



October 2, 2014

Representative Paul Clymer
Education Committee
House of Representatives
Commonwealth of Pennsylvania

Chairman Clymer and other members of the House Education Committee,

My name is Cathy Faulcon Bowen and I served on the Task Force on Economic Education and Personal Financial Literacy Education. In addition, I am a member of the faculty at the University Park campus of Penn State University with primary responsibilities for non-formal education and a small portion in resident education where I teach an optional consumer and financial skills course on the campus. I am also a parent.

Today, my comments are focused on teachers and parents, their beliefs about personal finance and their preparation or capacity related to teaching our children basic financial skills needed to be an informed citizen or consumer in the Commonwealth.

At the base of a strong or stable household, community, county, and commonwealth are the skills and ability of the people who reside in them. Knowing how to gather information and to make decisions and to navigate our way through decisions related to managing the money we earn is in my mind, a right and a responsibility. This right and responsibility can be nurtured in our elementary and secondary schools as well as in our homes. However for this to occur, the leaders, that is the teachers and parents, need to be equipped with the skills and the confidence that they can teach our kids about basic money matters.

Studies document that teachers: 1) lack basic personal financial skills 2) feel that personal finance should be taught in the public schools, and 3) are agreeable to professional development related to personal finance. For example, in 2009 Way and Holden studied over 1,000 K-12 teachers, prospective teachers enrolled in teacher education programs as well as the teacher education faculty and found the following:

- Only 37% of K-12 teachers had taken a college course in personal finance.
- Only 11.6% of K-12 teachers had taken a workshop related to personal finance
- Less than 20% of teachers reported feeling very competent to teach on the six topics included on the survey. Those key topics--income and careers; planning and money management; credit and debt; financial responsibility and decision-making; saving and investing; and risk management and insurance are the areas related to daily living and functioning as a consumer in society.

It is important to note that Pennsylvania was one of the two states in this study representing the Northeast region of the country.

Another study by Dan Otter (2010) examined the attitudes and beliefs about teaching personal finance of nearly 3,000 California teachers. Otter found that teachers strongly supported the teaching of personal finance in grades K-12. In addition, teachers believed personal finance instruction should begin in elementary school, and that the best delivery methods were through a stand-alone course and embedding concepts in other courses. Teachers in this study (45%) expressed interest in professional development whose goal was to teach them how to teach personal finance. However, they showed more interest (55%) in professional development that would improve their understanding of personal finance concepts.

Finally, another national study of K-12 teachers (650) by Networks Financial Institute at Indiana State University found that 8 in 10 teachers thought it was important to teach personal finance in U.S. classrooms. Teachers did not rate their personal financial knowledge highly, thereby suggesting a need for professional development to increase their comfort level with financial topics.

Adults and parents, who are their children's first teacher, are in a similar position as teachers in terms of financial knowledge and perceptions about their ability to teach children about money matters. For the past seven years, results from a study on the financial literacy of U.S. adults conducted by Harris Interactive Polls for the National Foundation for Credit Counseling reveals more numbers to paint a picture of adults knowledge about personal finance. First, in 2013, 33% of the adults indicated they continue to learn about personal finance from their parents. This was a decrease from the 2010 survey when 41% indicated they learned from parents. Four of five adults (78%) agree they could benefit from additional advice and answers to everyday financial questions from a professional. Finally, in 2010 35% of the adults surveyed gave themselves a C, D, or F on their financial knowledge. By 2013, 40% of the adults surveyed gave themselves a C, D, or F on their financial knowledge.

Survey after survey reveals that American adults believe all high school students should have a course in personal finance. During the years when I taught the two hour required personal finance course to those filing bankruptcy after 2005, the final statement many of the attendees would say as they were leaving is "I should have had this information in high school."

A maize of numbers can tell a story. For all the studies we have, they can be summarized with the following statements.

- Teachers and parents feel inadequate to teach personal finance. They can use more training, education, or professional development.
- We are not going to improve the financial literacy in our children and society until the teachers and parents feel confident with their own knowledge levels.
- The longer we wait to take action, the larger the problem grows.

Efforts have been made in Pennsylvania to improve our teachers' knowledge about personal finance and economic education. The previously held Governor's Institutes on Financial

Education got us started and currently the Department of Education's *Making Cents Project* which supports economic education and personal financial literacy according to the 2010 Act 104. Yet, there is much work to be done in Pennsylvania to improve the financial literacy of Pennsylvanians. We have started the journey.

Thank you for this opportunity to share a few thoughts and I look forward to continuing efforts to improve and provide ways to improve financial education for all Pennsylvanians.

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2012

Report and Recommendations

Pennsylvania Task Force on Economic Education
and Personal Financial Literacy Education

January 2013



REPORT AND RECOMMENDATIONS

by the Pa. Task Force on Economic Education and Personal Financial Literacy Education

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2. Task Force Members

The Task Force on Economic Education and Personal Financial Literacy Education members were appointed in July 2011 by the secretary of the Pennsylvania Department of Education, in consultation with the secretary of the Pennsylvania Department of Banking (now the Department of Banking and Securities), “representing school administrators, finance or economics teachers, school boards, students, business leaders, faculty from this commonwealth’s institutions of higher education having a background in or knowledge of personal financial literacy and other groups with expertise in financial literacy education.”

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3. Executive Summary

The Pennsylvania Task Force on Economic Education and Personal Financial Literacy Education, established by Act 104 of 2010, spent fourteen months studying research, best practices and trends in financial education in order to formulate recommendations on how to improve financial education in Pennsylvania's schools. While acknowledging that financial education can and should begin at home, the Task Force found that most parents do not feel confident to teach these skills and overwhelmingly look to schools to help them in this regard. This report provides a summary of the Task Force's work and findings.

Key Findings

In researching the trends and needs in financial education, the Task Force found:

- Studies document there is growing support for teaching financial education in schools.
- Since the financial crisis, more states are adopting legislation that varies in the degree to which personal finance is taught and required for graduation.
- While many Pennsylvania high schools offer financial education, it is typically part of an elective course, and the personal finance content is often limited.
- Many states have developed their own K-12 academic standards for personal finance to provide a multi-grade approach to learning culminating with a capstone course at the high school level.
- There are a wide variety of free and low-cost curriculum materials from which schools can choose making the implementation of a financial education curriculum a no- to low-cost endeavor.
- Most teachers have not been trained to teach personal finance and would like more professional development to help them better understand the subject.
- More high school graduates entering college today are taking out student loans and acquiring substantial debt, yet most young people indicate they do not understand the student loan process or how to plan for college costs.

Recommendations

Current efforts to teach personal finance in Pennsylvania's public schools today are fragmented and inconsistent depending on which of the 500 school districts a student attends. To ensure that every student receives the instruction they need to make informed decisions about saving, spending, investing and protecting their money, the Task Force makes the following recommendations to Governor Corbett and the Pennsylvania General Assembly:

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- Recommendation 1: Require every Pennsylvania high school student to complete a standalone capstone course on personal finance in order to graduate.
- Recommendation 2: Adopt comprehensive, standalone Pennsylvania K-12 academic standards devoted to personal finance.
- Recommendation 3: Provide dedicated funding to support high quality K-12 personal finance instruction and teacher training.
- Recommendation 4: Develop a financial education instructional endorsement for secondary teachers in Pennsylvania and corresponding program guidelines for professional educator programs.

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4. Background

Task Force Responsibilities

Act 104 (formerly HB101, PN 4389) became law in November 2010 requiring the Pennsylvania Department of Education to provide resources to schools on economics and personal finance and to convene a Task Force on Economic Education and Personal Financial Literacy Education (Task Force) consisting of nine members appointed by the secretary of Education and the secretary of Banking.¹ They are charged with the following responsibilities:

- To assess the trends and needs in K-12 economic education and personal financial literacy;
- To consider the manner in which any funds are used to support economic education and personal financial literacy activities;
- To make recommendations to the governor and the General Assembly regarding legislative or regulatory changes to improve economic education and personal financial literacy, pursuant to the preparation and submittal of a biennial report submitted jointly by both secretaries.

Focus of Task Force

The first meeting of the Task Force was held on July 27, 2011 at which time the members elected a chairperson and established a timeline to meet the mandated November 2012 deadline as set by Act 104. Seven additional meetings were held and draft recommendations were submitted in November 2012 to Secretary of Education Ron Tomalis and Secretary of Banking and Securities Glenn Moyer. (See Appendix 10.1: Timeline and Discussion Topics for Task Force on Economic Education and Personal Financial Literacy Education.) These recommendations are to be included in a report that will be submitted to Governor Corbett and the

Pennsylvania General Assembly in early 2013 for their approval and action.

The Task Force realized early on in its meetings that it was necessary for them to focus their discussions on the area of financial literacy, and economics as it pertains to personal finance education. This was due in part because there already exists academic standards, curriculum and standalone courses in Pennsylvania devoted to economics. Moreover, from the perspective of the Task Force, the personal finance capabilities of the commonwealth's students were of particular concern, especially given the recent financial crisis and the overall inadequacies of personal financial education in Pennsylvania's schools.

Definition of Financial Literacy and Financial Education

To further clarify the work of the Task Force, we agreed to use the following definitions as defined by the President's Advisory Council on Financial Literacy. This group, convened in 2008 by President George W. Bush to "improve financial literacy among all Americans," defines financial literacy and financial education as:

- Financial literacy – the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being.
- Financial education – the process by which people improve their understanding of financial products, services and concepts, so they are empowered to make informed choices, avoid pitfalls, know where to go for help and take other actions to improve their present and long-term financial well-being.²

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The Jump\$tart Coalition for Personal Financial Literacy, a national nonprofit coalition of organizations dedicated to improving the financial literacy of pre-kindergarten through college-age youth, further explains that “financial literacy refers to an evolving state of competency that enables each individual to respond effectively to ever-changing personal and economic circumstances.”³ They believe that even though a high school graduate will not necessarily be able to exhibit the same degree of knowledge of personal finance as a financially literate older adult, they should know how to:

- Find, evaluate, and apply financial information
- Set financial goals and plan to achieve them
- Develop income-earning potential and the ability to save
- Use financial services effectively
- Meet financial obligations
- Build and protect wealth

Nationwide, private, public (including federal agencies) and nonprofit groups interested in financial education worked to create a national strategy to develop an overarching strategic framework that all organizations involved with

personal finance education, research, practice and policy could use to guide work and efforts for several years. This commission is known as FLEC – Financial Literacy and Education Commission. The strategy is outlined in “Promoting Financial Success in the United States: National Strategy for Financial Literacy 2011” and is available on www.mymoney.gov.⁴

The strategy identifies four goals:

- Increase awareness and access to effective financial education
- Determine and integrate core financial competencies
- Improve financial education infrastructure
- Identify, enhance and share effective practices

The five core competencies FLEC identified as ones all American consumers should know to make informed decisions about personal finance involve specific skills related to:

- Earning
- Spending
- Saving and investing
- Borrowing
- Protecting against risk

5. Reasons for Providing Financial Education in Pennsylvania Schools

“Financial education supports not only individual well-being, but also the economic health of our nation. Consumers who can make informed decisions about financial products and services not only serve their own best interests, but collectively, they also help promote broader economic stability.”

Federal Reserve Chairman Ben Bernanke speaking at Teacher Town Hall Meeting on Financial Education, August 7, 2012

The skills that our young people need in today’s society as they leave high school and enter the real world are very different than they were a generation ago. According to the Partnership for 21st Century Skills, schools today must support students in developing deep mastery of core academic subjects while also integrating 21st century interdisciplinary themes into these academic areas. These themes include financial, economic, business and entrepreneurial literacy. To support rigorous systemic reform in our schools, the Commonwealth of Pennsylvania requires all public school districts to submit comprehensive plans that incorporate 21st century skills using the Partnership for 21st Century Skills framework. To achieve this goal, it is important for leaders to address the compelling need for a unified and meaningful approach to financial literacy.⁵

Impact on Employers

As young Pennsylvanians enter the real world today they are facing an increasingly complicated and risky financial world where they are expected to make decisions about money that will impact the rest of their lives. But are they equipped to make those choices? The answer is often no—because they haven’t been taught the necessary skills. Even more alarming than their lack of financial knowledge is the fact that many young people are starting their new

lives in an extremely negative position having accumulated large amounts of debt from student loans and credit cards. This combination of financial illiteracy and debt will not only affect their future well-being, but will impact our commonwealth’s prosperity as well.

The Federal Reserve Bank of New York announced in its February 2012 quarterly report that student loan debt in the United States has soared to \$867 billion at the end of 2011, outpacing all other forms of personal debt including credit cards and auto loans.⁶ In Pennsylvania, college students today graduate with student loans amounting to over \$28,000⁷ and, on average, credit card debt totaling \$4,100.⁸ This means that they are starting out at the age of 21 with debt totaling over \$32,000, and sometimes more. (The issue of student debt is further explored in the “Trends and Needs” section of the report on page 20.)

