

Executive Summary: Nevada Veterans Survey

UNLV School of Environmental and Public Affairsⁱ

The School of Environmental and Public Affairs at the University of Nevada, Las Vegas, created a survey to assess the financial stability of Nevada veterans. The survey was funded by a grant from Schwab Bank. Survey goals were to research the major barriers veterans face as they work to build assets; access stable and high quality financial products and services; and assess veteran use of financial products and services. Objectives for this survey project were to identify patterns of financial literacy, management, and preparedness within the Nevada veteran community. A major focal area of the survey was centered on the use of pay day lending and cash advance services by Nevada veterans. As part of the analysis five variables were selected as possible impact variables on pay day lending usage, including; questions about veteran transitional programs and individual financial confidence and preparedness.

Original survey design sought to survey Nevada veterans by utilizing the Green Zone Network with communications to be posted both online and sent to veterans via email. During survey development, discussions took place with Veteran Program Directors at the various colleges and universities in the State of Nevada to deploy the survey to student veterans as an initial pilot of the Nevada Veterans Survey. Student respondents represented a significantly larger portion of the sample population than anticipated, however; results clearly indicate the existence of a problem with pay day lenders and veterans in Nevada. Analytic methods, using descriptive statistics and cross-tabulation, focused on determining possible relationships between pay day lending variables and veteran specific and other demographic variables.

Results and analysis of the Nevada Veterans Survey indicate Nevada veterans are seeking pay day lenders and/or cash advance services for their lending needs. Many of these veterans have previous interactions with these lending services either during active duty or as veterans with a substantial number of veterans with current outstanding debts to pay day lenders. Other concerning issues identified include; advertising practices, storefront location and residential zoning, as well as individual assessment of financial confidence and preparedness. Future research is recommended to further explore veteran financial management and literacy statewide

and should include data related to zip code of residence, mapping pay day lending locations by zip code, and inclusion of title loan services.

For additional information about the Nevada Veterans Survey, please contact Dr. Christopher Stream (chris.stream@unlv.edu), or Graduate Assistants Justin S Gardner (GARDN118@unlv.nevada.edu), or Ben Ralphs (ralphs@unlv.nevada.edu).

Introduction

The School of Environmental and Public Affairs at the University of Nevada, Las Vegas, created a survey to assess the financial stability of Nevada veterans. The goal was to research the major barriers veterans face as they work to build assets, access stable and high quality financial products and services, and to assess the use of financial products whose utilization might not be in the best interest of the veteran. An additional goal of this survey is to identify patterns of financial literacy and preparedness within the Nevada veteran community. A major focal area of the survey was centered on the use of pay day lending and cash advance services by Nevada veterans.

The Nevada Veteran Survey was first sent out to current student veterans at Nevada colleges and universities by Veteran Program Directors at each institution. After approximately two-weeks a link to the survey was posted on the Green Zone Network website to include non-student veterans in the survey. During a three-week survey time period there were a total of 432 respondents. The following report summarizes the pay day lending and cash advance findings, questions 32 through 42, from the Nevada Veterans Survey. As part of the analysis five variables were selected as possible impact variables on pay day lending usage. The five questions utilized as possible impact variables for pay day lending usage in Nevada veterans are listed below:

- In which branch or component of the military did you serve? (Question 1)
- What was your final rank? (Question 3)
- Did you receive any formalized preparation training, resources, information, or support (TAPS) as you transitioned from active duty? (Question 6)

- How confident do you feel about your ability to meet your future financial obligations? (Question 20)
- How well prepared do you believe you are, financially speaking, for an emergency? (Question 21)

Question 32: Have you ever utilized a pay day lending or cash advance service?

To assess the possible existence of issues of payday lending use amongst Nevada veterans, Nevada Veteran Survey results were compared to *A Survey about Financial Literacy Among the U.S. Military* prepared for the NFCC as part of their *2014 Consumer Financial Literacy Survey*. This NFCC sponsored survey found that approximately 6% of 267 qualified active-duty service members utilized a pay day lender or cash advance service in the past 12 months. Results from the Nevada Veteran Survey indicated that 20.0% of Nevada respondents answered ‘yes’ when asked if a veteran utilized a payday lending or cash advanced service. Nevada veterans from this 20.0% were distributed across military branch with 26.1% from the Army, 20.0% from the Marines, 18.5% from the Air Force, 18.2% from the Reserves, National Guard, and Coast Guard, and 16.3% from the Navy. The distribution of these veterans based on final military rank found the majority of pay day lending usage from the enlisted veterans with 44.16% of respondents from E1-E4 ranks and 50.65% from E5-E9 ranks. Formalized transitional training was received by 62.34% of respondents who have used a pay day lending service, while 37.66% of respondents reported they did not receive any formalized training. Veteran confidence in their abilities to meet their future financial obligations was found to be statistically significant when compared to pay day lending utilization. The comparison of veterans in our sample population indicates a difference in financial confidence between veterans utilizing payday lending or cash services and those that do not.

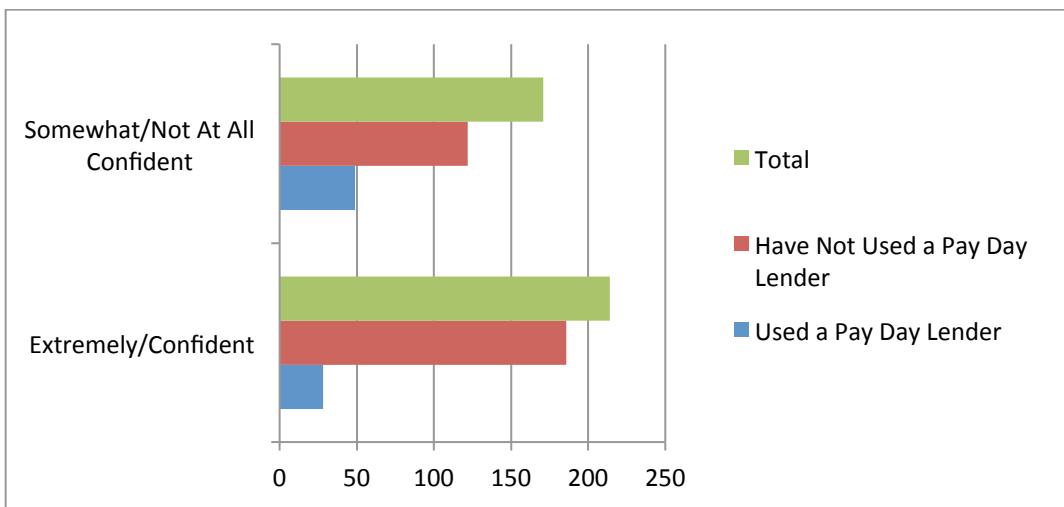


Figure 1: Usage of Pay Day Lender & Veteran Financial Confidence

Similarly, veteran feeling of preparedness for a financial emergency was statistically significant when compared to pay day lending usage during cross-tabulation analysis. Respondents who used a pay day lending service more often reported themselves as somewhat or not at all prepared for a financial emergency. More than 83% of respondents who have used a pay day lending service feel either somewhat or not at all prepared for a financial emergency. These findings were found to be statistically significant when compared to veterans who have not used a pay day lender. The cross tabulation completed on the sample population indicates veterans utilizing payday lending or cash services do not feel prepared for a financial emergency.

