

Using Chapter Finances as a Developmental Tool

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Few other aspects of life speak to people like money does. We use it every day. We make life-altering decisions based on how much of it we have. How can fraternity/sorority professionals use chapter finances to assist students in making decisions that start (or continue) their awareness of the need for financial literacy? Fraternities and sororities provide a unique opportunity for members to learn financial lessons, both on a personal and professional level (A. Combs, personal communication, February, 18, 2013).

In her article in *Perspectives* (2010), former AFA president Kelly Jo Karnes provides three essential tips that not only apply to professionals in the field as they consider their AFA membership but serve as excellent reminders to aid in our work with collegians:

Focus on the mission. While Karnes' point is to remember the reason for joining AFA, fraternity/sorority professionals can use this opportunity to reframe discussion around the core principles and mission of the organization to focus on both human and financial resources. Sounds easy; just tell the students what they need to hear and they'll do it, right? Any fraternity/sorority professional knows that is crazy talk: advising a group of individuals whose development (as a collective group) is all over the map makes mission or values-driven discussions difficult. Using tenets of Kohlberg's theory of moral development as an underlying premise (as cited in Evans, Forney, Guido, Patton, & Renn, 2010), an advisor can guide conversation addressing how the mission and values of the organization should drive the creation of the chapter's or council's budget, while understanding that each member is going to be at varying degrees of understanding, both cognitively and morally, as to how the two impact one another.

Communicate the return on investment. For countless members, the cost of joining a fraternal organization is significant. Sometimes, fraternity or sorority membership is a decision a student has not thought about prior to arriving on campus, and therefore, the student has not considered the cost to be involved. Sanders (2009) articulates this point well by sharing that educating members to effectively convey the value of membership will be key in recruitment. Providing materials that communicate the financial commitments of fraternity life, in concert with educating the entire chapter on the ins and outs of chapter finances – from why they pay dues in the first place to where the money goes once it's paid – can assist in the decision to join for many students who are "on the fence" about membership because of cost. Those perspective members may be a little more at ease when members share more than simply "we have a payment plan."

Engage the membership. One way to engage the membership is to ensure the organization as a whole knows where the money is going. Vote on every single monetary exchange. For some chapters, that's paying the electric bill, the mortgage, or rent. There are also allocations for T-shirts, favors, recruitment event decorations, council dues, retreat catering, etc. Chapters should be responsible for sharing the value of the fraternity or sorority, and members have a right to know where their money goes. What would the average member think of the chapter's priorities if he or she saw the check register?

Another way to engage the membership is to encourage them to evaluate policies and practices that may exclude current members because of financial situations. Meetings on late nights or weekends may create a barrier to a student who must work to afford being part of the group in the first place. In addition to dues, many chapters plan activities that require members to pay additional out-of-pocket fees, creating a difficult situation for financially insecure members who must choose between inclusion and paying even more.



Work with the students to come to terms with current habits, and seek alternative ways to keep everyone involved.

Here are additional ways a chapter can capitalize on teaching financial management to its members:

- When officers run for positions, in addition to applying, interviewing, or campaigning, ask/require the candidate to also submit a detailed budget that articulates how much they envision the organization spending while in office. Officer candidates are prompted to do a little research on the activities they would like to institute by discovering just how much each aspect of a new or even reoccurring program costs.
- Refine that upcoming chapter retreat to focus on not only what the chapter has planned for recruitment, new member education, social or brother/sisterhoods but also how those programs, activities, and services will be funded.
- Ensure fraternities and sororities are advertising the “sticker cost” of membership in all of their public relations and recruitment efforts. Instruct and educate the entire membership on ways to talk about the financial commitments of fraternity and sorority life, including how to answer questions about fraternity and sorority life from parents and family members (Sanders, 2009). By putting the price out there for all to see, it could assist in deterring those who are not interested in paying the bill. For others, it may encourage them to save up over the break and join at a later date.
- Don’t forget to share opportunities for funding from the inter/national organization, alumni/ae board, or other funding agencies with your members. This also includes any campus partnerships that could be developed – student government, the office of student activities/involvement, residence life, etc.
- Switch to a computerized system to assist in dues collection, budgeting, and paying bills for the fraternity or sorority.
- Create a fund for those who are in need. Organizations can set aside a minimum amount of money from dues each time they are collected, or solicit donations from alumni members to set aside extra money to assist with covering the dues of those unable to pay the full or partial amount.
- Change the way the chapter looks at philanthropy. If the organizations on a campus are all engaging in separate philanthropic endeavors that find ways for members to donate far more of their own personal funds, find a different way to give back.
- Provide programming on individual debt management, financial planning, saving, etc. Invite a professor from the institution’s business or human resources program to talk to the students about those very “adult” topics so they are prepared post-graduation.

Chapters could be missing out on a real opportunity to teach students the value of the fraternity or sorority experience in a realistic manner if they don’t incorporate some, if not all, of the previously mentioned points. Students are not as apt to think long term about the spending habits of their members, so we, as fraternity/sorority professionals, should take full advantage of the opportunities for learning!

References

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