Furthermore, new graduates are currently having difficulty finding employment given the current slow growth in jobs creation, yet they are expected to begin repaying on their college loans only a few months after they leave school.⁹ Once, and if, they do find work, they bring their financial problems with them. Their employers may now be forced to deal with a host of potential problems including stress-related health issues due to debt, absenteeism, lack of productivity and wage garnishments for these new hires.¹⁰ As a result, more and more employers are now incorporating financial education into wellness programs which can have a long-term benefit, but also adds an additional drain on a company’s profits.

Young workers are also entering the workforce at a time where most employees are expected to plan for their own retirement as fewer businesses are

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providing a defined benefit pension plan. Establishing and maintaining a 401(k) portfolio requires an understanding of investments, managing risks and setting long-term goals that many young adults do not have. A recent state-by-state study by the FINRA Investor Education Foundation found that Pennsylvania's 18-34 year olds were more likely to be less financially capable than older Pennsylvanians, with 20% spending more than their household income, 72% not having money set aside to cover expenses for three months (rainy day fund) and averaging only 2.5 correct out of 5 questions covering concepts of economics and finance expressed in everyday life.¹¹

With students repaying college loans often for 10-20 years or longer, this may replace a home mortgage and potentially slow the recovery of Pennsylvania's housing market. Student loan borrowers are sending big payments every month to loan servicers, rather than becoming first-time homebuyers. Young adults with too much debt will not qualify for additional loans such as mortgages or car loans, may be excluded from certain professions because of their poor credit rating and end up depending on social programs or filing for bankruptcy which will put a strain on the government and ultimately taxpayers.

Parents as Teachers

To get young adults ready for this brave new—and uncertain—world, financial education should, and in many cases does, begin with instruction from parents. Parents, more than any other source, exert the most influence over their children's positive financial attitudes and financial behaviors. In fact, parental influence is 1.5 times more influential than continuing financial education and more than twice as much as what children hear from their friends.¹² Additional evidence of parental influence is provided from a 2011 Capital One study where a majority (87%) of the high school seniors reported that parents were their primary source of information about money matters.¹³

However, the innovations in financial services, such as the growing number of personal financial management tools (PFMs) and the different ways young generations use technology, present an additional challenge for some parents. Many parents find it difficult to keep up with these changes, let alone advise children on how to use them to manage their finances.

Furthermore, there is an assumption that all parents know how to manage money to maximize the benefit for their families and teach their children what they know about managing money. There is plenty of evidence to document that parents, even before the arrival of the new electronic PFMs, did not understand or use time-tested money management practices and skills associated with financially stable households. More than half (56%) of parents in a survey by the National Foundation for Credit Counseling, indicated they did not have a budget. Moreover, one-third or 77 million of these adults, did not pay their bills on time.¹⁴

In a 2002 survey of Pennsylvania parents and their teens, Penn State professor Dr. Cathy Bowen found no relationship between the parents' and teens' knowledge about basic personal finance concepts. The majority of the teens also indicated that money had not been a topic of discussion in their high school classes.¹⁵

In another study, parents who said they provided financial advice to their teens reported that they had not taught them how to balance a checkbook (34%) and even fewer (29%) had explained how credit cards work.¹⁶ Finally, two in five adults gave themselves a C, D, or F on their own knowledge of personal finance.¹⁷ *Parents cannot teach what they do not know.* Therefore, there is a strong need for financial education of children in schools.

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The School's Role

In fact, parents would like schools to play a larger role in teaching their children about finances and overwhelmingly support (90%) requiring students to take a personal finance course in order to graduate from high school.¹⁸

Teachers, students and even administrators also say they are in favor of teaching money management skills. This year, Penn State University, on behalf of the Pennsylvania Department of Education, conducted an online survey of 499 teachers and administrators and found that 93% of those completing the survey said that they “strongly agreed” (72.1%) or “agreed” (20.8%) that Pennsylvania students should be required to take a personal finance course to graduate from high school.¹⁹

National studies support these findings as well. A detailed listing of survey findings from parents, teachers and students is further explored in the section of this report on “Trends and Needs in Financial Education” (see page 13).

Laura Levine, president and CEO of the Jump\$tart Coalition for Personal Financial Literacy, stated in a recent *USA Today* eight-page financial literacy supplement, “The need for financial education is not really new. What’s new today is that consumers face an increasingly complex financial system, with more responsibility for making their own smart financial decisions, and obvious consequences for their missteps.” She believes that, “Reaching students while they are still forming their attitudes, beliefs, and monetary habits, and before they’ve had to learn through costly mistakes, will help prepare them to make smart financial decisions throughout their lives.”²⁰

Historically, personal finance was taught in schools, often embedded in mathematics classes. Today with the focus on standardized testing and higher level

math classes specifically for students who intend to enroll in post-secondary education, everyday applications of math beneficial to all societal segments such as how to calculate compound interest on a credit card or estimate the cost of grocery purchases have been eliminated from the curriculum. Even as early as 1917, the Thorndike Arithmetic Book Three covered topics—such as interest on borrowing and lending, investing, insurance rates, calculating overtime pay and buying a home—that are as relevant today as they were back then.²¹

Beyond support for teaching personal finance in schools, research also documents the need for teaching financial skills and its benefits.

The Jump\$tart Coalition for Personal Financial Literacy has been measuring financial literacy since 1997 by conducting a survey of high school seniors which was repeated biennially between 2000 and 2008. Each year students received a failing grade scoring well below 70%. The average score of the nearly 6,000 high school seniors who took the Jump\$tart personal finance survey in 2008 was only 48.3% - an ‘F’ on any grading scale.

Since 2010, the U. S. Treasury and the U. S. Department of Education have sponsored the National Financial Capability Challenge. In 2011, over 80,000 high school students participated in this voluntary online quiz with an average score of 69%. National scores for previous years were similar, averaging between 69% and 70%.

While Pennsylvania students and schools have topped the nation each year of the survey for participation, our students have always scored below the national average. The 2012 state average score was 67.98%, 2011 was 68.33% and 2010 was 68.25%.

While these national surveys were not intended to be the only measure of high school students’

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financial knowledge, they do highlight the need for increasing our efforts in providing instruction and resources to young people while they are in school instead of their learning through the school of hard knocks.

Two recent research studies have shown, however, that students who do receive financial education in schools not only have more knowledge of money management concepts, but also have improved financial behaviors.

In 2009, the National Endowment for Financial Education (NEFE) funded a study by Michael Gutter of the University of Florida that examined the relationship between exposure to varying state mandates about high school financial education and college students' financial capability. Gutter found that to be most effective, states should go beyond simply setting standards to requiring a financial education course.²²

After analyzing data from 15,797 college students, Gutter found that students from states where a financial education course was required had the highest financial knowledge and were more likely to display positive financial behavior and dispositions. Compared to other students, these young adults were more likely to save, pay off credit cards in full each month and less likely to max out their credit cards or to be compulsive buyers.

In another NEFE funded study, the University of Arizona is conducting a longitudinal study that examines the financial attitudes and behaviors—and the forces that drive them—in youth ages 18 and up. The study, "Arizona Pathways for Life Success in University Students (APLUS)" is the first of its kind,

and is particularly valuable because it tracks the same group of young adults and is designed to identify the factors contributing to positive financial behaviors.

The 2011 research from the third wave of the study found that high school and college students who are exposed to cumulative financial education show an increase in financial knowledge, which in turn drives increasingly responsible financial behavior as they become young adults. In fact, researchers at the University of Arizona were able to document a "snowball effect" that these early efforts exponentially increase the likelihood that students will pursue more financial education as time goes on, including informal learning through books, magazines and seminars.²³

As Pennsylvania embraces life in the 21st century, our government, business and education leaders will need to make decisions on how we can best support the next generation so that they can become productive, prosperous members of society. If young adults do not learn effective and accurate money management skills, at home or in school, their lack of financial savvy is certain to have a trickle-down effect with detrimental consequences. Our commonwealth and our country will be left with an uncompetitive workforce that does not attract businesses. In fact, further delaying sound ways to strengthen the financial literacy of Pennsylvanians may have the unintended result of more residents leaning on public social programs and ultimately lowering our attractiveness among the states and adding to the United States' decreasing global standing.

6. Trends and Needs in Financial Education

One of the legislated mandates of the Task Force was to assess the trends and needs in K-12 economic education and personal financial literacy. Given this charge, Task Force members were selected because of their expertise and first-hand knowledge in this area. Throughout its meetings in 2011 and 2012, the

Task Force spent many hours discussing and researching financial education needs and trends both here in Pennsylvania and in other states. Below are the top issues that they found need consideration by Pennsylvania’s policy makers.

As a result of the financial and economic crisis from 2007-2009, there is growing support for teaching financial education in schools.

It is widely recognized and documented in numerous studies, that financial education is not only needed as an essential life skill, but teaching it in schools has received overwhelming support by many segments of our society.

- A 2010 Visa survey revealed that: 93% of Americans believe all high school students should be required to take a class in financial education.²⁴
- Nearly all (90%) of parents revealed in the College Savings Foundations 2010 “The State of College Savings” survey that they believe there is a need to teach financial literacy to children as part of the school curriculum. Of those parents, 82% said that they believed that school districts should be required to offer a multi-grade integrated financial literacy curriculum.²⁵
- 85% of state financial education leaders responded in the 2011 “Status of Financial Education in the United States” that parents in their states are either very supportive or supportive of personal financial education.²⁶
- In the 2010 NEFE study on teacher capability, 89% of more than 1,200 K-12 teachers,

prospective teachers and teacher education faculty agreed strongly or moderately agreed that students should either be required to take a financial education course or pass a financial literacy test for high school graduation.²⁷

- In the 2012 VITA survey of taxpayers, of whom almost half were graduate students, 81% agreed to some level with the statement: All students in Pennsylvania should be required to take a personal finance course in order to graduate from high school (26% agreed; 22% strongly agreed; 33% very strongly agreed). 91% had not taken a semester or year-long personal finance course in high school.²⁸
- According to Charles Schwab’s 2011 Teens & Money Survey, 86% of teen respondents indicated they’d rather learn about money management in a class before making mistakes in the real world.²⁹
- The 2010 annual back-to-school survey of parents and teens from Capital One found that 53% of teens polled say they want to learn more about how to manage their money.³⁰

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Four states lead the nation in requiring a standalone personal finance course as a graduation requirement. Other states have passed legislation on financial education that varies in the degree to which it is actually taught.

The National Conference of State Legislators has been tracking state legislation on financial education since 2004. It found that over 500 bills were submitted by state legislators with 104, less than 20%, becoming law. This legislation covered issues such as mandates for a high school personal finance course, creating academic standards in personal finance, requirements for curriculum and instruction, assessment, funding and creating a state task force or commission to study this issue. (See Appendix 10.2: Financial Literacy Legislation Passed by States 2004-2012.) Each year, the number of bills on financial literacy introduced in state assemblies has increased, suggesting a level of concern that legislators have for this issue.

As the Task Force studied legislation from other states regarding financial education, they found that only four states—Missouri, Utah, Tennessee and Virginia—were actually specific in the language of their legislation requiring that every student take a standalone personal finance course in order to graduate.

We found that while many states have passed legislation on this issue, the majority have not gone as far as the four mentioned above. The Council for Economic Education (CEE) in their 2011 “Survey of the States” found that 46 states include personal finance concepts in their academic content standards.³¹ However, as Hill and Meszaros found in their 2011 study “Status of K-12 Personal Financial Education in the United States,” not all states have standalone academic content standards for personal finance.³² CEE also found that 13 states require that a course containing personal finance material be taken before graduation, but nine of those states

allow personal finance material to be comingled with the teaching of another discipline, which may significantly diminish the intent of providing students with extensive coursework in personal financial education. CEE found that in 2011 only five states required the testing of personal financial education.

Another analysis of legislation was conducted by Ohio State University in 2008 on seventeen states and one United States territory regarding personal finance instruction in high schools. They found that “of the eighteen jurisdictions; only nine actually require financial literacy education, either as a separate course or to be integrated into existing courses. Rather than mandating the inclusion of financial literacy, six states encourage school districts to provide financial education by requiring the state’s education agency to set academic standards, create financial literacy curricula, or provide resources for disseminating financial education. Finally, three states have enacted laws that merely require the state’s education board to accumulate information on financial literacy programs or require an entity to conduct studies about the need for financial literacy instruction.”³³

Hill and Meszaros in their 2011 study asked leaders in the field of K-12 personal finance the degree to which they believe personal finance was actually being taught in various classes and in various grades across the K-12 curriculum. The respondents indicated that they believed that personal finance is only being taught to a great extent or somewhat as an elective course, while those subject areas that every student takes are providing little or no coverage of personal finance concepts.³⁴

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In Pennsylvania, less than 10% of high schools require that all students take a standalone course in personal finance. Most teach personal finance as an elective that only some students take or integrate the concepts into existing curricula that covers only a small portion of the course.

In 2007 and again in 2009, the Pennsylvania Office of Financial Education commissioned Penn State University's Survey Research Center (SRC) to determine the extent to which personal finance courses were being offered and/or required for graduation across Pennsylvania's 500 school districts. SRC conducted telephone interviews with guidance counselors in high schools and area vocational technical schools and followed-up with a web-based survey of teachers who were identified by the guidance counselors as providing instruction in that area. The 2009 survey also sought to identify any changes in personal finance offerings since the first survey was conducted in 2007.