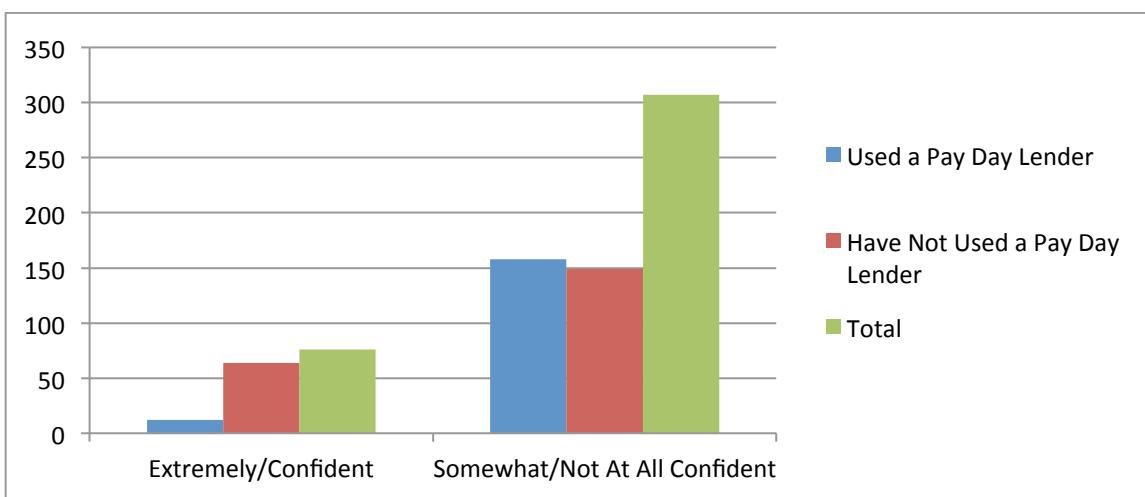


Figure 2: Usage of Pay Day Lender & Veteran Financial Confidence

In conclusion, The Nevada Veteran Survey showed veteran utilization of payday lending or cash advanced services does not appear to differ based on military branch or final rank (E1-E4, E5-E9). Additionally, results indicated veteran utilization of payday lending or cash advanced services does not depend upon receipt of formalized transitional training. The survey did find veterans who utilized payday lending or cash advanced services were less likely to feel prepared for a financial emergency. The Nevada Veteran Survey has highlighted areas of concern regarding *confidence* to meet future financial obligations and *preparedness* for financial emergencies. The areas of concern (preparedness and confidence) highlighted in Nevada Veteran Survey need to be studied further to create data driven models with capabilities of measuring impacts to preparedness and confidence variables.

Question 33: Why have you utilized or needed to use pay day lending or cash advance services?

The survey sought to understand veteran circumstances and life-events that have led to or encouraged utilization of pay day lending services. Figure 3 below provides a tabular display of the possible reasons a veteran might have pursued a pay day loan. This question was modified from the National Foundation for Credit Counseling to determine possible programmatic and policy actions that could help to address the pay day lending issue for Nevada veterans.

Unexpected expenses	Medical emergency	Difficulty paying for housing	Difficulty paying credit card vehicle student loans	Difficulty paying monthly bills	School supplies	Seasonal or holiday gifts	Entertain or travel
44	11	26	25	36	16	10	12

Figure 3: Usage of Pay Day Lender & Reasons for Using Pay Day Lender

Question 34: Did you or someone in your household utilize a pay day lending or cash advance service while you were on active duty?

Survey results indicate that 59% of veterans from the Air Force or someone in their household utilized a payday or cash advance lending service while they were on active duty. This

is particularly significant in comparison to the other military branches. The largest difference was with the Navy. Only 7% of Navy respondents indicated they used a pay day lending or cash advance service while they were on active duty. The Marines were also significantly high, with 44% of Marines or someone in their household reporting to have used a pay day or cash advance service. Approximately 26% of Army veterans indicated they had utilized a pay day or cash advance service while on active duty.

Officers were found to have a higher rate of pay day lending use while on active duty at 75%, however, there were not enough respondents, 4-total, to compare with a cross-tabulation analysis. Results also indicated a significant difference in usage of pay day lending while on active duty when compared with self-assessed financial preparedness. Financial preparedness was defined as financially prepared in the event of an emergency.

