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### Fish in a Barrel: A Campus Solution

There is a shocking epidemic sweeping young adults: Americans age twenty-five and younger are declaring bankruptcy faster than any other group (United States Senate 39). The simple fact is most college age adults are financially illiterate, and this dangerous financial ignorance can be combated with educational programs. The University of South Alabama should implement policy changes to address financial illiteracy in students, including incorporating a personal money management course into the required curriculum. Furthermore, USA actually has an obligation to do so in order to fulfill the goals of the university and the educational needs of students.

The sad reality is college age Americans have an overwhelming lack of understanding with regard to personal money management. A study of high school seniors found that 82% *failed* a basic financial exam (National AEC Chairperson par 3), and this economic ignorance has actually worsened since 1997 (Jump\$start 4). The complete absence of financial understanding in America's young adults has so permeated the collective consciousness that almost half the population believes young adults feel there is a greater likelihood of grossing \$1 million dollars from a reality T.V. show than from managing their finances wisely (Visa USA par 5).

Even more disturbing is when this lack of financial knowledge is coupled with the sudden influx of access to credit that can come with college. Freshmen are typically offered eight credit cards in their first week of college alone (College Costs Beyond par 15). In fact, 83% of undergraduates have a credit card, and almost half have four or more cards (Nellie Mae 2). The

dreadful reality is Americans graduate college with an average of \$20,402 in total debt (Nellie Mae 4). What kind of financial future can be expected from so many young adults in debt when most do not understand what compound interest is (Visa USA par 5)?

It has been argued that since college age adults have legal privileges and responsibilities, they should be expected to make wise decisions including those regarding credit cards (United States Senate 7, 9). Yes, a young adult can legally purchase cigarettes at nineteen in Alabama. However, cigarette packaging bears a government warning citing possible risks associated with the product; credit cards do not display a government warning alerting young adults of the potential long term consequences associated with credit card debt. It is also true that one can legally operate a motor vehicle at sixteen in Alabama, but the state requires testing for licensing. Meanwhile, no financial literacy tests are mandatory for a credit card. More to the point, young adults can enlist in the armed forces and could be drafted if compulsory military service is reinstated. Yet, before sending young adults into war, the military educates and trains them so that they are better prepared for the situations with which they might be presented.

In contrast, what measures is the University of South Alabama taking to prepare its students for their futures financially? The distinction between decisions concerning credit and other adult responsibilities lies in the education and preparation for these obligations and freedoms: young adults are simply not educated to make informed decisions about their finances. Since this financial education does not take place, college students pay the price for this ignorance as they are three times more prone than the general public to credit card payment delinquency (United States Senate 10).

Because of this financial illiteracy epidemic among college students, in 2004 seventeen states either passed legislation or were awaiting the approval of regulations restricting credit card

companies' operations on college campuses (Gormley par 10). Since no state guidelines are currently in place in Alabama, financially ignorant students in our state are at the mercy of their colleges to prevent credit card companies from preying on them on university grounds.

However, universities are often persuaded to allow credit card promotions on campus by the incentives these businesses offer, such as the University of Tennessee's \$16.5 million kickback from First USA (United States Senate 15). Even worse, there is no evidence that any of such royalties on any campus has ever been used for any financial education program (United States Senate 15). Such policy is not wholly unlike taking money from a pedophile and allowing him access to a child who is unaware of the danger; it is predatory behavior even if it is indirect (United States Senate 32). This practice is all the more egregious since it exists within an institution supposing to enrich the lives of its students and entrusted to better prepare them for their futures.

However, banning credit card companies from soliciting students on USA's campus only slightly diminishes students' access to credit. Students still receive credit card applications in the mail, and unlike previous generations, students now are even solicited on the Internet and via email. To tackle the consequences of the virtually eminent introduction to credit cards forced on young adults, South Alabama should require a course in money management for graduation to better prepare students for their financial futures. A course of this type would obviously directly benefit the student population, perhaps more so than classes that are already part of the required curriculum. In truth, the classes that fulfill the Fine and Performing Arts component probably are not more likely to particularly impact students' futures compared to financial literacy classes.

Financial skills are at least as necessary as computer skills regardless of one's career choice in today's world. Why should the University's attitudes toward these different areas of

essential knowledge be so dissimilar? Certainly, a proficiency exam should be offered to allow students already well versed in personal money management the option of receiving credit for the class in lieu of attending the class, just as is offered for other required courses. However, due to the overwhelming lack of financial literacy in young adults the financial management classes will likely be filled.

What's more, there are varieties of financial literacy course formats that have been proven effective (Issues and Recommendations par 8). For example, Visa's "Practical Money Skills for Life" is Internet-based (USA Visa par 8), and Dave Ramsey's "Financial Peace" is audio and video-based (Dave Ramsey par 2). These dynamic formats would not necessarily put an additional burden on students the way an added traditional course would.

Furthermore, South Alabama has pledged to push "students to take responsibility for their own welfare and that of the community" (Goals and Purposes par 3). A financially illiterate student cannot bear such a duty. USA's students cannot be "responsible and effective individuals" if they cannot make educated decisions regarding their financial futures (Goals and Purposes par 4). Until young adults are financially literate before college, South Alabama should take the responsibility of fulfilling the financial education needs of its students.

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