The 2009 survey "Status of Financial Education in Pennsylvania High Schools" had a completion rate of 85% with 584 schools out of 685 responding (84.5% or 579 in 2007).^{35, 36} The results showed that even though there was a slight increase in the number of schools requiring a standalone course in personal finance in two years (from 3.5% in 2007 to 7.5% in 2009), the number is still very small. Furthermore, nearly 15% of the schools both in 2007 and 2009 indicated that they did not offer any personal finance instruction of any kind. (See Appendix 10.3: "Executive Summary 2009" and Appendix 10.4: "Executive Summary 2007.")

Eighty-five percent of the schools said that they offered some type of integrated or standalone course that may or may not be a graduation requirement. This finding at first glance may appear to be a positive one, but as indicated in the 2011 Hill and Meszaros study³⁷ and the 2008 Ohio State

University study³⁸ mentioned earlier found not all students in these school districts are receiving this instruction and often personal finance is only offered as a small percentage of the course content. In fact, Pennsylvania teachers who teach these courses said in the follow-up web-based survey that these elective courses were taken by less than 50% of the 2009 graduating class and that generally less than 25% of the content in integrated courses was devoted to personal finance.

The National Association of State Boards of Education in its report, "Who Will Own Our Children: The Report of the NASBE Commission on Financial and Investor Literacy," recognized this debate over whether to provide a separate curriculum or to integrate personal finance concepts. They determined that there are definite disadvantages to integration because the chances of schools making a priority of financial literacy are "significantly decreased when the content is spread among several classes and multiple teachers."³⁹ (See Appendix 10.5: "NASBE Executive Summary.")

A more recent trend as to whether Pennsylvania high schools are providing financial education is related to the number of furloughs that occurred in the 2011-12 school year because of budget cuts. While funding was not available to conduct a follow-up 2011 study by SRC, anecdotal evidence indicates that many of the school districts that have furloughed teachers did so by eliminating elective courses often taught in the Business Education and Family Consumer Sciences Departments, where personal finance is usually taught.

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Many states have adopted academic standards for personal finance to ensure coherent K-12 curriculum.

Public education in this country is a state responsibility. State-level academic standards are important because they define what students should know and are able to do with what they learned. Setting high standards enables not only educators, but also students, parents and the community to know what students should learn at any given point in time.

Pennsylvania has academic standards for sixteen subject areas. Because our state is a locally-controlled education state with each school district determining their own curricula and graduation requirements, local education authorities (LEAs) use the state academic standards to choose their approach to implementation, determining how best to provide students with instruction at all grade levels and evaluating that learning through a variety of assessments.

As noted in the previous trend concerning financial education legislation passed by other states, ambiguous language in some bills has caused confusion for local school entities in determining development and implementation of the curriculum. A lack of financial education standards can result in a hodge-podge of teaching techniques, curriculum, trainers and testing. As a result, some states have focused their attention on creating state-specific academic standards for personal finance either through legislation or regulatory changes by their State Board of Education. Having these K-12

standards not only ensures that the subject matter will be taught, but also helps classroom teachers develop their lesson plans by following a sequence of learning knowing what concepts have been taught in previous grades and what is to be taught at their grade level and beyond.

Those states that have adopted either JumpStart's National Standards in K-12 Personal Finance Education (<http://www.jumpstart.org/national-standards.html>) or their own state-specific content area standards are better prepared in providing continuity of instruction than states that have simply passed legislation with no academic standards or developed only guidelines for a high school course.

Maryland is an example of a state that has passed personal finance academic standards for grades 3 through 12 in 2010. As a result, all of their twenty-four school districts have reported to their state education department that they are teaching personal finance in those grades and six districts have made it a graduation requirement. Wisconsin, one of the first states to develop personal finance standards, has voluntary model standards for grades K through 12. Virginia and Utah, which have content area standards at the high school level, also promote integrating personal finance at the elementary and middle school grades and have extensive resources and dedicated websites for assisting teachers in this effort. (See Appendix 10.6: "States with Personal Finance Academic Standards.")

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While there are many free or low-cost materials available for personal finance classes, most teachers do not feel qualified or adequately trained to teach this subject matter.

The Task Force found that there is a plethora of free or low cost financial education curricula and classroom resources available from nonprofit organizations, government agencies and financial education providers all of which are commercial-free and most aligned to national or state academic standards. The Jump\$tart Coalition’s clearinghouse lists over 800 items in their curriculum library and the Pennsylvania Department of Banking’s Your Money’s Best Friend website at www.moneysbestfriend.com has over 175 links to classroom materials in their “Resources for Educators” section for K-12 teachers to utilize. Recently, the Pennsylvania Department of Education has begun adding online resources in personal finance to their web portal at www.pdesas.org.

Few other academic subjects in schools today have this amount of free or low cost materials for teachers to choose from which means that school districts do not have to spend taxpayer dollars for expensive textbooks that often become outdated because of the ever-changing financial world. While having these resources readily available makes a convincing argument for teaching personal finance, many teachers have expressed concerns about their expertise in this area and the limited opportunities they have for professional development.

Since a single accepted certification to teach financial education does not currently exist, teachers from diverse backgrounds—from elementary education teachers to secondary teachers specializing in business education, family and consumer sciences, social studies, or math—are being tapped to teach financial education topics that they may know very little about.

Results of a 2010 national study by the National Endowment for Financial Education and the University of Wisconsin-Madison, found that less than 20% of teachers surveyed reported feeling very competent to teach any of the six personal finance topics listed in the survey.⁴⁰ More than 1,200 K-12 teachers, prospective teachers enrolled in teacher education programs and teacher education faculty completed online surveys for this study.

Only 37% of the K-12 teachers indicated that they had taken a college course in personal finance. And, only 11.6% of these K-12 teachers had taken a workshop on teaching personal finance. However, a majority of these teachers indicated that they were open to further education in financial literacy.

The 2009 “Pennsylvania Teacher Investor Education Research Project” also found that there is room for improvement for our teachers in their understanding on many personal finance and investment topics.⁴¹ A total of 438 responses were collected for a study sponsored by the Pennsylvania Securities Commission concerning teachers’ knowledge, attitudes and behaviors as it relates to saving and investing. While 9 out of 10 Pennsylvania teachers could identify the investment with the highest risk, about half of the teachers knew that when interest rates go up the price of bonds go down and only 1 in 10 knew the characteristics of a Ponzi scheme.

The survey found a strong need for further professional development and a desire by Pennsylvania’s teachers to receive such assistance. The most desired topics for professional development were curricula and other resources to teach personal finance (84%), followed by detailed information on investing (76.8%) and current topics as they are happening (73.4%).⁴²

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Several states have acted to improve the financial literacy of their residents and have best practices that Pennsylvania can model to help teachers integrate personal finance instruction throughout the K-12 curricula.

Effective financial education should begin in childhood with the introduction of basic money management concepts and then expanded upon throughout the school years, culminating with a standalone capstone course at the high school level. This instruction, particularly in the early grades, can be accomplished by integrating personal finance into existing subject areas such as math, social studies, family and consumer sciences, business and career education.

Administrators and classroom teachers are concerned, however, with adding additional content to an already crowded school day. To address this concern, the Task Force studied other states' efforts that helped make it easier for teachers to adapt/extend their lessons plans to include personal finance concepts. We found three areas to be the most helpful or feasible.

1. Create and maintain a clearinghouse dedicated to financial education resources.

With so many free or low-cost materials available on financial education, it can be time consuming for teachers to search for a lesson on a particular topic such as banking basics, credit or investing. Having a central place where teachers can download commercial-free materials from a trusted source saves time and ensures that the resources are appropriate for classroom use.

As mentioned previously, Pennsylvania is fortunate to have the *Your Money's Best Friend* web-based clearinghouse from the Department of Banking and Securities as well as the PDE Standards Aligned System portal that hosts K-12 curricula and links to online resources for personal finance. As both agencies add to or improve their listings, they should look to other states as possible models.

Utah's Department of Education and the Utah Education Network have partnered to create Finance in the Classroom: Utah's Go-To-Website at <http://financeintheclassroom.org> that provides teacher, student and parent resources for grades K-12. The teacher resources section has classroom financial education activities that are searchable by math, social studies and language arts content areas for every grade level. They also have a bibliography of children's storybooks with money themes as well as videos, music, PowerPoint® presentations and other resources. Upcoming professional development opportunities are also listed.

The website was created in 2008 by legislation requiring that financial and economic education be taught in grades K-12 through the core areas of math, social studies and language arts. This is in addition to the state mandate in 2003 for a high school course. Included in the 2008 legislation was the Financial and Economic Education Passport, which gives students an opportunity to be recognized by the school and community for completing age-appropriate financial activities and lessons.

The Teaching Money Virginia website at www.teachingmoneyva.org supports middle and high school teachers as they implement their state's one-credit requirement in economics and personal finance. The Virginia Department of Education provides oversight for the website and the website is sponsored by the Virginia Financial Institutions for Financial Literacy partnership.

Teachers using the website can sort by keyword, by the standards of learning for economics and personal finance or by types of resources, including sequential lesson plans, lesson plans, speakers, classroom extensions or other resources. Teachers

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can also submit their own teacher-generated lesson plans to share with their colleagues.

2. Provide grants to local school districts to promote innovation and best practices.

Colorado, Connecticut, Delaware and Wisconsin have provided grants to their local education authorities as an incentive to develop personal finance programs. These grants allow school administrators and teachers to make decisions at the local level when choosing curricula and materials that are appropriate for their needs.

- Colorado – In 2011 and 2012, Great-West Life & Annuity Insurance Company provided 25 grants of \$5,000 annually to Colorado public, private or charter schoolteachers to fund resources, technology, supplies, field trips and professional development related to personal finance.
- Connecticut – In 2012, a total of \$500,000 for “Investing in Personal Finance Education Programs” grants will be distributed from the Connecticut Department of Education ranging from \$15,000 to \$25,000 per school for developing curriculum, establishing a high school course, professional development or postsecondary collaboration.
- Delaware – In 2011 and 2012, Delaware’s Office of the State Bank Commissioner and the Department of Education, awarded \$400,000 and \$450,000, respectively, to K-12 schools and organizations to increase financial and economic literacy among youth and adults.
- Wisconsin – In 2012, the Governor’s Council on Financial Literacy, the Department of Financial Institutions, the Department of Public Instruction and the Wisconsin Women’s Council awarded \$250,000 to 24 Wisconsin school districts to begin new and sustainable financial literacy programs and events.

It should also be noted that beginning in 2012, Discover Financial Services invested \$10 million to bring financial education curriculum into public high schools across the country through its “Pathway to Financial Success” program. Eight Pennsylvania high schools received grants so far this year.

3. Supplement classroom teachers’ expertise in financial education with partnerships for guest speakers and professional development opportunities.

Just as math, English and science have a fixed place in our educational curriculum, so should financial education. As the NEFE study on “Teachers’ Background and Capacity to Teach Personal Finance” points out, however, there are some topics such as insurance and investing, that teachers do not feel confident in teaching.⁴³ To address this issue, some states have formed partnerships with the financial services industry or financial education providers for guest speakers and teacher training.

It seems rational and very appropriate that the Pennsylvania Department of Education should steer state plans for implementing financial education. In addition though, the Department of Education should also involve other relevant state agencies (e.g., Departments of Banking and Securities, Insurance and Revenue as well as the Treasurer’s Office and Office of the Attorney General) and the financial community at appropriate areas for expertise while maintaining guidance for educational pedagogy.

A collaborative model has proven successful in several states. Colorado, Washington, South Carolina, Tennessee and New Hampshire have all partnered with their state’s Jump\$tart Coalitions to provide professional development for K-12 teachers. In Texas, the Texas Department of Banking and Federal Reserve Bank of Dallas cooperate to provide train-the-trainer workshops for teachers.

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Student debt has grown dramatically in the last several years, totaling over \$1 trillion in 2012. Yet, young people say they are confused about the student loan process and how to plan for college costs.