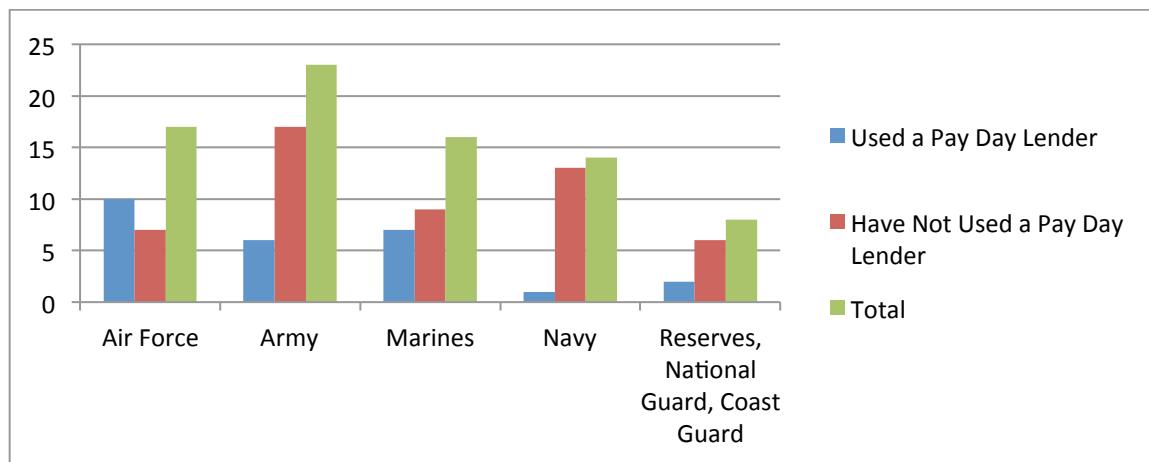


Figure 4: Household Usage of Pay Day Loan & Veteran Military Branch of Service

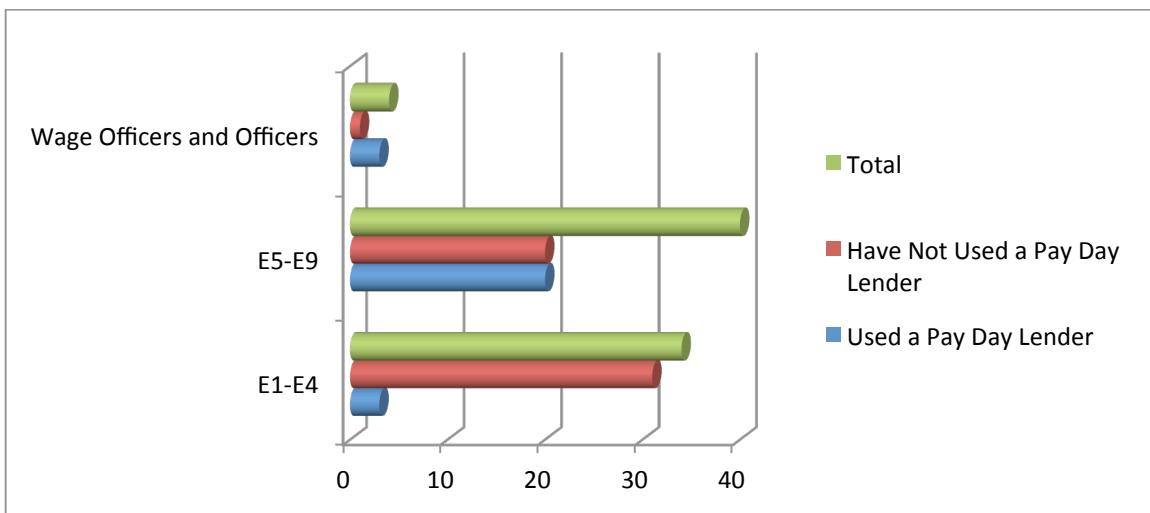


Figure 5: Household Usage of Pay Day Loan & Veteran Final Rank

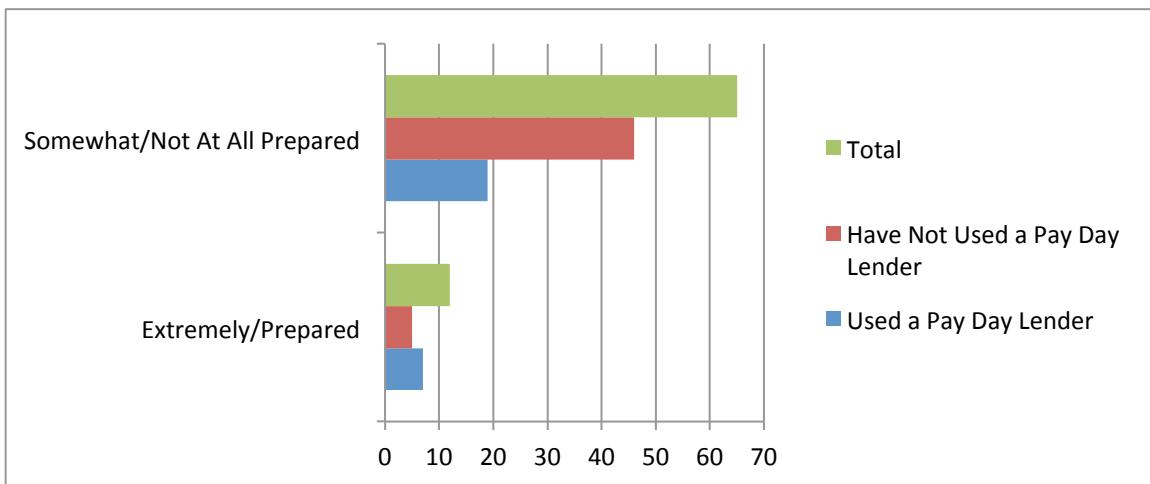


Figure 6: Household Usage of Pay Day Lender & Veteran Financial Preparedness

Question 35: Have you or someone in your household utilized a pay day lending or cash advance service since leaving the military?

Since leaving the military, nearly 3 out of 5 Nevada Veteran households (56%) have utilized a payday lending or cash advance service. This number seems to reflect findings in the National Foundation for Credit Counseling (NFCC) Survey that studied financial literacy amongst the American public and active-duty military personnel in 2014. Respondent data indicates that 60% of veterans had to look outside traditional institutions to locate a lender who could meet their needs. What is particularly compelling is that only 6% of the 267 active duty service member respondents from the NFCC Survey indicated they used a cash advance or

payday loan company. It is important to note that the Nevada Veterans Survey asks respondents if they or someone in their household utilized this type of lending whereas the NFCC Survey asks specifically if the respondent has done so.

Survey results showed households that have utilized a payday lending or cash advance service, and households with Marine Corps affiliation were most likely to utilize the lending service. Only 6% of Navy veterans utilized the service followed by Air Force (16%), Army (40%), and Reserves, National Guard, and Coast Guard combined (25%). Respondent data also showed that 6 out of 10 (64%) came from ranks E-1 to E-4 households have utilized a payday lending or cash advance service. Among those households that have utilized a payday lending or cash advance service, nearly 3 out of 5 (58%) received formal training and information during transition from active duty. While only 1 out of 3 (33%) of respondents who reported using a payday lending or cash advance service felt that they were extremely prepared for a financial emergency, over half (52%) were extremely confident that they could meet their future financial obligations.

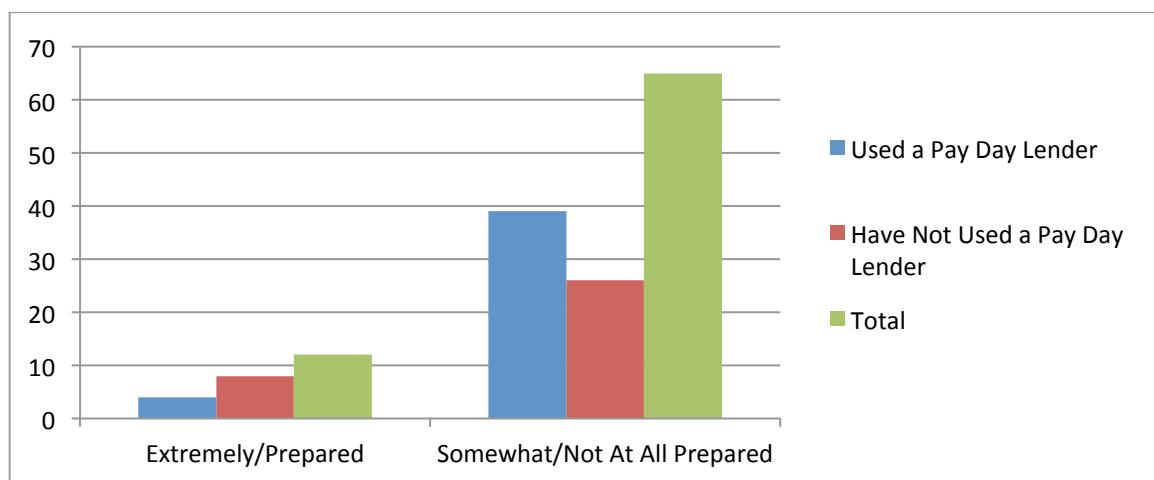


Figure 7: Household Usage of Pay Day Lender & Veteran Financial Preparedness

Question 36: Have you or someone in your household utilized a pay day lending or cash advance service in the past 12 months?

