Financial Anxiety of First Generation College Students

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Background and Purpose

Students suffering from financial anxiety experience a number of negative consequences, such as greater student loan debt, owning more credit cards, and increased frequency of carrying credit card debt (Britt, Canale, Fernatt, Stutz, & Tibbetts, 2015). Financial anxiety may also alter student priorities, with those experiencing anxiety being more apt to work longer hours than their non-financially stressed counterparts (Bennett, McCarty, & Carter, 2015). The financially strained tend to be older, female, married, non-white, have more siblings, and have lower perceived net worth (Bennett et al., 2015; Britt et al.,2015). The effects of financial anxiety have been linked to college attrition (Hogan, Bryant, & Overmyer-Day, 2013).

Despite the attention paid to financial anxiety among college students, less research has focused on first-generation students. First-generation students are more likely to have lower-income families, be minorities, non-traditional age students, financially independent, and have dependent children of their own (Shultz, 2013). First-generation students tend to prioritize working over academics (Warburton, Bugarin, & Nunez, 2001), which could be related to their lower overall GPAs and increased risk for reducing their enrollment or dropping out of school (Ishitani, 2003).

Social behavior of first-generation students differs from that of students who are second-generation or beyond. First-generation students report that they receive less support, have less interaction with peers while in college, and are less likely to disclose that they are experiencing stressful life events to family, friends from school, or friends from home (Barry, Hudley, Kelly, & Cho, 2009; Pascarella, Pierson, Wolniak, & Terenzini, 2004). With less social support, first-generation students report lower life satisfaction and have higher rates of depression (Jenkins, Belanger, Connally, Boals, & Duron, 2013).

The purpose of this study was to examine the predictors of financial anxiety for first-generation and non-first generation students. The ramifications of financial anxiety are pertinent to college and university administrators as increased levels of unmet financial need have been associated with reduced academic performance, and financially-anxious first-generation students have been shown to view their campus environment as less supportive (Mrozinske, 2016). Increased understanding of the unique challenges faced by first-generation students may equip academic administrators to better serve this population through revisions to university policy, financial counseling, or student financial education.

Theoretical Rationale

The current study expands upon the work of Heckman, Lim, and Montalto (2014), which used the Roy Adaptation Model (RAM)—a framework explaining individuals' responses to environmental stressors and their resulting adaptation or maladaptation (Roy, 2009). According to RAM, adaptation to stressors is influenced by physiologic needs, self-concept, role function, and interdependence. Physiologic needs consist of basic biological functions necessary for survival such as food, housing, and medical care. Self-concept involves one's beliefs and feelings about themselves, including their personal values, esteem, and expectations. Role function refers to one's sense of identity in relation to others. Demographic characteristics help form social identity within role function, while interdependence focuses on interactions with others and perceived social support. Heckman et al. (2014) found that higher levels of each measure were associated with reduced likelihood to report financial stress.

Methods

Data

Data were obtained from undergraduates enrolled during the spring 2014 semester at a large Midwestern public university. A total of 16,675 survey links were successfully e-mailed and 3,339 surveys were returned as useable. Respondents were eligible to receive a small gift and were entered into a drawing for larger prizes.

Variables

Outcome. Financial anxiety was measured with a seven-item scale regarding physical and mental stress related to one's financial situation. Scores ranged from 7 to 49 with higher numbers indicative of higher levels of financial anxiety (M = 20.94; α = 0.96). Only respondents who answered all items within the scale were included in the final sample. Predictor variables for financial anxiety represented basic financial needs, self-concept, role function, and interdependence constructs.

Basic Financial Needs. Basic financial needs were measured by perception of current income and ability to meet needs variables. Perception of current income was based on the respondents' answer of the following: "To what extent do you think your current income is enough for you to live on?" Those who answered they could only meet basic necessities or that they could not meet necessities were coded as not having enough to live on. Those who answered they could afford some, but not all, of the things they wanted were deemed to have just enough, and those who could afford everything or nearly everything that they wanted were considered to have more than enough to live on. Respondents' ability to meet needs was measured by the sum of answers to 15 questions regarding the frequency respondents could pay for common household goods (range of 15-90; α = 0.90).