One of the most troublesome economic and financial trends that the Task Force studied was the increasing number of students who are in debt shortly after leaving high school. According to the Consumer Financial Protection Bureau, when you add in the private student loan market and the outstanding debt in the federal student loan program, outstanding student loan debt hit the trillion dollar mark several months ago.⁴⁴ Despite the fact that an overwhelming majority of students (78%) say it is their responsibility to pay for at least part of their college education, data from the third annual “How Youth Plan to Fund College” survey by the College Savings Foundation (CSF), show that students are worried and confused about how they are to accomplish this.⁴⁵

“This is a clarion call for financial literacy,” says CSF Chairman Roger Michaud. “We need to better prepare both parents and their children with the skills and strategies to cope with the costs of college.” Ninety-four percent of prospective student borrowers in the survey say they are concerned about the debt burden they will face. Yet only 25% of them have projected the total loan amount they will need to graduate (down from 30% in 2011), and only 20% have projected what they’ll owe each month to pay it (down from 22% in 2011).⁴⁶

The study has found that to meet these challenges, students are eager to learn how to deal with college costs: 51% wished that their current high school offered financial literacy instruction for them and their families to prepare for college costs.⁴⁷

Even more worrisome, is the increase in the number of high-debt borrowers with some students graduating with loan amounts of \$50,000 to \$100,000 or even higher. The 2012 study “High Debt, Low Information: A Survey of Student Loan Borrowers” reported that about 65% of respondents misunderstood or were surprised by aspects of their student loans or the student loan process. When talking about specific aspects that they misunderstood or found surprising, about 20% mentioned their repayment terms, 20% mentioned the amount of their monthly payments and 15% mentioned their loans’ interest rates.⁴⁸

Policy recommendations are pertinent to the Task Force’s work on financial literacy, including:⁴⁹

- Educate earlier. As many borrowers stated, [age] 17 or 18 felt too young to be making the kinds of decisions that would affect the rest of their lives. Providing high school students with the vocabulary to understand student loan debt can help fill the cracks when colleges or others fail to do so.
- Educate those who students rely upon to make loan decisions. Many young students, being themselves uneducated about student loans, rely upon their parents, relatives, or guardians to make their borrowing decisions and to set up their loans. Young people may believe that adults are more knowledgeable, though in many instances this is an incorrect assumption.

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7. Funding

A second legislated mandate for the Task Force was to “consider the manner in which any funds are used to support economic education and personal financial literacy activities.” In doing so, the Task Force reviewed current and past practices in Pennsylvania as well as examples that we might follow from other states.

Pennsylvania

One of the first supporters of school-based financial education in our state was the Pennsylvania Jump\$tart Coalition for Personal Financial Literacy. This organization, a member of the national Jump\$tart Coalition for Personal Financial Literacy, was formed in 1999 as a nonprofit 501(c)(3) and is comprised of organizations, government agencies, financial institutions and corporations working together to improve the personal financial literacy of Pennsylvania's youth.

The Pennsylvania Jump\$tart operates on a limited budget and does not charge membership dues. They have received some grants to fund teacher training events and sponsors two teachers each year to attend the National Jump\$tart conference. The group meets quarterly to network and share information and hosts a website that lists statewide events and classroom resources.

In April 2004, the Pennsylvania Office of Financial Education (OFE) was created by an executive order of Governor Edward G. Rendell. Establishing OFE was in response to recommendations made by the state Task Force on Working Families for commercial-free resources on financial education. Until its elimination in November 2011, the Office was housed in the Pennsylvania Department of Banking and supported by the assessments, fees and fines paid by Pennsylvania's regulated financial community. It provided a train-the-trainer approach

to financial education for schools, community-based organizations and workplaces. The Office staff included a director and three financial education specialists. Its consumer website, www.moneysbestfriend.com, continues to serve as a clearinghouse of trusted resources and includes a “Resources for Educators” section that has over 175 links for K-12 teachers to utilize.

Funding for the school-based portion of the Office of Financial Education included an annual appropriation of \$108,000 for the Governor's Institute on Financial Education, a full scholarship, weeklong residential professional development program for K-12 teachers on how to create a standalone personal finance course or integrate those concepts into existing curricula. The school-based financial education specialist also conducted teacher workshops onsite at school districts and intermediate units across the state. Through a partnership between the Departments of Banking and Education, that person held an office in both agencies and served as the state's K-12 financial education liaison. Funding for the school-based financial education specialist (salary, benefits, travel and materials) was approximately \$70,000 to \$80,000 per year.

As a result of the mandates from Act 104, the Pennsylvania Department of Education has provided funding for FY2011 at \$30,000 and FY2012 at \$70,000 for K-12 economic education and financial literacy professional development and materials. Two webinars, offered a total of four times, have been conducted; two electronic newsletters distributed; school and district websites investigated for evidence of personal finance classes and a survey on future needs has been conducted. Planning is underway for additional programs including

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implementing the awards program highlighting school district efforts in this area.

Funding Legislation from Other States

Ohio State University's analysis of legislation regarding personal finance instruction in high schools found that states that addressed the barriers to implementation of financial literacy instruction—namely funding and lack of financial expertise—had the strongest statutes.⁵⁰

In reviewing state legislation on financial education tracked by the National Conference of State Legislators, the following two trends appear to be the most common approach to funding by states that have acted.

Funding from the state's department of banking:

- Delaware – Financial Education Fund created in Treasurer's Office from licensing fees and administered by Banking and Education (SB108, 2009); \$400,000 in grants awarded in 2011 and \$450,000 in 2012
- Florida – Financial Literacy Education Fund created (HB825, 2006)
- Texas – Financial Education Endowment created from licensing fees of financial institutions (HB2594, 2011); authorized Banking to accept donations (HB2007, 2007)
- Washington – annual \$50,000 appropriation from state legislature to public-private partnership account in Treasurer's Office (SB6386, 2006); authorized Banking to provide financial education (SB6272, 2008)

Funding from the state's treasurer's office:

- Colorado – annual appropriation by General Assembly (SB11-218, 2011)
- Illinois – Financial Literacy Fund administered by State Board of Education (SB2387, 2008)
- Iowa – Iowa Financial Literacy Program (SF2367, 2010) and (SF2216, 2008)

- Massachusetts – fund created along with board of trustees and 501(c)(3) to solicit private money (HB3347, 2011)
- South Carolina – South Carolina Financial Literacy Trust Act and authority to receive income tax returns as charitable donation (HB4707, 2006)
- Tennessee – Tennessee Financial Literacy Commission created to raise funds and administered by Treasurer's Office (HB3334, 2010) with annual appropriation of \$125,000 from the General Assembly; Commission authorized to review current personal finance standards and make recommendations (SB912, 2011)

Missouri Example

In January 2002, representatives of multiple banking groups formed the Missouri Coalition for Economic and Financial Literacy. Later in 2002, House Bill 1973 and an executive order by Governor Bob Holden required that a study be conducted to examine ways to improve economic and financial literacy education in schools throughout the state. The coalition was able to raise almost all of the \$100,000 needed to conduct the study with private donations.⁵¹

As a result of the study and the recommendations made, the Missouri Commissioner of Education created the Task Force on the High School in April 2004. As the task force concluded its work, the General Assembly issued House Resolution No. 24 commending task force members and encouraging them to recommend a mandated personal finance course to the State Board of Education. In 2004, state academic standards were adopted; and in 2005, the State Board of Education adopted a state graduation requirement for personal finance beginning with the class of 2010.

Since 2006, the Division of Career Education in the Missouri Department of Elementary and Secondary Education has provided funding for curriculum

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resources and annual teacher training as well as overseeing the online assessment for students who wish to “test out” of the required personal finance course or who take an online version of the course.

Tennessee Example

In 2006, Tennessee passed legislation mandating a high school course on personal finance as a requirement for graduation (TN SB3741/HB3753). The Tennessee Department of Education developed curriculum standards and a course outline as part of the social studies content which was approved by the State Board of Education in 2007.

In order to provide instruction at the K-8 grade level, the General Assembly created the Tennessee Financial Literacy Commission (TFLC) as part of the Financial Literacy Program Act of 2010. The TFLC, administratively attached to the Tennessee Treasury Department, is a 501(c)(3) organization established to raise funds and authorized to contract for the development of financial literacy education programs for elementary and middle school students. The state’s appropriation of \$125,000 was granted in 2010 and 2011 to the University of Memphis’ \$MART Tennessee program to conduct teacher training for these grades. Additional financial support has been provided by a matching grant from \$MART Tennessee and funding from First

Tennessee Bank, the Tennessee Department of Financial Institutions and fundraising events.⁵²

Washington Example

The Financial Education Public-Private Partnership (FEPPP) was established in 2009 (SHB1347) extending the efforts of the previous Financial Literacy Public-Private Partnership “to advance financial literacy education in Washington by leveraging state funds with private donations, partnering with other organizations and providing outreach to educators and administrators in districts throughout the state.” The FEPPP members include representatives from the Washington Department of Financial Institutions, the Washington Office of Superintendent of Public Instruction, the financial services industry, higher education and K-12 teachers.

As stated in the FEPPP “August 2012 Interim Report to the Legislature,” state funds for fiscal years 2011-12 were \$146,720 with an additional \$46,193 raised through donations and in-kind contributions.⁵³ A full-time position of Financial Literacy Coordinator was created in April 2006 along with staff support and administration of the FEPPP by the Washington Office of Public Instruction. The Department of Financial Institutions provides additional program support and materials.

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8. Recommendations

A third mandate for the Task Force on Economic Education and Personal Financial Literacy Education was to make recommendations to the governor and the General Assembly regarding legislative or regulatory changes to improve personal financial

literacy in Pennsylvania's schools. Therefore, the Task Force submits the following four recommendations:

Recommendation 1: Require every Pennsylvania high school student to complete a standalone capstone course on personal finance in order to graduate.

- School districts should have a range of delivery options for offering this course, including classroom instruction (equivalent of one semester or .5 credit) or as a standards-aligned, self-paced online or blended course which would include a district approved end-of-course assessment.
- The Pennsylvania Department of Education and the Pennsylvania Department of Banking and Securities should continue their efforts to promote their online clearinghouses of free and low-cost curricula that is available from government agencies and vetted financial education providers.

Why We Make this Recommendation: Pennsylvania high school graduates are entering the real world today lacking basic money management skills that are needed to make financial decisions that will impact their future and the future of the commonwealth. While some Pennsylvania school districts currently require a course in personal finance for graduation, the number is too small (less than 50) with very little consistency in content from district to district.

Our Vision for Pennsylvania: Every student will receive personal finance instruction regardless of their plans after graduation (i.e., enrolling in a 2 or 4 year college, attending trade school, enlisting in the armed forces or entering the workforce). They will use this knowledge to become prosperous, self-reliant and productive citizens of the commonwealth and contribute to our state's growth.

Recommendation 2: Adopt comprehensive, standalone Pennsylvania K-12 academic standards devoted to personal finance.

- To save on time and expense when creating Pennsylvania state-specific standards, Pennsylvania should try to adapt or consider model K-12 personal finance academic standards that have been developed by other states or at the national level by organizations leading the charge to improve the nation's financial literacy.
- Identifying grade-band benchmarks in the standards and cross-referencing to other content areas will help teachers and curriculum coordinators identify personal finance concepts that can be integrated into existing courses in the primary grades.

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Why We Make this Recommendation: Academic standards are the cornerstone for developing instruction and assessment in our local school districts. Financial education is a content area, like math, reading, science and other subjects, that is critical to the development of 21st century learning. Furthermore, while there is personal finance content within other existing academic standards, the extent and rigor would be enhanced through standalone standards.

Our Vision for Pennsylvania: With academic standards for grades K through 12, teachers, parents and our communities will be able to determine what every student should know and do related to personal finance. These standards will serve as the basis for sound assessment of student mastery.

Recommendation 3: Provide dedicated funding to support high quality K-12 personal finance instruction and teacher training.

- The Pennsylvania Department of Education and its public and private partners should allocate funding for ongoing professional development on how to encourage the 1) creation and use of a standalone personal finance course and 2) to integrate personal finance concepts into existing curricula.
- School districts should apply for grants from state, federal and private sources to supplement their budgets for developing and implementing financial education programs.

Why We Make this Recommendation: Research and best practices show that incentives are needed to allow local education authorities to determine the appropriate instructional approach for their communities. In addition, funding would allow for further coordination of efforts.

Our Vision for Pennsylvania: The Pennsylvania General Assembly will fund a public-private financial education initiative for K-12 schools that includes a dedicated annual appropriation, along with administrative and program support from state government agencies as well as contributions from groups involved in the financial services and financial education community.

Recommendation 4: Develop a financial education instructional endorsement for secondary teachers in Pennsylvania and corresponding program guidelines for professional educator programs.

- The commonwealth's institutions of higher education with teacher education programs and intermediate units should work with the Pennsylvania Department of Education to develop content specific program guidelines that include financial education content based on Pennsylvania's academic standards for personal finance.
- This program endorsement would allow high school teachers who are certified in another content area (such as family and consumer science; business, computer and information technology; social studies or mathematics) to obtain an additional certificate dedicated to personal finance.

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Why We Make this Recommendation: Without an instructional designation specific to financial education, teachers from diverse backgrounds may be tapped to teach personal finance topics that they are ill equipped to teach.

Our Vision for Pennsylvania: High school personal finance teachers will be highly qualified to teach a course on this subject matter. Additionally, teachers who integrate financial education into their lessons will receive training as pre-service teachers and have ongoing access to professional development opportunities to help them increase knowledge and teaching techniques to teach personal finance in ways relevant to their student’s developmental level.

Conclusion

After studying the current research, identifying the best practices of other states and determining the needs and trends in financial education, the Task Force unanimously agreed upon the four recommendations listed in this report. Furthermore, the Task Force believes that, like pieces in a puzzle, it is necessary to enact each of the recommendations in order to be most effective and complete the picture towards financial literacy for Pennsylvania’s next generation.

We learned that having a standalone personal finance course in high school is important. However, if there is no requirement for implementation, not every student will receive that instruction. This is particularly true for advanced placement students, who are often the very ones who will make decisions about college financial aid and future debt in their senior year of high school.