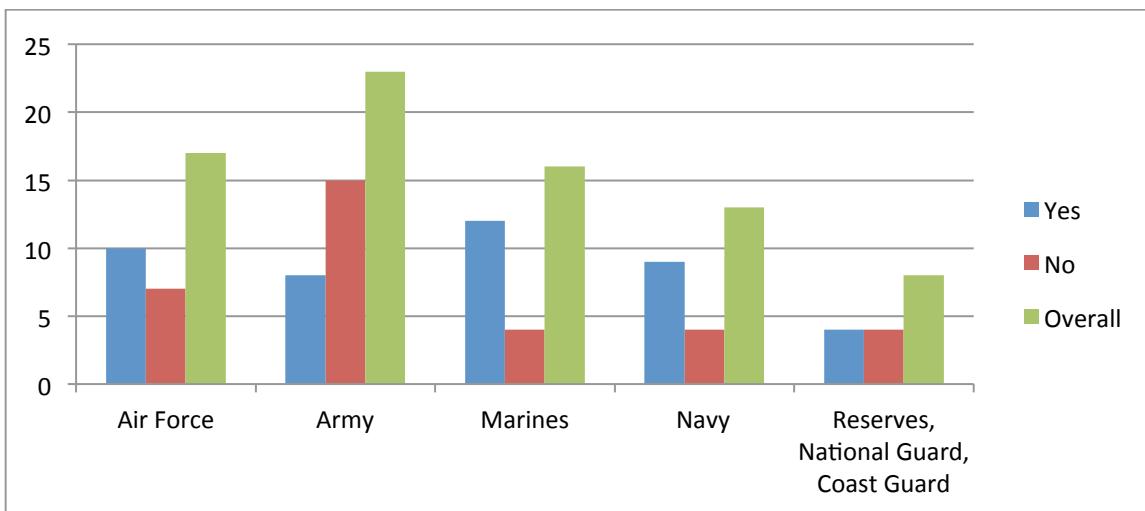


Figure 8: Household Usage of Pay Day Lender & Veteran Military Branch of Service

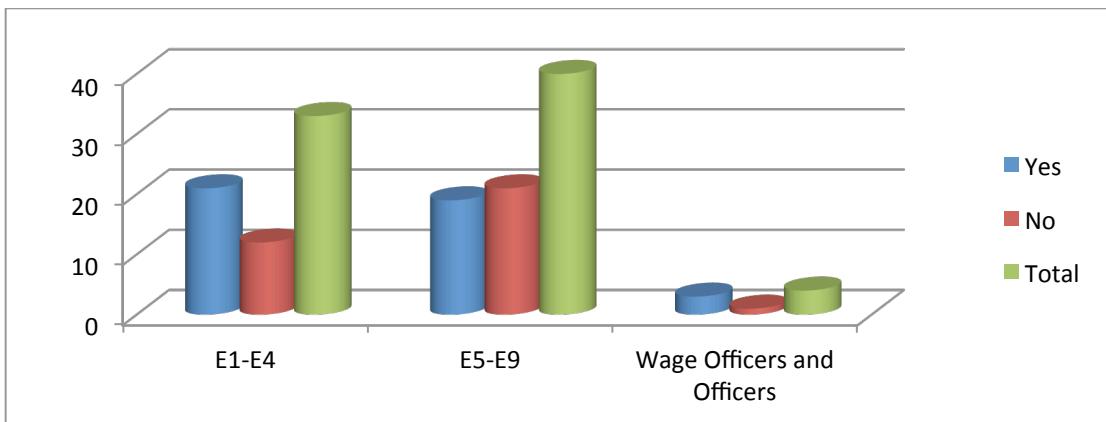


Figure 9: Household Usage of Pay Day Lender & Veteran Final Rank

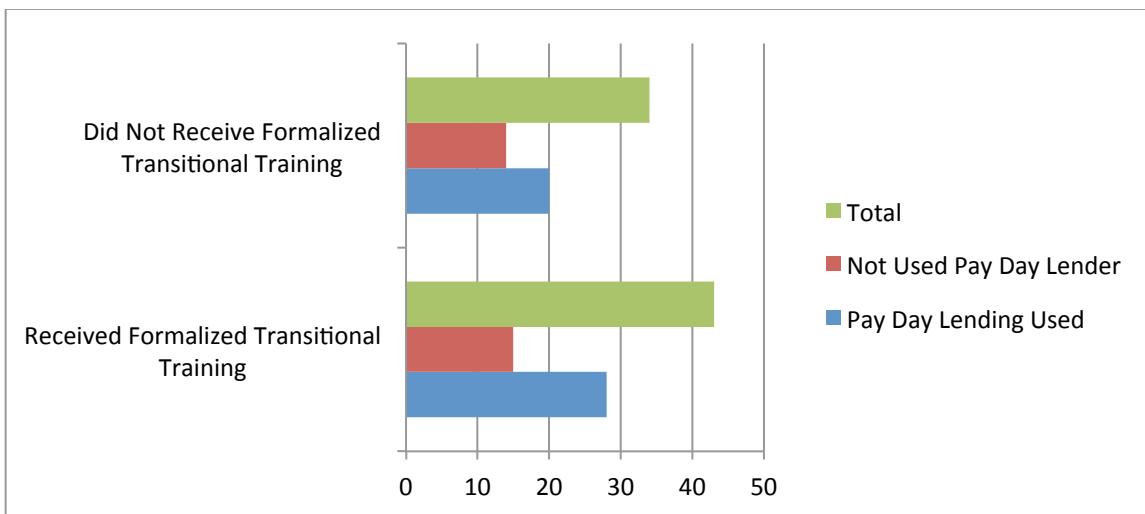


Figure 10: Household Usage of Pay Day Lender & Formalized Transitional Training

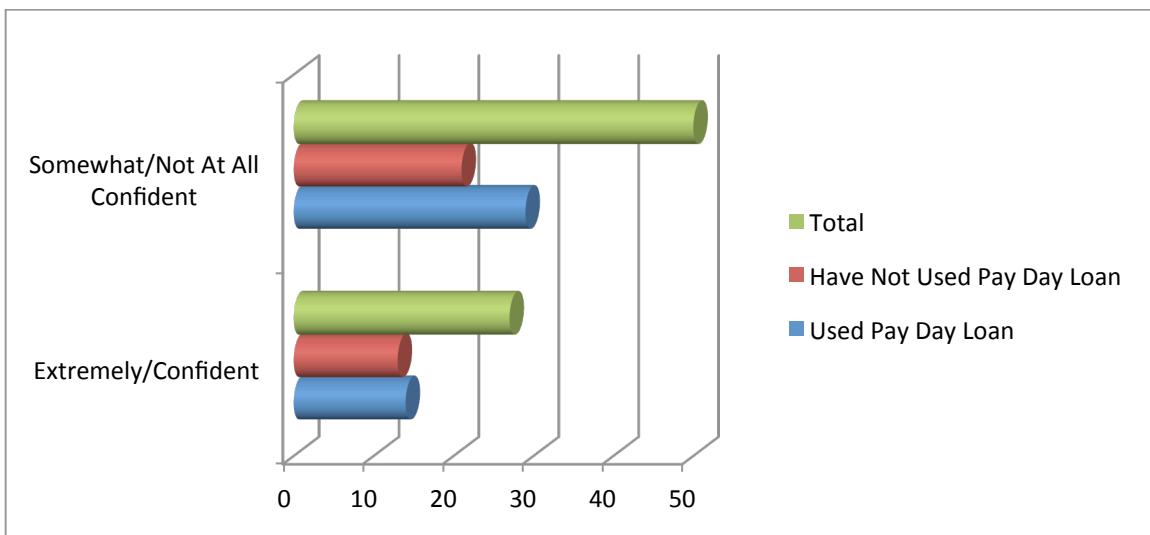


Figure 11: Household Usage of Pay Day Lender & Veteran Financial Confidence

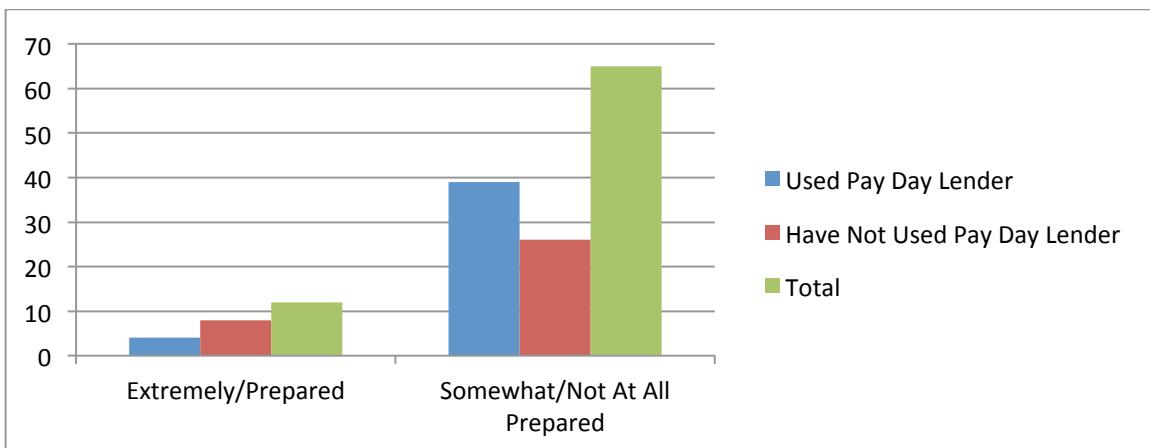


Figure 12: Household Usage of Pay Day Lender & Veteran Financial Preparedness

Question 37: Do you currently have any outstanding debts to a payday lending or cash advance service?

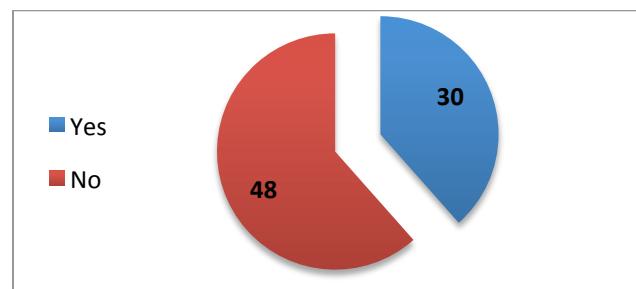


Figure 13: Veteran Pay Day Lending Usage & Outstanding Pay Day Lending Debts

There were a total of 432 respondents to this question, from which 78 respondents indicated they have used a pay day lending service of which 39 respondents reported having an

active pay day lending debt. While there was no significance found between respondents as far as differences between the military branches, there were some interesting points. Out of the 78 respondents, the majority indicated on the survey they had served in the Army, while the fewest respondents indicated they were Coast Guard, Reserves, or National Guard. What is interesting is that a higher percentage of those in the Coast Guard, Reserves, or National Guard (5 out of 8) indicated yes to this question as opposed to the Air Force members who indicated yes to this question (4 out of 17). This may be seen in Figure 14, and could mean Air Force veterans are more informed, more educated, of higher ranked, have better financial situations, or simply there were so few responses by the Coast Guard, Reserves, or National Guard. Further research is suggested in this area.