Self-concept. Self-concept variables included peer financial comparison, subjective financial knowledge, and perceived mastery. To capture the categorical peer financial comparison variable, respondents were asked: "compared to my friends, I am worse, the same, or better off financially." Subjective financial knowledge was measured by asking respondents to rate their financial knowledge relative to peers on a scale of 1-10, with 10 being the highest level of knowledge. Pearlin et al.'s (1981) seven-item scale was used to measure perceived mastery (α = 0.81).

Role-Function. Respondents' role functions within their families and society were measured using demographic information including age, gender, race, class year, and employment status. Race was coded as a binary variable indicating either white or non-white. Class year was a categorical variable with freshman, sophomore, junior, or senior classes. Respondents were determined to be employed if their self-reported, take-home pay was greater than zero. Workers were coded as full-time if their monthly take-home pay was greater than what an employee would make working 20 hours a week while making minimum wage ($462). Those making less than that figure were labeled as part-time workers, and all others were coded as non-workers.

Interdependence. The interdependence variable was calculated as the sum of three responses to items measured on a five-point Likert scale (α = 0.73). The items asked participants about available time to be with friends, availability of someone to talk to, and frequency with which they interact with friends and family.

Results

Descriptive statistics are shown in Table 1. Two regression models were produced corresponding to first-generation and non-first generation student populations (see Table 2). Model R^2 ranged from 0.42 to 0.44. First-generation students reported approximately 4.5 points higher financial anxiety than non-first generation students [$t(1555) = -9.49$, $p < .001$].

The proxies for self-concept had the largest contribution to both models based on standardized beta values. First-generation students reported a 4.18 reduction in financial anxiety when they perceived themselves as better off financially than their peers. Those who felt worse off reported a 5.35 increase in financial anxiety. Non-first generation students similarly reported a 4.49 reduction in anxiety when better off than peers and a 5.18 increase when worse off than peers. Higher mastery was associated with reductions of 0.81 and 0.55 in financial anxiety for first-generation and non-first generation students, respectively. Interestingly, subjective financial knowledge was associated with an increase in financial anxiety.

Consistent with theory, perceptions of income inadequacy were linked to higher levels of anxiety. First-generation students reported a 3.73 increase, and non-first generation students reported a 2.67 increase. Contrastingly, the perception of having more than enough income was correlated with reductions in financial anxiety of 2.77 and 2.64 for first-generation and non-first generation students, respectively. Higher reported ability to meet needs corresponded with a small reduction in financial anxiety.

Males reported lower financial anxiety with beta coefficients of -2.22 for first-generation students and -1.88 for non-first generation students. Full-time work status was linked to increased anxiety in both

models, raising anxiety by 2.68 for first-generation students and 2.67 for non-first generation students. Part-time employment was significant only for non-first generation students (B = 2.10, p < .001)

The interdependence variable had a negative association with financial anxiety among non-first generation students (B = -0.35, p < .001), but not for first-generation students.

Conclusion and Relevance

Students' self-concepts are key determinants of financial anxiety. Both first-generation and non-first generation students compare their financial position to that of their peers and experience increased anxiety when they feel worse off than their counterparts. Consistent with prior research, those who feel more in control of life's events have lower levels of anxiety (Heckman, Lim, & Montalto, 2014). Also, both groups of students displayed heightened anxiety when working during school.

While self-concept is important to both first-generation and later-generation students' financial anxiety levels, disparities between these groups also emerged. First-generation students have higher financial anxiety relative to their non-first generation counterparts. Social interdependence also had varied results between groups. While non-first generation students showed lower levels of financial anxiety when interdependence was high, first-generation students showed no significant link between interdependence and financial anxiety.