The Task Force also learned (as most parents already know from experience) that waiting until high school to teach children about money after many habits and attitudes have already been formed is a huge mistake as many years of teachable moments are lost. By integrating basic financial concepts in lower grades prior to a high school capstone course, it allows for teachers in many disciplines and at every

grade level to introduce concepts that can be built upon each succeeding year.

To help teachers develop age-appropriate instruction and ensure continuity of instruction, we also found that it is essential to have academic standards to provide a framework for teaching and assessing what students should know and be able to do. Along with personal finance standards, a financial education program endorsement will ensure that regardless of the discipline teaching the course, the appropriate pedagogy will be used and appropriate content will be provided.

A final, and a critical piece of the puzzle, is funding. The Task Force recognizes that Pennsylvania public schools already face many mandates while operating with decreased revenue. Thus, it is important for the Department of Education (PDE) to conduct statewide professional development so that teachers are trained properly and that funds (e.g., grants, predetermined state allocation) are provided to districts to encourage local implementation of financial education. There are many examples from other states and prior Pennsylvania initiatives that PDE can investigate to help them develop partnerships to assist with this endeavor.

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9. Endnotes

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REPORT AND RECOMMENDATIONS

by the Pa. Task Force on Economic Education and Personal Financial Literacy Education

Appendix 10.1

Timeline and Discussion Topics for Task Force on Economic Education and Personal Financial Literacy Education 2011-2012

Timeline and Discussion Topics for Completion of
Task Force on Economic Education and Personal Financial Literacy Education
Report and Recommendations

| Date | Task |
|--------------------|--|
| July 27, 2011 | Inaugural meeting; review of Action 104 mandate; discussion of what each organization is doing; election of chair; plan of action consideration |
| August 17, 2011 | Analysis of national and statewide research; discussion of statistics on making the case; review of what federal government is doing |
| October 26, 2011 | Review of national and statewide academic standards and curriculum resources; conference call with Laura Levine, president & CEO, Jump\$tart Coalition; teacher certification guidelines; professional development |
| January 25, 2012 | Legislation from other states; best practices from other states; Wisconsin, Utah and Virginia examples; evaluation tools; conference call with Maryland Department of Education |
| March 14, 2012 | Funding and partnerships; legislation from other states; Washington, Texas and South Carolina examples conference call with Tennessee Department of Treasury |
| June 13, 2012 | Discussion and draft of task force recommendations |
| September 25, 2012 | Discussion of first draft of report |
| November 5, 2012 | Review and vote on second draft of report and recommendations |
| November __, 2012 | Submission of final report to secretaries of Banking and Education |
| January __, 2013 | Report and recommendations submitted to General Assembly and Governor Corbett |

REPORT AND RECOMMENDATIONS

by the Pa. Task Force on Economic Education and Personal Financial Literacy Education

Appendix 10.2

Department of Banking “Financial Education Legislation Passed by States 2004 – 2012 as Compiled by the National Conference of State Legislators”

| | A | B | C | D | E | F | G | H | I |
|----|---|--------------------|-----------------------|------------------|--------------------------------|------------------------|-------------------|-------------------------------|---|
| 1 | Financial Literacy Legislation Passed by States 2004 - 2012* | | | | | | | | |
| 2 | State | Year Passed | Course Mandate | Standards | Curriculum/ Instruction | Assessment | Funding | Task Force/ Commission | Notes |
| 3 | Colorado | 2011 | | | | | S.B.218 | | Cash funds to Education Dept. |
| 4 | Colorado | 2008 | | H.B.1168 | | H.B.1168 | | | PF aligned to math content |
| 5 | Colorado | 2004 | | | H.B. 1360 | | | | |
| 6 | Connecticut | 2009 | | | | | | | S.B.617, banks in high schools |
| 7 | Connecticut | 2009 | | | H.B. 6483 | | | | Credit card instruction and pf |
| 8 | Delaware | 2009 | | | | | S.B.108 | | Banking & Education Depts. |
| 9 | District of Columbia | 2008 | | | | | | B17-434 | |
| 10 | Florida | 2006 | | | | | H. B. 825 | H.B. 825 | Fin Lit Council; trust fund in Fin Services |
| 11 | Hawaii | 2011 | | | | | H.B.400, Act 95 | | Office of Hawaiian Affairs |
| 12 | Illinois | 2010 | | | | S.B. 3608, P.A.96-1061 | | | Removes consumer ed test |
| 13 | Illinois | 2008 | S.B.2387 | | | S.B.2387 | | | Consumer ed for 9-12; Fin Lit Trust Fund |
| 14 | Illinois | 2006 | S.B.2191 | | | | S.B.2191 | | Consumer ed for 9-12; Fin Lit Trust Fund |
| 15 | Indiana | 2009 | | | H.B.1581, P.L.154 | | | | Grades 6-12 |
| 16 | Iowa | 2010 | | | | | S.F.2367 | | Treasurer's Office |
| 17 | Iowa | 2008 | | | | | H.F.2555, Ch.1123 | | Treasurer's Office; investor ed & PF fund |
| 18 | Iowa | 2008 | | | S.F.2216, Ch.1127 | | | | PF in K-12 core curriculum |
| 19 | Iowa | 2007 | | H.F.804 | | | | | PF in social studies |
| 20 | Kansas | 2009 | | S.B.41, Ch.130 | | S.B.41, Ch.130 | | | K-12 in math or other areas |
| 21 | Kansas | 2008 | | | | | H.B.2746 | | grants from real est. recovery fund |
| 22 | Louisiana | 2010 | H.B.1029, Act 327 | | | | | | PF integrated in Civics elective |
| 23 | Louisiana | 2010 | | | | | | H.B.1226 | Abolishes Fin Lit Commission |
| 24 | Louisiana | 2008 | | | | | | S.B.405 | |
| 25 | Maine | 2011 | L.D.184, Ch.154 | | | | | | 2012-13 HS pf as a math course |
| 26 | Maine | 2009 | | L.D.1027 | L.D.1027 | | | | FCS standards and curriculum |
| 27 | Maine | 2007 | | | | | L.D.216, ch.126 | | Treasurer's Office |
| 28 | Maryland | 2012 | | | | H.B.9 | | | SDs must report pf to state ED |
| 29 | Maryland | 2009 | S.B.500 | | | | | | High school pilot |
| 30 | Maryland | 2009 | | | | | | S.B.140, Ch.199 | |
| 31 | Maryland | 2008 | | | | | | H.B.1242, Ch.187 | |
| 32 | Massachusetts | 2011 | | | | | H.B.3347, Ch. 14 | | |
| 33 | Mississippi | 2004 | | | S.B. 3016 | | | | |
| 34 | Nebraska | 2012 | | | | | L.B.269 | | Fin Lit Cash Fund created |
| 35 | Nevada | 2009 | | | S.B.317 | | | | High school instruction |
| 36 | New Jersey | 2009 | | | A.B.1943, Ch.153 | | | | High school pilot |
| 37 | New Mexico | 2010 | H.B.53 | | | | | | PF qualifies for required math |
| 38 | New Mexico | 2009 | | H.M.70 | | | | | Indian Education Division |
| 39 | New Mexico | 2008 | S.B.460 | | | | | | PF as elective for grad. req. |
| 40 | New Mexico | 2007 | H.B.1205, Ch.305 | | | | | | PF as an elective |
| 41 | North Carolina | 2009 | | | | | | S.B.1019 | |
| 42 | North Carolina | 2009 | | | H.B.1474 | | | | 2011-12 |
| 43 | North Dakota | 2009 | | | | | | | S.B.2135 Treasurer's duties |
| 44 | Ohio | 2008 | | | | | H.B.545 | | Funds adult fin ed |

| | A | B | C | D | E | F | G | H | I |
|----|--|-------------|-------------------|------------------|----------------------------|------------|-------------------|---------------------------|---|
| 2 | State | Year Passed | Course Mandate | Standards | Curriculum/ Instruction | Assessment | Funding | Task Force/ Commission | Notes |
| 45 | Oklahoma | 2007 | | | H.B.1476 | | | | |
| 46 | Oregon | 2007 | | | | | | H.B.2584, Ch.773 | PF and Civics |
| 47 | Pennsylvania | 2010 | | | H.B.101, Act 104 | | | H.B.101, Act 104 | Governor's veto overridden |
| 48 | Rhode Island | 2008 | | | | | | H.B.8332 | |
| 49 | Rhode Island | 2007 | | | | S.B.912 | | H.B.6235 | |
| 50 | South Carolina | 2006 | | | | | H.B.4707, Act 382 | | Fin Lit trust fund in Treas; Ed supt. Chair |
| 51 | South Carolina | 2005 | | | H. B. 3020, Act 38 | | H.B. 3020, Act 38 | | |
| 52 | Tennessee | 2012 | | | | | H.B.3835 | | Funds for Fin Lit Comm by Banking |
| 53 | Tennessee | 2012 | | | | | | S.B.2326 | Fin Lit Commission extended to 2017 |
| 54 | Tennessee | 2011 | | S.B. 912 | | S.B. 912 | S.B. 912 | S.B. 912 | Fin Lit Commission |
| 55 | Tennessee | 2010 | | | | | H.B.3334 | H.B.3334 | Treasurer's Office |
| 56 | Tennessee | 2007 | | | H.B.1944, Ch.303 | | | | Removes PF as free enter. req. |
| 57 | Tennessee | 2006 | S.B.3741, Ch. 854 | | | | | | .5 unit course on pf requirement |
| 58 | Texas | 2011 | | | H.B.34 | | | | |
| 59 | Texas | 2011 | H.B.399 | | | | | | 2013 pre-service training |
| 60 | Texas | 2011 | | | | | H.B.2594 | | Public-Private Partnership |
| 61 | Texas | 2011 | | | H.B.3232 | | | | K-8 math instruction & textbooks |
| 62 | Texas | 2009 | | | H.B.3646, Ch.1328 | | | | Expands pilot program |
| 63 | Texas | 2007 | | | | | H.B. 2007 | | H.B.2007, Ch.110 Banking Dept. partner. |
| 64 | Texas | 2005 | | | H.B. 492 | | | | |
| 65 | Utah | 2012 | | | H.B.156, S.B. 178 | | | | Fin Lit test-out option & online fees set |
| 66 | Utah | 2009 | | | S.B.100, Ch.95 | | | | PF/econ passport to parents |
| 67 | Utah | 2008 | | | | | S.B.2, Ch.397 | | |
| 68 | Vermont | 2011 | | | | | | | H.B.438 financial services info. |
| 69 | Virginia | 2012 | S.B.489, Ch.642 | | | | | | Diploma req. including virtual course |
| 70 | Virginia | 2007 | | | H.B.2513, Ch.47 | | | | PF in college life skills pgm |
| 71 | Virginia | 2011 | | | | | | | S.B.810, Ch.411, accreditation |
| 72 | Virginia | 2009 | | H.B.2112, Ch.802 | | | | | K-12 pf objectives |
| 73 | Virginia | 2005 | | | S.B. 950 | | | | PF in economics |
| 74 | Virginia | 2004 | | | S. B. 479 | | | | Req. to develop objectives |
| 75 | Washington | 2011 | | H.B.1594 | | | | | |
| 76 | Washington | 2009 | | | | | | H.B.1347 | |
| 77 | Washington | 2008 | | | | | | S.B.6272, Ch.3 | Banking Department |
| 78 | Washington | 2007 | | | | | H.B.1980, Ch.459 | | Gen. fund to Fin. Lit. account |
| 79 | Washington | 2004 | | | | | | H.B. 2455 | Public-Private Partnership |
| 80 | West Virginia | 2012 | | | | | S.B.337, Ch.17 | | Consumer Ed Fund created in Banking |
| 81 | West Virginia | 2005 | | | H. B. 2837 | | | | |
| 82 | | | | | | | | | |
| 83 | *Source: http://www.ncsl.org/issues-research/banking/financial-literacy-2012-legislation.aspx | | | | | | | | |
| 84 | Prepared by Mary Rosenkrans, Pennsylvania Department of Banking, 3-12-12, updated 11-5-12. | | | | | | | | |

REPORT AND RECOMMENDATIONS

by the Pa. Task Force on Economic Education and Personal Financial Literacy Education

Appendix 10.3

Penn State University Research Center “Status of Financial Education in Pennsylvania High Schools” Executive Summary 2009

(The full report is available for download at <http://www.moneysbestfriend.com/default.aspx?id=351>.)

The Status of Financial Education in Pennsylvania High Schools 2009

**Commissioned by:
Pennsylvania Office of Financial Education**

**Conducted by:
Penn State University Survey Research Center**

pennsylvania
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Introduction

This report summarizes the findings of a recently completed survey of Pennsylvania's public high schools. The survey was conducted by Penn State University's Survey Research Center (SRC) on behalf of the Pennsylvania Office of Financial Education. The primary purpose of the survey was to identify the extent to which personal finance courses are being offered and/or required for graduation across Pennsylvania's 500 school districts. In addition, the survey sought to identify changes since the first survey of its kind in 2007. In both surveys, SRC conducted telephone interviews with guidance counselors to provide general information about course offerings including the course structure, whether courses were requirements or electives, and in which departments courses were offered. The information provided by the guidance counselors was expanded upon by teachers in a web-based survey. In both surveys, respondents were asked to discuss standalone personal finance courses as well as those courses into which a substantial amount of personal finance is incorporated such as economics, accounting, family and consumer science and various math courses.