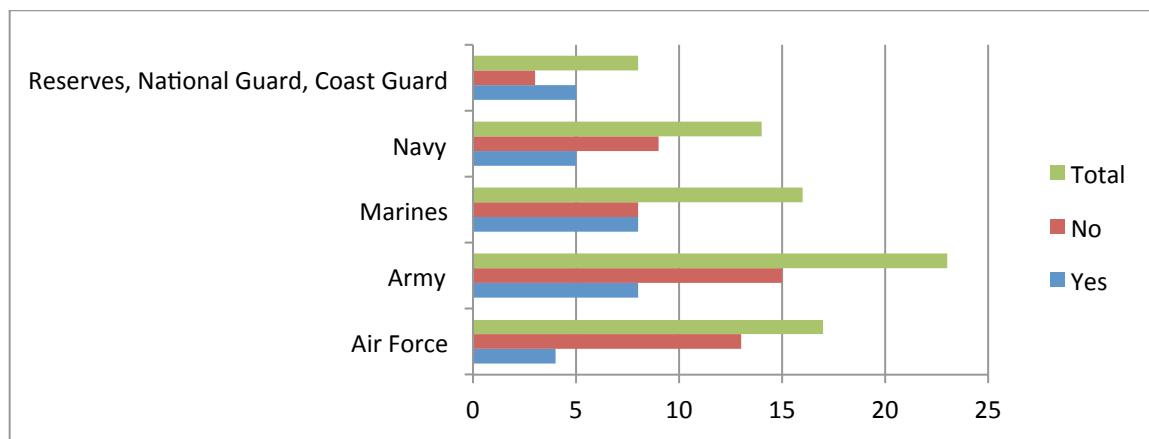


Figure 14: Pay Day Lending Outstanding Debts & Veteran Military Branch of Service

As shown in Figure 15 below, respondents that answered the survey question about financial preparedness, 30 veterans indicated they currently have an outstanding debt, while 47 respondents indicated they do not currently have an outstanding debt. Of the 30 respondents that indicated they still had a debt, 86% of them stated they were somewhat/not prepared at all for a financial emergency, and similarly of the 47 respondents that indicated they did not have a debt, 82% of those respondents indicated they were somewhat/not at all prepared for a financial emergency. While there was no significance found, it is interesting to note that the majority of respondents are either not prepared at all for financial emergencies or only somewhat prepared.

There is a missing variable linking the people getting loans versus the people that are not getting loans since both groups of people are about the same when it comes to not being prepared for financial emergencies. Perhaps the people who are getting loans had easier access, did not think to check elsewhere, had no other choice, etc. Further research related to this observation is recommended.

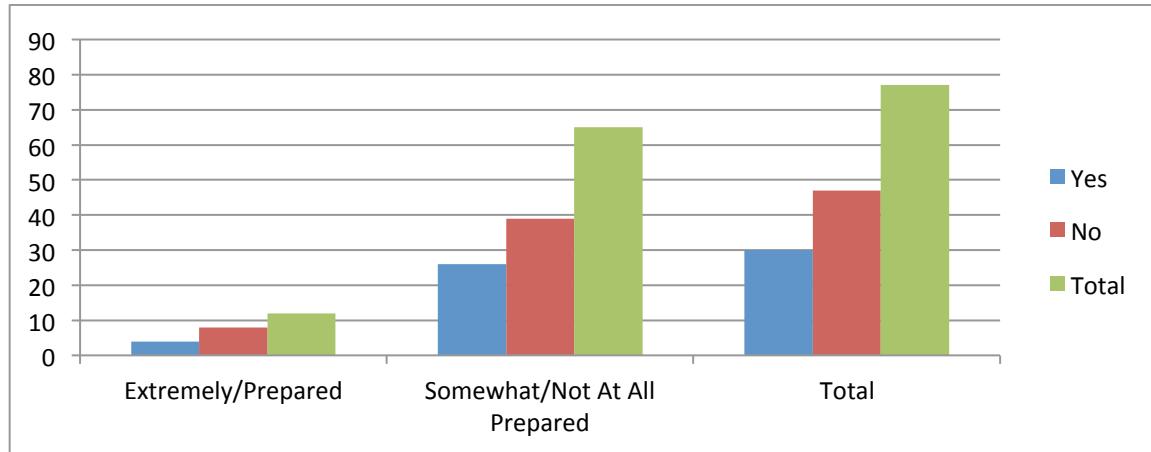


Figure 15: Pay Day Lending Outstanding Debts & Veteran Financial Preparedness

Question 38: How much money did you borrow from the payday lending or cash advance services?

There were a total of 77 respondents for this question. Of the respondents that participated in payday lending services, 17 served in the Air Force, 23 served in the Army, 16 served in the Marines, 13 served in the Navy, and 8 served in the Reserves, National Guard, and Coast Guard, as shown in Figure 16 below.

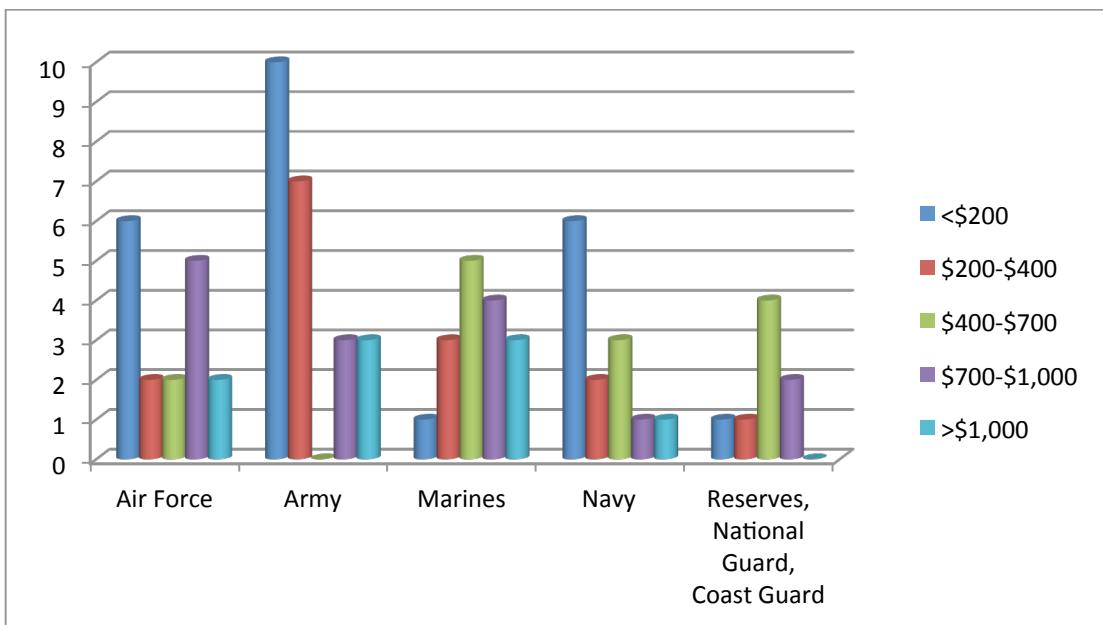


Figure 16: Pay Day Loan Amounts & Veterans by Military Branch

Of the total respondents, 31% borrowed less than \$200, 19% borrowed between \$200 and \$400, 18% borrowed between \$400 and \$700, 19% borrowed between \$700 and \$1,000, and 11% borrowed over \$1,000, as shown in Figure 17 below.