The findings of this study have important implications for university personnel and policy makers. First-generation students have shown to possess unique financial profiles and needs that may be addressed by their universities. For example, the increased anxiety that is associated with working during degree attainment years could potentially be mitigated through increased access to student work-study programs. Additionally, peer financial counseling and general programming may result in more engaged first-generation students, providing a support network that enables them to better manage financial anxiety.

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Table 1
Descriptive Statistics

	First-Generation Student			Non-First Generation		
Predictor	*M*	*SD*	*α*	*M*	*SD*	*α*
ANXIETY	23.92	11.94	0.96	19.43	10.52	0.96
BASIC FINANCIAL NEEDS						
Perception of current income						
Just enough	0.39	0.49		0.47	0.50	
Not enough	0.50	0.50		0.40	0.49	
More than enough	0.10	0.30		0.13	0.34	
Ability to meet needs	66.02	13.73	0.91	69.80	13.71	0.90
SELF-CONCEPT						
Peer financial comparison						
About the same	0.48	0.50		0.56	0.50	
Better off	0.20	0.40		0.28	0.45	
Worse off	0.32	0.47		0.16	0.37	
Subjective financial knowledge	6.50	1.73		6.22	1.80	
Perceived mastery	28.28	4.77	0.81	28.99	4.56	0.81
ROLE FUNCTION						
Age	21.92	3.96		20.64	2.30	
Male	0.36	0.48		0.38	0.49	
White	0.75	0.44		0.87	0.34	
Freshman	0.14	0.34		0.15	0.36	
Sophomore	0.23	0.42		0.26	0.44	
Junior	0.23	0.42		0.21	0.41	
Senior	0.40	0.49		0.37	0.48	
Non-workers	0.21	0.41		0.27	0.44	
Part-time work status	0.41	0.49		0.43	0.50	
Full-time work status	0.38	0.49		0.30	0.46	
INTERDEPENDENCE	12.82	2.78	0.73	13.65	2.58	0.71

N	755	1,491

Table 2
Financial Anxiety for First Generation v. Non-First Generation Students

	First-Generation Student			Non-First Generation		
Predictor	*B*	*SE B*	*β*	*B*	*SE B*	*β*
BASIC FINANCIAL NEEDS						
Perception of current income (Just enough)						
Not enough	3.73***	0.74	0.16	2.67***	0.47	0.12
More than enough	-2.77*	1.25	-0.07	-2.64***	0.68	-0.09
Ability to meet needs	-0.09*	0.04	-0.10	-0.10***	0.02	-0.13
SELF-CONCEPT						
Peer financial comparison (About the same)						
Better off	-4.18***	0.97	-0.14	-4.49***	0.51	-0.19
Worse off	5.35***	0.80	0.21	5.18***	0.64	0.18
Subjective financial knowledge	0.96***	0.20	0.14	0.40**	0.12	0.07
Perceived mastery	-0.81***	0.08	-0.33	-0.55***	0.05	-0.24
ROLE FUNCTION						
Age	0.06	0.09	0.02	0.25*	0.11	0.05
Male	-2.22**	0.70	-0.09	-1.88***	0.44	-0.09
White	-0.58	0.77	-0.02	-1.03	0.63	-0.03
Sophomore (Freshman)	-0.17	1.12	-0.01	0.73	0.68	0.03
Junior (Freshman)	0.40	1.15	0.01	0.20	0.74	0.01
Senior (Freshman)	1.31	1.11	0.05	0.76	0.75	0.04
Part time work status (no work)	1.75	0.90	0.07	2.10***	0.52	0.10
Full time work status (no work)	2.68***	0.94	0.11	2.67***	0.59	0.12
INTERDEPENDENCE	-0.07	0.17	-0.02	-0.35***	0.11	-0.08
Constant	40.72***			38.32***		
Adjusted R^2	0.44			0.42		
F Value	38.01***			67.73***		

N	755	1,491

Note: *p < .05. **p < .01. ***p < .001.