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STUDENT BUDGETING AND SPENDING BEHAVIORS: A COMPARATIVE STUDY

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ABSTRACT

Free from the comforts of home, many students are experiencing being on their own for the first time. One of the challenges they face is budgeting. This becomes particularly problematic when an expected budget item changes. This study examines how students at a small Midwestern liberal arts college meet the budgeting challenge. Do students plan and budget for discretionary items differently than required items? Through our sample, we assess student behaviors and discuss the implications for practice.

The manner in which college students manage their money is based on several factors such as age, personality traits, and knowledge (Norvilitis et al., 2006). College students are in a unique situation because they have restricted incomes and high expenses; therefore, they manage money differently (Micomonaco 2003).

The more knowledge students have about their financial responsibility and status the less likely they are to be in debt (Norvilitis et al., 2006). In "Borrowing Against the Future: Practices, attitudes and knowledge of financial management among college students" Minomonaco finds college students tend not to have a budget or calculate credit card bills based on their actual spending. For example, there was a significant amount of students that did not know their SES or how much they would owe in student loans when they graduate (Minomonaco 2003). Also, only 36% of students with credit cards reported paying off their credit cards bills monthly (Norvilitis et al., 2006). Although, college students are concerned about their future financial status; 67% of freshmen at four-year

colleges or universities have concerns about paying their tuition. This is the highest amount of concern expressed in over a decade (Gordon 2010).

There are many groups of students that accumulate and perceive debt differently, for example, how they used credit cards. Women are more likely to report having a budget then men (Norvilitis et al., 2006), but women more frequently accumulate higher amount credit card debt and total debt (Minomonaco 2003). Also, majority students perceive themselves as more in control of their finances than minority students perceive themselves (Minomonaco 2003).

Some variables did not show differences in the accumulation of debt but perceptions varied among groups. Demographics variables, GPA, and number of hours worked did not play a role in the amount of debt acquired but, students with a higher GPA and/or those who worked more were more worried about their financial status (Norvilitis et al., 2006).

In our study, we look at the printing budget put in place by a small Midwestern liberal arts college. Through 2007 students were allowed unlimited printing from campus computers. Beginning in the fall of 2008, students were charged 4 cents per page printed from a campus computer. Students were also given a printing allowance provided by the school of 14 dollars, the equivalent of 350 pages. Any printing over 350 pages the student would be charged 4 cents per page. Through a survey we evaluate the changes and behaviors of student printing and budgeting. The printing system changed for the classes of 2010 and 2011 from unlimited printing to having a budget. For the other two classes surveyed, the class of 2012 and 2013, the budget was always in affect while attending the college. We assess how the printing budget affects these classes differently and determine

the implications of a printing budget, particularly against other spending habits.

METHODOLOGY

An 18-question survey was developed, and a link to the survey was distributed by e-mail to 2,050 undergraduate students at a small, liberal arts college. Students were asked to complete the survey on line.

PRELIMINARY RESULTS

Of the 2,050 students, 550 responded and completed the survey (26.8% response rate). Of the 550 students, 374 were female (68%). This is slightly higher than the college breakdown of 57% female.

In terms of class standing, there was an approximately equal breakdown of responses. Seniors made up 28.3% of respondents, followed by juniors (25.8%), sophomores (23.5%) and freshman (22.4%).

FINDINGS

Male – Female Differences

We first examined whether there were significant differences between males and females on whether they had a monthly budget for expenses. We found that females were more likely than males to create a monthly budget (t = -2.25, p = .025). In a similar vein, we examined whether there were significant gender differences in dining out. Males were significantly more likely than females to go out to eat (t = 3.83, p = .000). Given that women were more likely to have a budget, this outcome was not too

surprising. Finally, we looked at whether males and females differed in having a daily planner. Females were much more likely to have a planner (t = -4.88, p = .000). Previous unpublished research performed by Quinn and Steiner (St. Norbert College, 2009) also found that women reacted better to a budget imposition, further emphasizing that women are more likely to follow a budget as well.