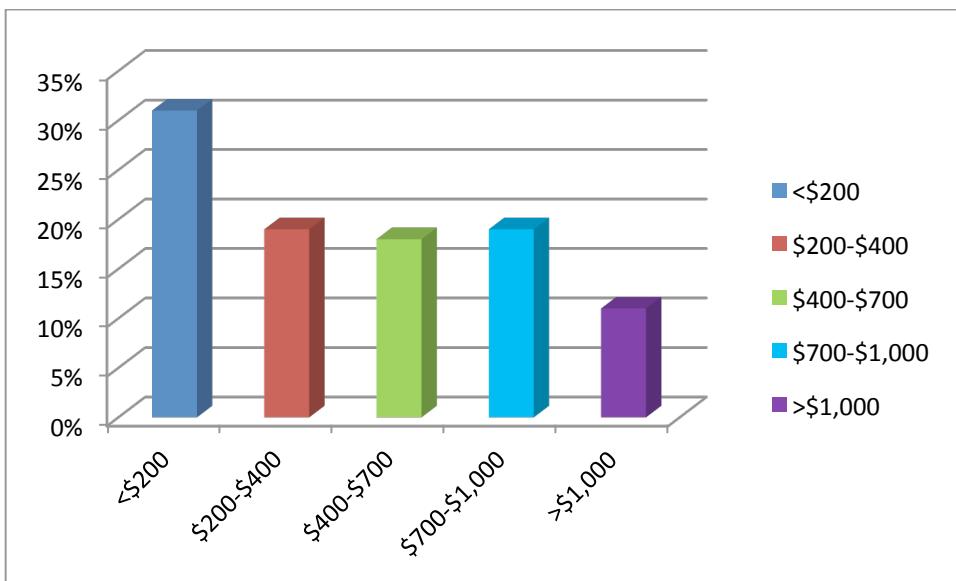


Figure 17: Percentage of Pay Day Loans by Amount

The Air Force represents 22% of the respondents, the Army 30%, the Marines 21%, the Navy 17%, and 10% for the Reserves, National Guard and Coast Guard, as shown in Figure 18 below.

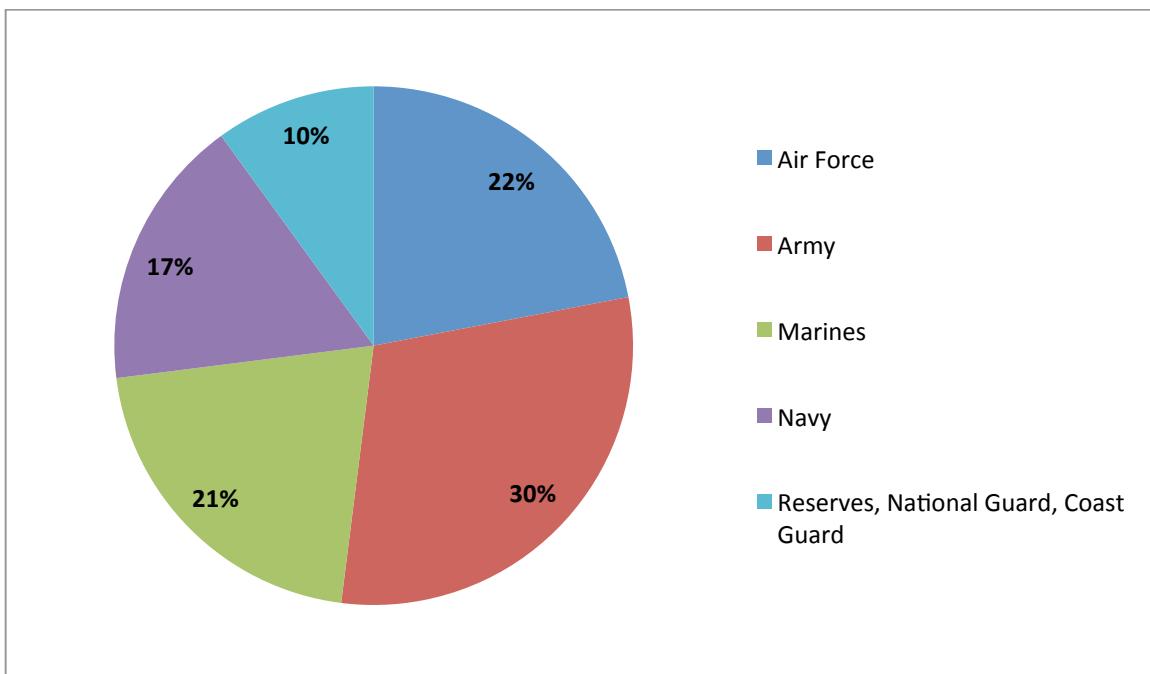


Figure 18: Pay Day Lending Usage & Veterans by Military Branch

Question 39: How many other lending or loan sources did you pursue before using a pay day lending or cash advance service?

The Nevada Veteran Survey asked how many other lending services respondents pursued before using a pay day lending or cash advance service. Out of 76 subjects who qualified the results were as follows:

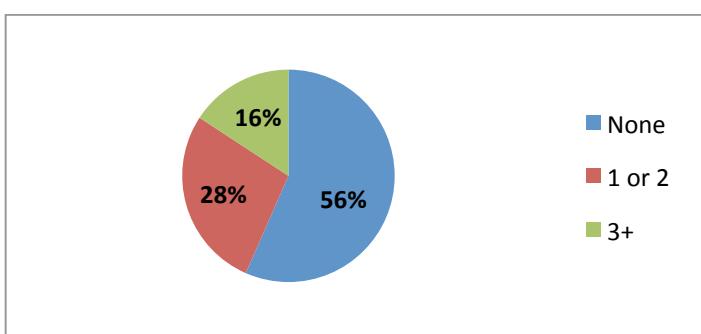


Figure 19: Veterans Usage of Lending Options Used Prior to Pay Day Lender

Results indicate an overwhelming number of respondents had not pursued any other form of lending before soliciting the services of a pay day lender. Analysis for the question was directed at answering the question, “Why were veterans going straight to payday lenders as

opposed to at least soliciting other forms of financing?” To address this question, response data about veteran usage of lending options prior to seeking a pay day loan was compared to the pre-selected potential impact variables. The first variable sought to determine the impact of military branch of service on the likelihood of veterans soliciting alternate forms of financing prior to a pay day lender. The results we found were as follows:

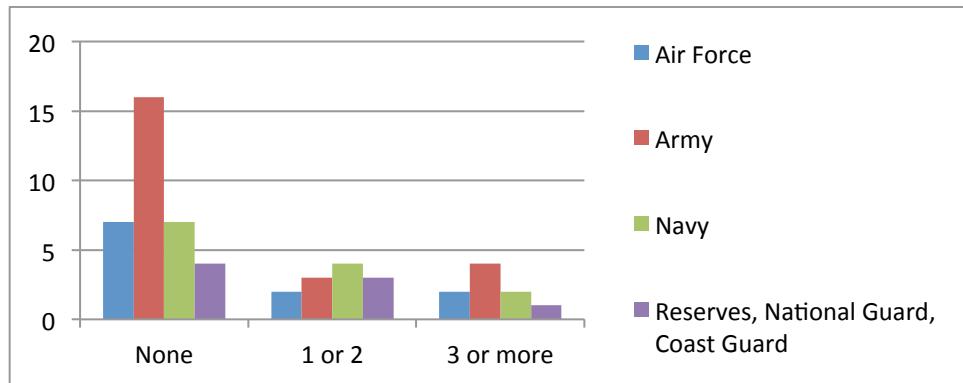


Figure 20: Veteran Military Branch of Service & Lending Options Used Prior to Pay Day Lender

The next variable used to attempt to explain why veterans are accessing pay day lenders without first seeking other options was final military rank. The results were as follows:

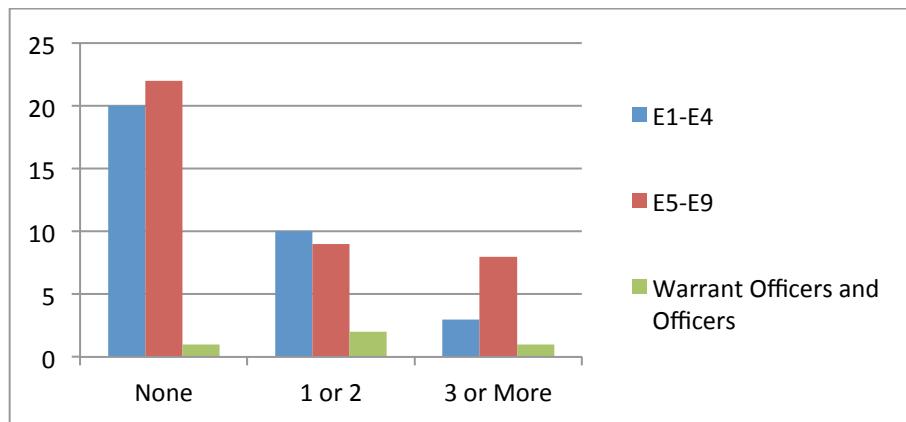


Figure 21: Veteran Final Ranking & Lending Options Used Prior to Pay Day Lender

The third variable assessed in terms of veterans utilizing pay day lenders was whether or not they received formalized preparation training upon exiting the armed forces. Specific emphasis during the analysis of this relationship sought to answer the question,

“Does formalized preparation training affect whether or not a veteran is more or less likely to seek alternate forms of financing before using a payday lender?” The results are below:

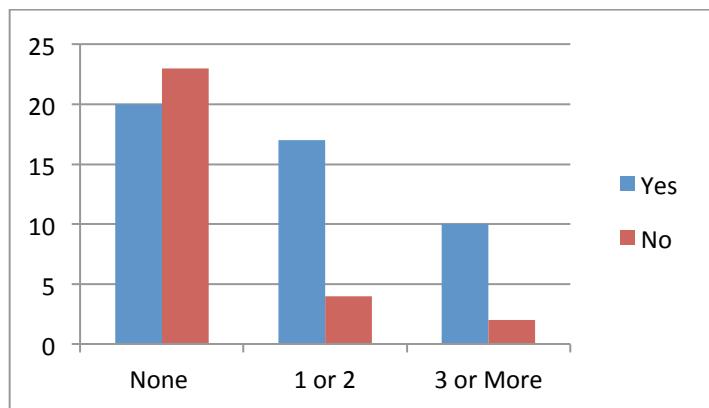


Figure 22: Veteran Transitional Training & Lending Options Used Prior to Pay Day Lender

The relationship between these variables was found to be significant using a Cross-tabulation method. By looking at the chart one can see that a veteran who received formalized preparation training is more likely to seek out alternate forms of financing before using a payday lender. On the flip side if a veteran did not receive formalized preparation training then they would be thought to be more likely to go to a payday lender first as opposed to alternate forms of financing.

Another variable used to explain veteran usage of pay day lenders was the level of confidence a veteran felt about their ability to meet his or her future financial obligations. Specific focus for the analysis of this relationship was aimed at answering the question, “Does the confidence of a veteran about their ability to meet his or her future financial obligations have a bearing on whether they seek alternate forms of financing before using a payday lender?” The results are below:

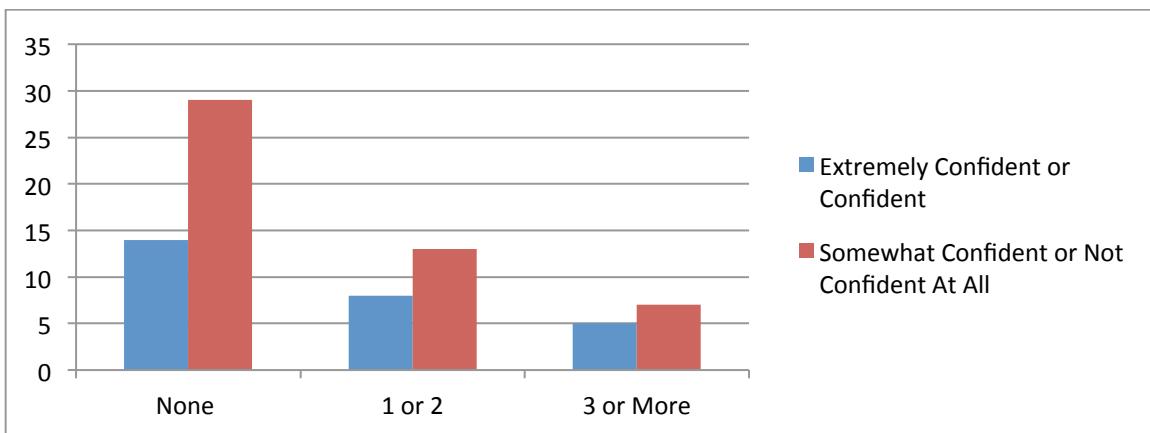


Figure 23: Veteran Confidence & Lending Options Used Prior to Pay Day Lender

The final variable analyzed was whether or not veterans believed they were prepared for a financial emergency. The goal of this relationship assessment was to understand the impact of financial preparedness on whether veterans looked for other sources of financing before soliciting pay day lenders. The results are below:

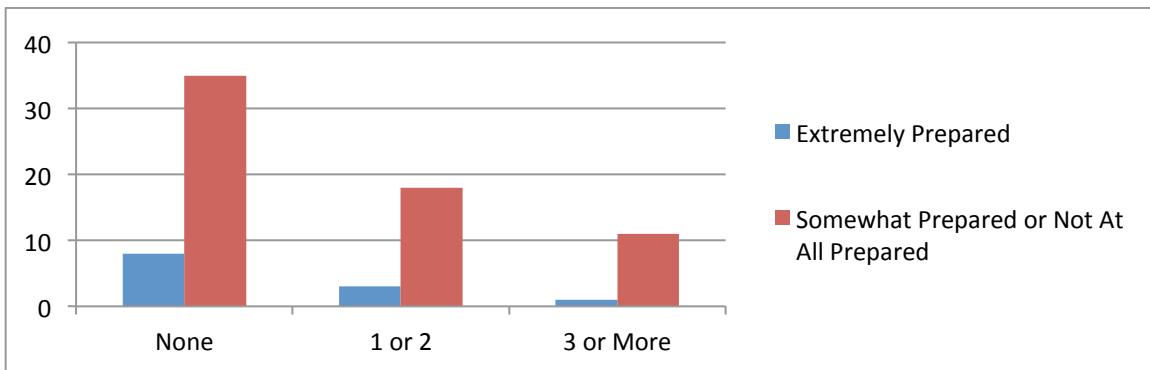


Figure 24: Veteran Preparedness & Lending Options Used Prior to Pay Day Lender

While many of the relationships assessed to determine reasons for veterans accessing pay day lenders without first seeking other lending options were not found to be significant, there are some interesting trends in the data. Survey results show that veterans who use payday lenders feel they are not prepared at all for a financial emergency. This lack of feeling prepared financially could in fact explain, at least in part, why veterans are using payday lenders. However, for the purpose of this report it does not explain why veterans do or do not seek alternate forms of financing before soliciting a payday lender. The variable relationships discussed in this section of the report are worth further evaluation in future studies.

Question 40: What types of other lending sources did you pursue before using pay day lending or cash advance services?

The Nevada Veteran Survey sought to understand more about financial decisions facing Nevada veterans. Specifically, the survey was aimed at assessing the various financing options available to veterans and more importantly, learning more about those options and their usage rates. Results were as follows:

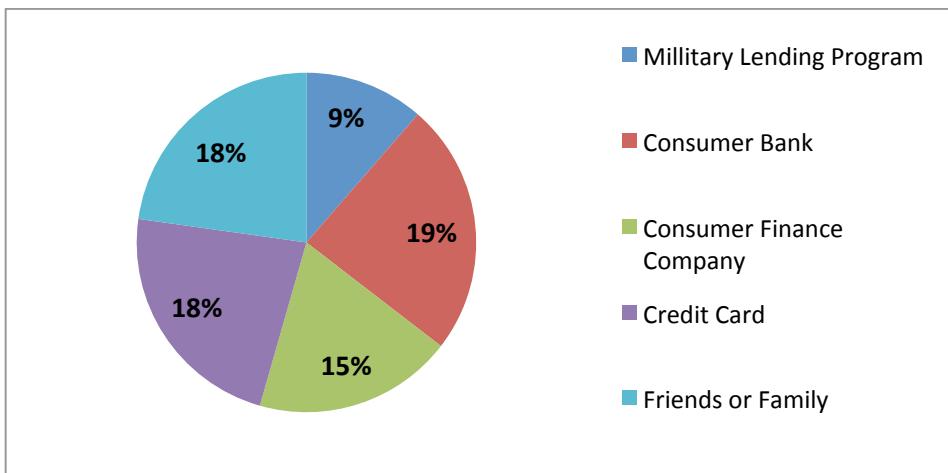


Figure 25: Pre-Pay Day Loan Lending Options Utilized by Veterans

This data indicated that there were a wide range of options that veterans pursued before seeking out a pay day loan. In an attempt to further analyze the data a Cross-tabulation analysis was conducted, however, there was not enough respondent data in the five independent variables to complete the cross-tab analysis.