Key Findings

More schools are requiring standalone courses in personal finance for graduation than in 2007; however, the total is still well under 10% of the state's 500 school districts.

- Only 44 of the 584 schools surveyed report requiring a standalone course in personal finance for graduation (7.5%) as opposed to 20 of the 579 responding in 2007 (3.5%).

Students in too many schools have no personal finance instruction offered to them of any kind.

- Nearly 15% of schools report not offering any courses in personal finance – either as a standalone or as part of another course. This percentage remains virtually unchanged since the 2007 survey.

Most schools are somewhere in the middle – offering too little to too few.

- 85% offer some type of integrated or standalone course that may or may not be a graduation requirement.
- Generally less than 25% of the content in integrated courses is personal finance.
- Schools report that their elective courses are typically taken by less than 50% of the graduating class. However, elective standalone courses are seeing an increase in student enrollment. In 2007, only 2% of schools reported more than three-quarters of their students taking the elective standalone courses in personal finance compared to 15% in 2009.

Courses vary from school-to-school in structure and content.

- Nearly 75% of standalone courses are taught within a business department. The remaining 25% are split between social studies, math, family and consumer science and other disciplines.
- Courses are offered at various grade levels depending on the schools; however, in most cases the courses are focused at the junior and senior grade levels.
- The topics most frequently taught include banking, budgeting, credit cards, and financial decision making. Less frequently noted topics are consumer rights and responsibilities, buying a house and identity theft.

Personal finance teachers are often lone rangers in their schools and districts, but they are resourceful.

- 83% of the schools report that standalone courses are taught by a single teacher in their school. For integrated courses, the percentage drops to 77%.
- Teachers identified a myriad of resources they are using to teach personal finance. Over half use guest speakers from their local community and over one-third use no textbook at all, relying instead on a variety of other resources.
- One and a half times as many teachers are using *Your Money's Best Friend*, the website of the Pennsylvania Office of Financial Education, as were in 2007.

There are signs that progress is being made to improve financial education.

- One in four schools report efforts underway to increase the extent to which personal finance is taught – up from one in five in 2007.
- Respondents in 29 school districts report that personal finance is being considered as a graduation requirement – either as a standalone course or integrated into another.
- 9% of the standalone personal finance courses are very new - having been in place for less than a year.
- 21% of schools report partnering with a local financial institution to provide financial education and/or services to students – up from 15% in 2007.

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by the Pa. Task Force on Economic Education and Personal Financial Literacy Education

Appendix 10.4

Penn State University Research Center “Status of Financial Education in Pennsylvania High Schools” Executive Summary 2007

(The full report is available for download at <http://www.moneysbestfriend.com/default.aspx?id=351>.)

The Status of Financial Education in Pennsylvania High Schools 2007

Commissioned by:
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Introduction

This report summarizes the main findings of a recently completed survey of Pennsylvania's public high schools. The survey was conducted by Penn State University's Survey Research Center (SRC) on behalf of the Pennsylvania Office of Financial Education. The primary purpose of the survey was to identify the extent to which personal finance courses are being offered and/or required for graduation across Pennsylvania's 501 school districts. SRC conducted telephone interviews with guidance counselors in 579 schools between May 10, 2007 and June 22, 2007. Guidance counselors provided the names and e-mail addresses of teachers that could answer additional questions via a web-based survey. A total of 251 teachers responded (25%) during the web-based survey window of May 21, 2007 to November 20, 2007.

Key Findings

Very few schools have a standalone personal finance course required for graduation

- Only 20 of the 579 schools surveyed report requiring a standalone course in personal finance for graduation.

Students in too many schools have no personal finance instruction offered to them of any kind.

- Nearly 15% of schools report not offering any courses in personal finance – either as a standalone or as part of another course.

Most schools are somewhere in the middle – offering too little to too few.

- 82% offer some type of integrated or standalone course that may or may not be a graduation requirement.
- Generally less than 25% of the content in integrated courses is personal finance.
- Schools report that their elective courses are typically taken by less than 50% of the graduating class.

Courses vary from school-to-school in structure and content.

- Nearly 75% of standalone courses are taught within a business department. The remaining 25% are split between social studies, math, and family and consumer science.
- Courses are offered at various grade levels depending on the schools; however, in most cases the courses are focused at the junior and senior grade levels.
- The topics most frequently taught include banking, credit cards, budgeting, and saving. Less frequently noted topics are buying a house, identity theft, buying a car, and credit scores.
- Teachers identified a myriad of resources they are using to teach personal finance. More use guest speakers from their local community than any other resource except a textbook.

There are signs that progress is being made to improve financial education.

- 20% of schools reported efforts underway in the schools or districts to increase the extent to which personal finance is taught at the high school.
- One in three standalone courses are relatively new in their school having been offered four or less years.
- 15% of schools report partnering with a local financial institution to provide financial education and/or services to students.

REPORT AND RECOMMENDATIONS

by the Pa. Task Force on Economic Education and Personal Financial Literacy Education

Appendix 10.5

National Association of State Boards of Education Report “Who Will Own Our Children?” Executive Summary 2006

Who Will Own Our Children?

The Report of the NASBE Commission on Financial and Investor Literacy

Executive Summary



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| Jared Polis, Chair | Colorado | Carol Rupe | Kansas |
| Arcelio Aponte | New Jersey | Jim Scheer | Nebraska |
| Dean Clark | Illinois | Clint Waara | South Dakota |
| Brenda Frank | Oregon | Robert Duvall | <i>ex officio</i> |
| Tom Gregory | Utah | Laura Levine | <i>ex officio</i> |
| Rob Hovis | Ohio | Christine N. Kieffer | <i>ex officio</i> |
| Kristin Maguire | South Carolina | Robert Ganem | <i>ex officio</i> |
| MaryJane Rebick | Arkansas | | |

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The NASD Investor Education Foundation, established in 2003 by NASD, supports innovative research and educational projects that give investors the tools and information they need to better understand the markets and the basic principles of financial planning. For details about grant programs and other new initiatives of the Foundation, visit www.nasdfoundation.org.

Who Will Own Our Children?

The Report of the NASBE Commission on Financial and Investor Literacy

Armed with a shiny new diploma from State U, the young graduate is ready to begin a new life. Of course, the bachelor's degree is accompanied by approximately \$16,000 in student loans, a credit card debt of \$3,500, and the need for a transportation. Welcome to the brave new—and uncertain—world of today's college graduate. Add to these initial debts the likelihood that the individual will never work for an organization that provides a defined benefit retirement plan combined with the fact that the Social Security system will inevitably undergo significant revision with reduced benefits. Indeed, the financial future of today's high school/college generation has never been more insecure.

In a world in which fierce global competition and terrorism grab many of the headlines, the answer to the question of “Who will own our children?” may actually present the greatest single national security challenge to the nation. State boards of education, with responsibility for establishing curriculum standards and guidance, hold one of the keys to determining our children's—and ultimately, the nation's—financial future.

Given the importance of the issue and the prominent role state boards of education play in addressing it, NASBE convened its Commission on Financial and Investor Literacy in February 2006. The Commission's charge was to assess the current state of financial and investor education in public schools and provide education policymakers with recommendations for specific actions to help strengthen students' financial literacy.



Understanding the Issues

The drumbeat of news covering the personal finances of Americans continues on a daily basis. This news, whether from radio, newspapers, television, or the Internet, is almost always negative.

NASBE's Commission on Financial and Investor Literacy heard, for example, how millions of Americans have experienced an erosion in their economic and social security. Advances in technology and economic globalization have accelerated the pace of change in

What is Financial/Investor Education?

According to Vitt, et al. in *Personal Finance and the Rush to Competence: Financial Literacy Education in the U.S.*, “Personal financial literacy is the ability to read, analyze, manage, and communicate about the personal financial conditions that affect material well-being. It includes the ability to discern financial choices, discuss money and financial issues without (or despite) discomfort, plan for the future, and respond competently to life events that affect everyday financial decisions, including events in the general economy....Literacy in the context of personal finance is sometimes referred to as economic literacy.” The authors go on to note that, “General education determines occupation and income, which in turn influences place of residence, social contacts, consumer choices, and activities. *Financial Literacy* education shapes the life course in other ways by enhancing access to investment income, asset accumulation, and asset protection.”⁴

our economy, increasing both job insecurity and the awareness of this instability. In the past two decades, this has been especially the case for the relatively highly compensated blue-collar workers who were forced to accept less lucrative positions or retired from the workforce. At the same time, globalization has spurred efforts by employers to reduce costly pensions and health care benefits. As a result, over the past decade there has been a massive reduction in the availability of pension plans for employees (only 46 percent of all workers in 2004 were covered by a defined benefit plan). For younger workers, these plans have effectively ceased to exist. Employers have largely replaced pension plans with contributory retirement programs that are voluntary and must be funded, entirely or in large part, out of wages. According to Congressional testimony, “At present, most workers with access to these contributory programs are not participating sufficiently to allow them to retire in their sixties without suffering a great decrease in their standard of living.”¹

Another area of concern addressed by the Commission was personal debt. Massive increases in the availability and acquisition of consumer and mortgage credit now make it essential for nearly everyone to understand and make sensible decisions about debt. A key factor in the rising number of personal bankruptcies over the past decade has been the growth in credit card marketing, which has reached a level of over five billion mail solicitations annually. Available credit lines on these cards have grown to nearly \$5 trillion dollars.² American consumers now owe about \$1.7 trillion in credit card and other debt, an amount roughly equal to the gross national products of Great Britain and Russia combined.³

According to Nofsinger and Duguay, “In 2005, the average personal savings rate for the year dipped into negative territory (-0.5 percent) in the United States for the first time since the Great Depression as consumers relied on credit and/or tapped into personal savings and other assets to

allow them to spend more than they took in. As a comparison, savings rates for countries in Western Europe hover around 14 percent.⁵ In 2006, household debt in the United States rose to an unprecedented 126.4 percent of disposable income.⁶

Clearly, this level of personal debt and lack of savings is not sustainable over the long term, both for individuals and for the country.

A significant concern for Commission members was the social and economic issues associated with the erosion of pension funding and the cloudy—at best—future of

Social Security. For the Commission, the issue was two-fold. It is apparent that the massive change in retirement funding will have untold and unforeseen consequences for the American public. In terms of ensuring a secure retirement, the consequences for individuals are clear. Less obvious, but just as important, is the threat to social cohesion if large segments of society become prisoners of debt and/or are unable to secure their well-being into retirement. Clearly, more work needs to be done to address these consequences. Specifically, the Commission expressed concern about a burgeoning “policy in a vacuum”

Current State Efforts

The National Council on Economic Education (NCEE)¹⁶ annually publishes a *Survey of the States*. This survey solicits information from a) the chief executives of state councils on economic education, and b) social studies and family and consumer education specialists in all 50 states and the District of Columbia. Following are some of the highlights from the report’s findings:

- Forty-nine states and the District of Columbia require economics;
- Seventeen states require an economics course to be offered in high school;
- Thirty-eight states report having personal finance standards of some form;
- Nine states require testing in personal finance;
- Nine states currently have personal finance as part of their graduation requirements (Alabama, Georgia, Idaho, Illinois, Kentucky, Louisiana, New York, Texas, and Utah);
- In 2004, 23 states introduced legislation that addressed personal finance education and at least 30 states introduced similar legislation in 2005; and
- In 2006, seven states have introduced legislation concerning the teaching of personal finance in public schools (Florida, Indiana, Massachusetts, Mississippi, New Hampshire, Oklahoma, and Pennsylvania).

Clearly the issues of economics education and financial education have been on the radar-screen for some time. Just as clearly, most states have made at least some effort to provide students with information. However, it is also apparent that, at present, there is no consistent approach concerning the issue of personal financial education.

crisis—that is, with a growing push for the public to take personal control over finances, there has not been a concomitant push for the provision of adequate tools to manage this change.

As noted by the U. S. Department of Treasury:

It is easy to lose sight of the broader social and political changes that have contributed to this need for greater financial awareness. Changes in employment and public policy have only recently put substantial financial responsibility on the shoulders of individuals, a condition for which they have not been adequately prepared. Financial literacy is as much a societal concern as it is an issue for individuals, according to Sonnenberg,⁷ and policymakers must stay aware of the broader issues.

According to Rep. Harris Fawell, R-IL, author of the SAVER Act (Savings Are Vital to Everyone's Retirement Act of 1997), America faces "a ticking demographic time bomb that requires increased retirement savings." Educating the public, Fawell urged, is the first step in defusing the bomb.

Preparing students, by giving them the necessary skills to defuse this "time bomb," is the responsibility of state boards of education.

Why Is Financial Literacy a K-12 Issue?