We then examined difference between males and females regarding use of meal plan dollars. First, we examined whether a significant difference in the number of meal dollars placed into their account. No significant difference was found (t = -.05, p=.962). Second, we examined whether there was a significant difference in spending all their meal dollars. Once again, there was no significant difference (t = .85, p = .399). Finally, we examined whether there was a significant difference in *when* there meal dollars ran out. There was once again no significant difference based on gender (t= -.66, p = .512).

Lastly, we examined print usage and perspectives based on gender. First, females were found to be more likely to spend their entire print budget than males (t = -2.92, p = .004). However, no significant difference was found on spending their entire print budget (t = .17, p = .868) or when the print budget ran out (t = 1.08, p = .281).

Class Standing

Just as we examined the difference between males and females, we also examined differences in budgeting and spending based on class standing. Of primary concern was the implementation of a print budget two years ago. Perspectives on a print budget may differ for juniors and seniors, then freshman and sophomores who have also had a print budget imposed on them.

We first examined budgeting, spending, and planning. First, we found that there was a significant difference in monthly budgeting based on class standing (F = 11.40, p=.000). Seniors were most likely to have a budget, followed by juniors, sophomores, and freshman, in respective order. Similarly, we found a significant difference in eating out based on class standing (F = 2.74, p=.043). Seniors and sophomores were most likely to eat out. However, there was no significant difference in use of a daily planner based on class standing (F=1.47, p=.221).

We then examined spending habits by first looking at how students used their meal dollars. First, we found a significant difference in the use of meal dollars (F = 63.90, p=.000). Given that juniors and seniors often move away from residence halls to fend for themselves, it is not surprising that they were much less likely to have meal dollars than sophomores and freshman. Second, there was a significant difference in the amount of meal dollars placed in student accounts (F=16.84, p = .000). Seniors had the most dollars, followed by juniors, sophomores, and freshman, respectively. This could be due to simple experience over the years regarding how much they might really need to spend on meals over a semester. Finally, no significant difference was found on spending all their meal dollars (F = 2.30, p=.077) or the time when meal dollars ran out (F = .59, p=.625).

We took a similar approach to examining the use of a print budget. First, no significant difference was found based on awareness of the college's imposed print budget (F=.62, p=.599). However, significant differences were found based on spending the imposed print budget (F=21.67, p=.000). Juniors and seniors were much more likely

than sophomores or freshmen to spend all the dollars in their print budget. This could be due to the greater research requirements placed on upperclassmen. Another explanation, however, might be when the print budget was imposed. For both seniors and juniors, printing was free when they were sophomores and freshmen, respectively. By the next year, however, the college implemented the printing budget for all students. The printing habits learned by juniors and seniors in their first few years may have been a factor in printing behaviors even after the budget was enacted.

In addition to the survey, a few emails were sent by students (only juniors and seniors) expressing additional opinions and concerns about printing at the college. These emails entailed additional critiques of the printing budget mainly placing blame on certain professors or majors; however these questions have already been refuted in previous unpublished research done about printing behaviors by Quinn and Steiner (St. Norbert College, 2009). Their research from the same institution including some of the same students found no statistical link between professors, classes, or majors and student printing. Furthermore, the study found environmental and cost-reducing benefits as a result of the program. This result was not completely instilled in the student body, as evidenced by responses that the budget was not necessary for environmental protection or cost-reduction by the college.

There were also significant differences on when the print dollars when out. Freshmen were much more likely to spend all their dollars quickly than juniors and seniors. This could be due to lack of awareness of their budget, or not planning appropriately. Nearly 20% (19.11) of the students responding to the survey seleced the

wrong amount for the imposed print budget. Finally, significant differences existed based on remaining balance amounts (F=2.71, p=.046).

CONCLUSION

Clearly, a limitation of the study is that it focused on a relatively homogenous population at one school. Would students at larger, more diverse campuses have similar outcomes?

As the study demonstrates, women were much better planners and budgeters than males. Similarly, students became better budgeters and planners as they matured. As a result, the college should start examining how they can better inculcate the younger male population.

References

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