ithaca College seniors. This research presents a sociological analysis of shifts in culture that are a result of the increased availability of student loans. I have drawn from Bandura’s ‘theory of social learning’ as well as Bourdieu’s ‘theory of human capital,’ to argue that students’ primary and often, only, exposure to financial literacy and management is by the family and is likely to be reproduced over generations without intervention from institutions like school or outside agencies. This lack of financial literacy and management skills provides a threat to individual, as well as collective, financial well-being as more people are responsible for managing more money.

This research project was carried out over the Fall semester of 2017. First, I collected and reviewed over 35 articles to write a literature review of the existing research on financial literacy, financial management, and financialization of higher education. To test students’ financial literacy and financial management skills, I created a 21-question online, self-administered survey and randomly distributed it to 500 Ithaca College seniors. I used SPSS to analyze the data and conclude the findings to write a review paper. The critical questions being answered in this study are: (a) How financially literate are students? (b) What impact does coaching and education about debt management have on students’ financial literacy? (c) What impact does the acquisition or absence of financial literacy and management skills have on students’ life course? Participants were asked to calculate their debts as well, as quantify the amount of financial education about debt management they received prior to and during college.

Additionally, participants were asked if, and how much, their debt would affect dominant transitions into adulthood, including: pursuit of higher education, forming a marriage, having children, purchasing property, and taking a job one enjoys.

Findings demonstrate that people do not feel adequately coached or educated prior to receiving student loans, students are not sufficiently aware of their debt and its potential payoff, nor do they have plans to manage it. Response rates within the survey dropped dramatically when students were asked to name their debt and/or calculate its payoff, indicating a general avoidance or fear of the topic. These findings are alarming because they demonstrate a gap in higher education’s ability to prepare students for adulthood before they transition.

The results will be shared with Ithaca College’s Office of Student Financial Services with hopes of creating better and more accessible and services for students’ debt management. Ultimately,
by creating these inter-department relationships and lines of communication, we can take the necessary steps to creating meaningful social change. Here, the change will come in the form of financial literacy and management skills that can be reproduced over time to sustain and normalize financial literacy and management skills in undergraduate students.