The Commission acknowledged the importance of offering financial education

to individuals at various stages in their lives. However, financial education efforts targeted at a specific type of financial decision-making (such as buying a home or saving for retirement), which have been shown to be effective, will be most successful when a person already possesses a basic understanding of financial concepts. Like all types of education, financial education begins with teaching the basics that will provide an individual with a foundation for analyzing increasingly complex financial problems. Introducing the youngest students to financial education basics in school helps them to develop the building blocks they will need to make good financial decisions throughout their lives. Policymakers cannot expect a 30-year-old to comprehend the mortgage closing process or a 65-year-old to make informed investment and spending decisions regarding retirement income if they have not been given an understanding of the basic concepts of personal finance.

The best and most obvious starting place is in schools. No better venue exists to reach a large segment of the youth population than through the school system. The evidence shows that youth financial education can make a difference. Individuals graduating from high schools in states that mandate personal finance education courses have higher savings rates and net worth as a percentage of earnings than those who graduate from schools in states without such a mandate.¹⁵ Teaching financial education in school starts the process of preparing children to become competent consumers and managers of household wealth.

Recommendations

■ **Recommendation 1: State boards of education must be fully informed about the status of financial literacy in their states.**

The Commission recommends that state boards of education evaluate the current status of financial and investor education in their state. If students in their state are currently being taught financial and investor education concepts, the Commission recommends that board members evaluate the goals of the program and determine whether the state's current strategies are working, whether changes are needed, and how needed changes should be implemented.

■ **Recommendation 2: States should consider financial literacy and investor education as a basic feature of K-12 education.**

The Commission believes that all students should receive comprehensive financial and investor education. The Commission also believes that the earlier a student begins learning these concepts, the more opportunities schools will have to impact behavior. Therefore, states should consider infusing financial and investor education throughout the K-12 curriculum.

■ **Recommendation 3: Ensure that teachers and/or staff members teaching financial literacy concepts are adequately trained.**

The Commission recommends that states, school districts, and/or schools provide the resources to ensure that individuals teaching financial and investor education concepts are adequately prepared. This includes providing the professional development needed to meet the goals identified for the curriculum. The Commission also envisions that state boards of education contribute to preparing teachers by encouraging recertification.

■ **Recommendation 4: States should fully utilize public/private partnerships.**

The Commission recognizes that there is a large number of organizations (including educational institutions, consumer groups, nonprofit organizations, and private sector companies) that offer financial education programs. The Commission believes that states should encourage partnerships with such organizations (where possible and where the organizations are deemed creditable) in order to obtain support for teaching financial and investor education concepts.

■ **Recommendation 5: States should improve their capacity to evaluate financial literacy programs.**

Currently, not enough is being done to evaluate the effectiveness of financial education programs. Therefore, the Commission recommends that states develop better tools to assess financial and investor education programs, including establishing indicators to determine program effectiveness. The Commission also suggests that states, schools, and/or districts establish a plan to improve financial and investor programs that are not achieving their instructional goals.

■ **Recommendation 6: States should include financial and investor education in their academic standards and ensure that assessments are aligned with the standards.**

Because teachers tend to teach to state standards, particularly if that subject matter is assessed, the Commission believes that for financial and investor education to truly be part of every student's education, financial literacy concepts must be included in the state's standards and assessment system.

■ **Recommendation 7: State boards of education should cooperate with other states to develop a common assessment tool for financial and investor education.**

Although states may incorporate financial and investor education in different ways, the Commission believes that burdens carried by individual states will be lessened if states develop and share common assessments for measuring goals.

■ **Recommendation 8: States should encourage the development of a National Assessment of Educational Progress (NAEP) framework for financial literacy.**

While the Commission is pleased that there is now a NAEP assessment in economics, the Commission members believe that this broad treatment of the subject does not provide enough information to fully understand what students know about financial and investor education. Therefore, the Commission recommends that the National Assessment Governing Board, which oversees NAEP, direct the development of a specific framework and assessment for gauging students' financial literacy.

To order the full report online, go to:

http://www.nasbe.org/financial_literacy.htm

REPORT AND RECOMMENDATIONS

by the Pa. Task Force on Economic Education and Personal Financial Literacy Education

Appendix 10.6

Department of Banking “States with Personal Finance Academic Standards” 2012

States with Personal Finance Standards

| State | Framework | Grades | Content Area | Personal Finance Concepts | Curriculum Resources |
|-------------|---|--------|--------------------|---|--|
| Arizona | Content Area Standards | 9-12 | Economics | Careers and Income; Consumer Choices; Financial Goals; Credit; Saving and Investing | |
| Colorado | HS & Grade Level Expectations | P-13 | Math and Economics | Goal Setting; Financial Responsibility and Careers; Planning, Income, Saving and Investing; Using Credit; Risk Mgt. and Insurance | Content Discipline Map by Grade Level or Content Area |
| Connecticut | Content Area Standards | 9-12 | BCIT | Personal Decision Making; Earning and Reporting Income; Managing Finances and Budgeting; Saving and Investing; Buying Goods and Services; Banking and Financial Institutions | |
| Delaware | | | | | |
| Georgia | | | | | |
| Idaho | Instruction Standards | 9-12 | Economics | Money Management; Making Responsible Consumer Choices; Credit and Debt; Saving and Investment; Education Employment and Income; Taxation | Idaho Content Standards/Mathematics of Personal Finance 2008 |
| Illinois | | | | | |
| Indiana | Content Area Standards | 6-12 | Personal Finance | Financial Responsibility and Decision Making; Relating Income and Careers; Planning and managing Money; Managing Credit and Debt; Risk Management and Insurance; Saving and Investing | Personal Financial Responsibility Instruction Guidelines for Implementation 2009 |

| State | Framework | Grades | Content Area | Personal Finance Concepts | Curriculum Resources |
|----------------|--|--------|---|--|--|
| Iowa | Content Area Standards | K-12 | 21st Century Skills/Financial Literacy | Financial Responsibility and Planning; Money Management; Decision Making; Risk Management; Saving and Investing; | Essential Concepts and Skills with Details and Examples 2009 |
| Kentucky | | | Practical Living and Vocational Studies Program | | Ed Dept Personal Finance Website with Links to Resources |
| | | | | | KCEE Math Personal Finance Courses |
| Maryland | Content Area Standards | 3-12 | Personal Finance | Make Informed, Financially Responsible Decisions; Relate Careers, Education and Income; Plan and Manage Money; Manage Credit and Debt; Create and Build Wealth; Manage Risks and Preserve Wealth | Ed Department Financial Literacy Education Resources |
| Missouri | Content Area Standards | 9-12 | Personal Finance | Goals and Decision Making; Careers and Planning; Budgeting; Banking Services; Saving and Investing; Credit; Consumer Skills | Personal Finance Curriculum Guide 2006 |
| | | | | | Ed Dept Personal Finance Website with Links to Resources |
| Nebraska | Content Area Standards | 7-12 | Career Readiness | Saving and Investing; Budgets; Credit; Insurance; Decision Making; Taxes | Ed Dept Personal Finance Website with Course Outlines and Lesson Plans |
| New Jersey | Content Area Standards | K-12 | 21st Century Life and Careers/Personal Financial Literacy | Income and Careers; Money Management; Credit and Debt Management; Planning, Saving and Investing; Becoming a Critical Consumer; Civic Financial Responsibility; Risk Management and Insurance | |
| North Carolina | Instruction Standards | 9-12 | Civics and Economics | Economic Basics; Taxing and Spending; Money Management; Savings and Investment; Credit; Insurance; Banking | Ed Dept Personal Finance Website with Resources for Educators, Best Practices, Videos and Webinets |

| State | Framework | Grades | Content Area | Personal Finance Concepts | Curriculum Resources |
|----------------|--|--------|------------------|---|--|
| Ohio | Content Area Standards | K-12 | Personal Finance | Financial Responsibility/Decision Making; Income and Careers; Planning and Money Management; Consumerism; Investing; Credit/Debt; Risk management and Insurance | Ed Dept Personal Finance Website with Overview, Training and SD Reporting Requirements |
| Oklahoma | Instruction Standards | 7-12 | Personal Finance | Earning and Income; Understanding State and Federal Taxes; Banking and Financial Services; Balancing a checkbook; Savings and Investing; Planning for Retirement; Understanding Loans and Borrowing Money, Including Predatory Lending and Payday Loans; Identity Fraud and Theft; Rights and Responsibilities of Renting or Buying a Home; Understanding Insurance; Understanding the Financial Impact and Consequences of Gambling; Bankruptcy; Charitable Giving | Ed Dept Personal Finance Website with Resources for Students, Teachers, Passport Implementation Guide and Introduction Guide |
| South Carolina | Instruction Standards | K-12 | Personal Finance | Financial Responsibility and Decision Making; Income and Careers; Planning and Money Management; Credit and Debt; Risk Management and Insurance; Saving and Investing | Standards, Guidelines and Classroom Resources for the Instruction of Financial Literacy 2009 |
| | | | | | Partnership for 21st Century Skills Website Resources for Financial Literacy |
| | | | | | Ed Dept Personal Finance Professional Development Videos |
| South Dakota | Instruction Standards | 11-12 | Personal Finance | Income; Money Management; Credit and Debt; Saving and Investing; Managing Risks | |
| Tennessee | Instruction Standards | 9-12 | Social Studies | Income; Money Management; Spending and Credit; Saving and Investing | Personal Finance Course Description, Expectations and Performance Indicators |

| State | Framework | Grades | Content Area | Personal Finance Concepts | Curriculum Resources |
|--|--|--------|-----------------------------|--|--|
| Utah | Content Area Standards | 11-12 | Personal Finance | Decision Making; Income and Career Preparation; Money Management; Savings, Investing and Retirement Planning | Ed Dept.'s Finance in the Classroom Website K-12 Personal Finance Scope and Sequence K-12 Core Lesson Plans Mathematics of Personal Finance Course |
| Virginia | Content Area Standards | 7-12 | Personal Finance | Consumer Skills; Banking Transactions; Credit and Loans; Insurance and Risk Management; Income and Earning; Taxes; Personal Financial Planning; Investment and Savings Planning | Teaching Money Virginia Website Economics and Personal Finance Curriculum Framework 2010 Econ and PF Correlations to Mathematics, History and Social Studies Standards and Career Tech Competencies 2006 Virtual Virginia Economics and Personal Finance Online Course Ed Dept Econ and PF Videos for Teachers |
| West Virginia | Content Area Standards | 12 | 21st Century Social Studies | Decision Making; Credit; Risk Management; Choices and Scarcity; Financial Institutions; Global Economic Systems | Ed Dept Personal Finance K-12 Instructional Guides NetWorth Lesson Plans from Treasurer's Office |
| Wisconsin | (Model) Content Area Standards | K-12 | Personal Finance | Relating Income and Education; Money Management; Credit and Debt Management; Planning, Saving and Investing; Becoming a Critical Consumer; Community and Financial Responsibility; Risk Management | Ed Dept Personal Finance Website with Curriculum Planning Guide, TEACH IT! Videos and Innovation Grants |
| <i>In most cases, Content Area Standards are for a grade or grade level. Instruction Standards are for a course or unit.</i> | | | | | |
| <i>Prepared 6-22-12, Mary Rosenkrans, PA Department of Banking. Updated 2-12-13.</i> | | | | | |

REPORT AND RECOMMENDATIONS

by the Pa. Task Force on Economic Education and Personal Financial Literacy Education

Appendix 10.7

Jump\$tart Coalition on Personal Financial Literacy “Making the Case for Financial Literacy” 2012

MAKING THE CASE FOR FINANCIAL LITERACY— 2012

A collection of personal finance statistics gathered from other sources.

Financial Literacy Education

Adults and Parents:

1. The sixth annual Financial Literacy Survey of adults, conducted in 2012 on behalf of the **National Foundation for Credit Counseling** and the **Network Branded Prepaid Card Association** revealed that:
 - Two in five U.S. adults gave themselves a C, D, or F on their knowledge of personal finance.
 - 56% admit that they do not have a budget.
 - One-third, or more than 77 million Americans, do not pay all of their bills on time.
 - 39% carry credit card debt over from month to month.
 - Two in five adults indicated that they are now saving less than they were one year ago and 39% do not have any non-retirement savings.
 - 25% of those who do not currently have non-retirement savings indicated that, if they did begin to save, they would keep their savings at home in cash.
 - More than one in ten (13%), or about 30.5 million Americans, typically use prepaid debit cards to pay for everyday transactions such as groceries, gas, dining out, paying bills, and shopping online.
 - 78% of adults who use prepaid debit cards for everyday transactions say they use them because they are convenient.
 - 74% use prepaid cards because they feel the cards are safer than carrying cash.
 - 72% utilize prepaid cards because it allows them not to overspend or spend money they don't have.
 - 56% find that the cards enable them to better manage their money.

[National Foundation for Credit Counseling, Inc., *Financial Literacy Survey Exposes Significant Gaps In Grasp Of Personal Finance Skills*, April 2012, http://www.nfcc.org/newsroom/newsreleases/SIGNIFICANT_GAPS.cfm]

2. **DoughMain's** 2012 survey of parents revealed that:
 - 81% of parents feel it is their responsibility to teach their kids about money and savings.
 - 63% of kids 18 and under have savings accounts, and 73% of those savings accounts were started before the age of three.
 - 43% of parents review bank statements with their kids monthly.
 - 51% of parents give their children allowance, but only 4% require them to deposit that money into a bank account.
 - Only 28% of children have used online banking to view their savings account balance.
 - Only 38% of parents are matching their children's savings.
 - Only 30% of children give some of their savings regularly to charity.
 - For children without savings accounts, their money is most frequently saved in a piggy bank, bonds/CDs, or checking accounts.