Question 41: How did you learn about the pay day lending or cash advance service? Please select all that apply.

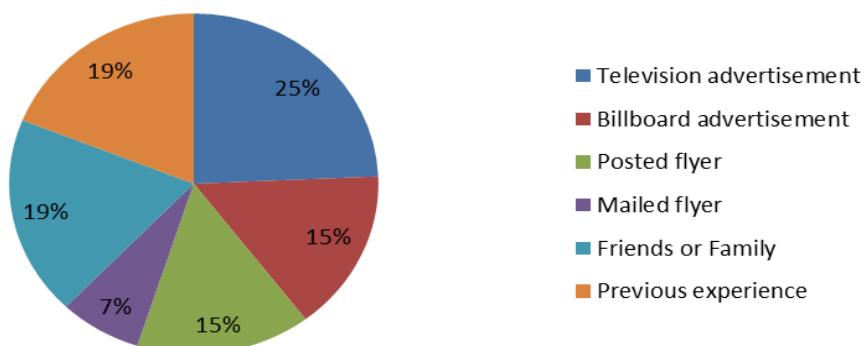


Figure 26: Means by which Veteran Learned about Pay Day Lending

There were 111 total responses to question 41. This is worth noting because there were 76 Veterans that reported utilizing a pay day loan or cash advance service. This indicates that respondents utilized the service more than once. Twenty-one (21) Veterans reported that they had previous experience with the service. The responses to question 42 indicate that the pay day lender advertisements were targeted to neighborhoods in which veterans resided through billboard advertisements and posted flyers.

Question 42: Did you utilize the pay day lending or cash advance service?

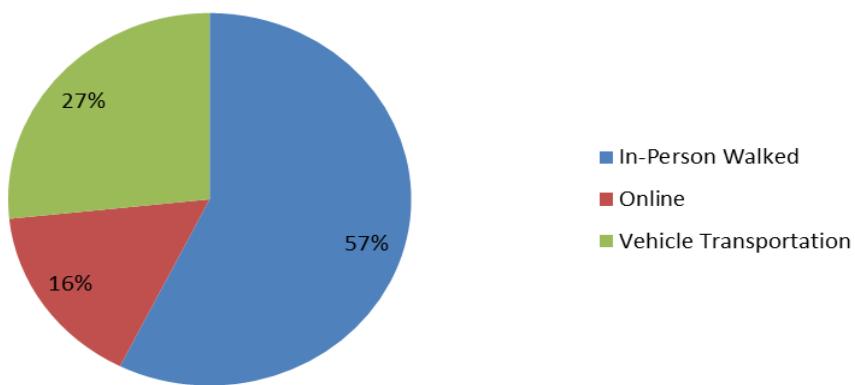


Figure 27: Pay Day Lending Access by Nevada Veterans

Forty-three (43) of the 75 respondents to question 42 reported that they walked to the in-person pay day lending or cash advance service. Forty-two (42) of the 43 Veterans which responded that they walked to the in-person service were students. Sixty-eight (68) of the 75 respondents to question 42 were students. These facts indicate pay day lending or cash advance services are also advertising around universities and low-income areas.

	E1-E4	E5-E9	Warrant Officers and Officers	Total
In-Person Walked	22	20	1	43
Online	4	8	0	12
Vehicle Transportation	6	11	3	20
Total	32	39	4	75

Figure 28: Veteran Final Rank & Pay Day Lending Access Method

The Military Branch in which veterans served in wasn't found to affect how veterans accessed the pay day lending or cash advance service. Final Rank, however, was found to affect how veterans accessed the service. Veterans with a Final Rank between E1 and E9 were more likely to access the service than a Warrant Officer or Officer. Forty-two (42) of the 43 veterans that accessed the service in-person by walking had a Final Rank between E1 and E9.

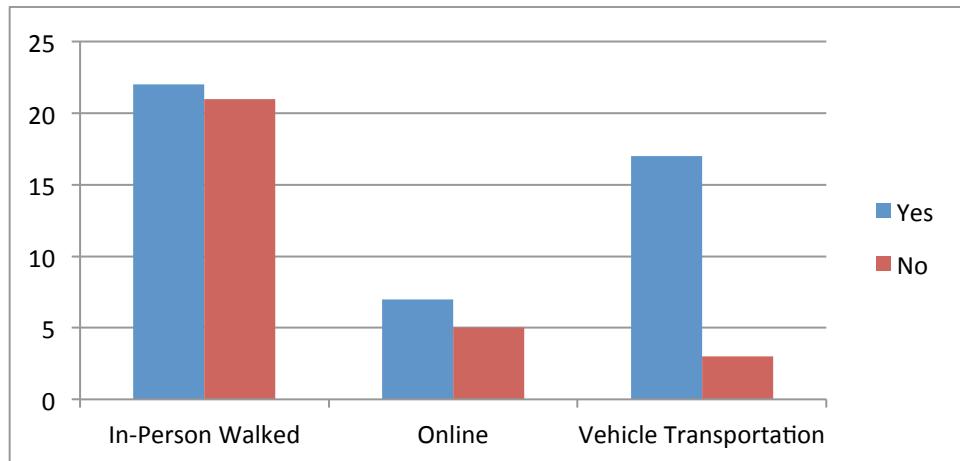


Figure 29: Formalized Transitional Training & Pay Day Lending Access Method

Veterans that accessed pay day lending or cash advance services by vehicle transportation were more likely to have received transition information than veterans that did not receive transition training and information. Respondents that have a vehicle and received the transition information are likely to have more money than respondents without a vehicle that did not receive the transition information. The fact that respondents with a vehicle, who received the training chose to drive to the storefront locations indicates that the pay day lender was not located in their direct neighborhood or area. These spatial relationships could be a starting point for future studies and analysis.

Conclusion

As detailed in this report, the results of the Nevada Veterans Survey indicate Nevada veterans are seeking pay day lenders and/or cash advance services for their lending needs. Many of these veterans have previous interactions with these lending services either during active duty or as veterans. Recurrent pay day lending usage and current outstanding debts to pay day lenders

were also seen in respondent data. Additionally, veterans who felt more financially prepared and confident were generally found to have different pay day lending experiences as those who felt less prepared and confident. Among other differences between veteran populations were identified differences based on military branch of service and final rank. These variables may provide some additional areas for future studies to analyze to determine more ‘at-risk’ populations for pay day lending utilization. Finally, pay day lending usage is most often completed in-person at a store-front with the majority of veterans walking to the location, which could indicate a spatial relationship between pay day lenders and veteran customers.

Although this survey was sent to veterans who are current students first resulted in a significantly larger student than non-student sample population, results from this survey clearly indicate the existence of a problem with pay day lenders and veterans in the State of Nevada. Subsequent research is recommended in this area of financial management and literacy and should be expanded to all veterans in the state. Veteran data related to zip code of residence is a recommended focal area for future studies based on the early findings of this survey.

ⁱ This survey and study were created by the students of PUA 727 in partial fulfillment of their “survey design” course for the MPA program at UNLV. The students responsible for this work were, Bassem Dahdouh, Cody Doolin, Roy Evans, Justin Gardner, Christopher Green, Daniel Macias, Aaron Manfredi, Stacy Rackley, Benjamin Ralphs, Bananto Smith, Jamie Smith, Curtis Terry, Timothy Vaske