[DoughMain, *Study Reveals Need for Tools to Help Parents Teach Kids About Savings*, February 17, 2012, <http://www.doughmain.com/odmpublic/includes/footer/about/docs/Help%20Parents%20Teach%20Kids%20About%20Savings.pdf>]

3. The 2011 annual back-to-school survey of parents and teens from **Capital One** found that:

- Only 41% of teens expect their parents will spend more than \$100 on back-to-school shopping, compared with 68% of parents who expect to spend over \$100.
- 43% of teens plan to contribute their own money to back-to-school spending, but only 15% of parents surveyed expect their child to help pay for the bill.
- 57% of parents surveyed say that they have discussed the difference between needs and wants with their teen, and 28% of parents say they have created a back-to-school budget with their child. Yet only 26% of teens report that they have discussed the difference between needs and wants with their parents, and only 15% say they have created a back-to-school budget with their parents.
- 93% of teens surveyed say they are not involved in paying household bills or managing the household budget, and 46% do not know how to create a budget.
- 55% of teens surveyed say that they want to learn more about how to manage their money - particularly learning about investing (88%), saving (87%), budgeting (82%), checking accounts (80%), and financing for big purchases like a car or a home (79%).

[Capital One, *Capital One's Annual Back-to-School Shopping Survey Reveals Gap in Back-to-School Budget Expectations Between Parents, Teens*, August 15, 2011, <http://phx.corporate-ir.net/phoenix.zhtml?c=70667&p=irol-newsArticle&ID=1596344&highlight>]

4. A 2011 **American Express** Spending & Saving Tracker survey indicated that:

- More than half of parents (57%) with kids in high school and college give schools below average or failing grades in teaching kids responsible spending, with more than one-third (35%) giving a straight out 'F.' This is compared with 37% of parents who give schools an 'A' or 'B' for teaching safe sex.

[American Express, *No Triple 'AAA' Rating for Schools that Fail to Teach "Safe Spend,"* August 10, 2011, <http://about.americanexpress.com/news/pr/2011/safespend.aspx>]

5. A 2011 survey of parents from **Visa Inc.** found that:

- 37% of adults interviewed say they learned basic money management on their own. Mothers were the primary source for 25% of respondents, while 22% learned about personal finance from their fathers.
- Only 5% of those surveyed say they learned about money matters from a teacher.
- In a related survey conducted in April 2011, 85% of American parents surveyed thought that a course in personal finance should be a high school graduation requirement.

[Visa Inc., *Mom and Dad 'MIA' on Teaching Money Management?*, May 24, 2011, http://www.practicalmoneyskills.com/about/press/releases_2011/0524.php]

6. A 2010 **iVillage** survey of online U.S. moms revealed that:

- More than half of moms (61%) are primarily responsible for managing their household's finances.
- 41% said they wish they were more informed about managing money/being financially responsible, so they could pass that knowledge on to their kids.
- 37% said they want more access to online articles and discussion forums with trusted financial experts.
- 29% said they would go online to talk with other moms for advice and information on how to talk about money with their kids. Online moms are also likely to share information with their social networks (51%).
- 30% would go to an online source (e.g. blogs financial websites and forums) for information about managing money/being financially responsible – ranked only behind a family member (52%) and financial professional/financial advisor (37%).

[iVillage, *iVillage and PASS from American Express(SM) Partner to Launch The Talk to Mobilize Moms to Talk to Teens About Money*, September 15, 2010, <http://about.americanexpress.com/news/pr/2010/thetalk.aspx>]

7. The 2010 Back to School Survey conducted by **Visa** survey revealed that:

- 93% of Americans believe all high school students should be required to take a class in financial education. While a handful of states have adopted varying degrees of financial literacy curriculum, only four states require high school students to take a semester-long course in personal finance. Only 3% of survey respondents do not think a financial education class should be required, with 4% unsure.

[Visa, *Back to School Survey Shows Americans Want Personal Finance Taught in the Classroom*, July 20, 2010, http://www.practicalmoneyskills.com/about/press/releases_2010/0720.php]

8. Results from the *Teachers' Background & Capacity to Teach Personal Finance* study, funded by the **National Endowment for Financial Education**, indicate that:

- While 89% of K-12 teachers agree that students should either take a financial education course or pass a competency test for high school graduation, relatively few teachers believe they are adequately prepared to teach personal finance topics.
- K-12 teachers and prospective teachers are acquiring very little additional formal education in personal finance, either through credit-based courses or non-credit offerings. In addition, only a few teachers and a handful of prospective teachers had completed any formal course work in educational methods for teaching financial education. Only 11.6% of K-12 teachers had taken a workshop on teaching personal finance
- The study found no influence of state mandates on whether a teacher had taken a course in personal finance, taught a course, or felt competent to teach a course. In fact, over 60% of teachers and prospective teachers said they do not feel qualified to teach their state's financial education standards. And teacher education faculty members in those states were no more familiar with state financial education standards than K-12 teachers themselves.

[National Endowment for Financial Education, *Are Teachers Making the Grade in Personal Finance Education?*, May 4, 2010, <http://www.nefe.org/NEFENews/PressRoom/PressRelease/UWMADISONRELEASESSTUDYONTEACHERSCAPABILITY/tabid/835/Default.aspx>]

9. A 2010 **American Express** survey of parents with children between the ages 6-16 revealed that:

- 71% of parents say their children understand we are in a recession.
- 91% of parents say they are committed to instilling lessons of financial responsibility upon their children in 2010, with 62% giving their children a weekly allowance.
- One in five children (20%) has indicated to a parent that “maybe we shouldn’t buy that due to the recession.”

[American Express, *Children Clued In to Recession and Family Finances*, February 16, 2010, <http://about.americanexpress.com/news/pr/2010/cci.aspx>]

Undergraduate & Graduate Students

1. 2011 research from the third wave of the study, *Arizona Pathways for Life Success in University Students (APLUS)*, co-funded by the **University of Arizona** and the **National Endowment for Financial Education** revealed that:
 - High school and college students who are exposed to cumulative financial education show an increase in financial knowledge, which in turn drives increasingly responsible financial behavior as they become young adults.
 - Researchers document a “snowball effect” that these early efforts exponentially increase the likelihood that students will pursue more financial education as time goes on, including informal learning through books, magazines and seminars.
 - Parents, more than anything, exert the most influence over their children when it comes to developing positive financial attitudes and behaviors—1.5 times more than continuing financial education and more than twice as much as what children hear from their friends.

[University of Arizona and National Endowment for Financial Education, *New Evidence Shows Positive ‘Snowball Effect’ of Financial Education - Cumulative Education Leads to More Financial Knowledge*, September 6, 2011, <http://www.nefe.org/PressRoom/News/APLUSWave20/tabid/1041/Default.aspx>]

2. A 2011 **Capitol One** survey of graduating college seniors revealed that:
 - 69% have undergraduate student loans to repay.
 - 66% say that having student loans to repay will have an influence on the job they take or the career they pursue.
 - 60% are very or somewhat worried about their ability to pay back their loans.
 - 55% say that they are “very concerned” about building a positive credit history.
 - While 62% of current and recent graduates believe they are “highly” or “very” knowledgeable about personal finance and money management, many admit to impulse buying and overlooking opportunities to improve their finances.
 - Only 43% say that they are putting money in savings on a monthly basis or more.
 - 36% admit they are not setting aside money for savings on a regular basis.
 - 55% of college seniors polled currently have a credit card of their own, while 78% of graduates from 2008-2010 have their own credit cards.

[Capital One, *College Grads Cite Student Loan Repayment as Top Concern, but Overlook Key Ways to Build a Solid Financial Foundation, Says Capital One Survey*, May 18, 2011, <http://phx.corporate-ir.net/phoenix.zhtml?c=70667&p=irol-newsArticle&ID=1565115&highlight>]

3. According to the **FINRA Investor Education Foundation’s** 2010 State-by-State Financial Capability Survey:
 - Young Americans [18- to 34-year-olds] nationally were more likely to be less financially capable than older Americans, with 23% spending more than their household income, 68% not having money set aside to cover expenses for three months (rainy day fund), 34% engaging in non-bank borrowing, and averaging only 2.6 correct out of 5 questions covering concepts of economics and finance expressed in everyday life.

[FINRA Investor Education Foundation, *FINRA Foundation Releases Nation’s First State-by-State Financial Capability Survey*, December 8, 2010, <http://www.finra.org/Newsroom/NewsReleases/2010/P122538>]

American Kids & Teenagers

1. The 2012 *How Youth Plan to Fund College* survey of high school students by the **College Savings Foundation** revealed that:

- 78% of students said that costs would influence their higher education plans, but more planned to go to private schools this year than last (21% versus 16% in 2011) and fewer to often more affordable public schools (45%, down from 51%).
- 78% said it was their responsibility to pay for at least part of their college education.
- Of the 74% of students who say they have decided to save, fewer are getting jobs to help them: 46%, down from 52% last year.
- 94% of prospective borrowers are concerned about the debt burden they will face. Yet only 25% of them have projected the total loan amount they will need to graduate (down from 30%), and only 20% have projected what they'll owe each month to pay it (down from 22%).
- 51% wished that their current high school offered financial literacy instruction for them and their families to prepare for college costs.
- 52% have researched tuition costs for specific colleges or post-secondary schools, up from 49% last year.
- 35% have researched ways to save including personal savings and 529 college savings plans.

[College Savings Foundation, *High School Students Unprepared for Rising Costs of College with Deep Divide Between Funding Plans and Actions, Says College Savings Foundation's Survey of American Youth*, February 22, 2012, <http://www.collegesavingsfoundation.org/pdf/YouthSurveyExecSummaryFinal2012.pdf>]

2. According to a 2011 survey of high school seniors sponsored by **Capital One**:

- 75% expect to receive gift money for their graduation. Yet only 19% have created a budget and mapped out a plan for the cash, and only 45% plan to put their graduation gift money into savings.
- 87% report that their parents are their primary resource for information about money management and personal finance issues, but only 22% report that they talk to their parents about money management "frequently" and 44% say that they "sometimes ask their parents questions" about personal finance.
- Overall, 49% believe that they are "highly" or "very knowledgeable" about personal finance, but of the students who report frequent conversations about money with their parents, 70% rate themselves as "highly" or "very knowledgeable" about personal finance.
- 38% say that they are unsure or unprepared to manage their own banking and personal finances.
- Of those students planning to take out student loans for college, 44% say that they have either not discussed with their parents how student loans work, or they have had a brief conversation with little detail.
- 37% receive an allowance, and of those, 54% say that their parents "sometimes" talk with them about how it should be handled, and 30% say that these conversations "rarely" or "never" take place.
- 50% of those who receive an allowance report that they are currently using a budget to manage their expenses and savings, compared with 35% of students who don't receive an allowance. Similarly, 55% of students who receive an allowance report that they balance their checkbook at least monthly compared with 40% of students without an allowance.
- Of those who have had a job before, 72% think that their job experience has prepared them for their financial future in some way. Only 51% of high school seniors surveyed currently have a job lined up for the summer.

[Capital One, *As High School Graduates Open their Gifts, Parents Have Key Opportunity to Talk Money Management*, June 14, 2011, <http://phx.corporate-ir.net/phoenix.zhtml?c=70667&p=irol-newsArticle&ID=1573673&highlight>]

3. A 2011 survey of high school seniors conducted by **Sallie Mae** revealed that:

- About half of senior girls shopped for two or more weeks to pick out their dream dress for prom and half of senior boys spent two or more weeks deciding whom to ask for the big event.
- In contrast, nearly half of high school seniors spent five or fewer hours learning how to pay for college.

[Sallie Mae, *Sallie Mae survey reveals high school seniors spend more time planning for prom than financial planning for college*, May 11, 2011,

https://www1.salliemae.com/about/news_info/newsreleases/Sallie+Mae+survey+reveals+high+school+seniors+spend+more+time+planning+for+prom+than+financial+plann.htm]

4. According to **Charles Schwab's** 2011 Teens & Money Survey:

- Nine out of 10 teens say they were “affected by the recession,” causing major shifts in perspective that include a greater appreciation for what they have and an increased awareness of financial hardship.
- 64% are more grateful for what they have, and 58% reported they are less likely to ask for things they want as a result of the recession.
- 56% now have a greater appreciation for their parents’ hard work, and 39% appreciate their families more.
- Three-quarters of teens surveyed responded that their parents or guardians have talked to them about their financial situation during the past year.
- While teens aren’t overly optimistic about an economic recovery—with most (80%) believing the recession isn’t over yet and almost half (45%) responding that the recession will continue beyond this year—the majority feel they eventually will do better financially than their parents (59%).
- 77% consider themselves “Super Savers,” as opposed to 23% who characterize themselves as “Big Spenders.”
- On average, teens have nearly \$1,000 saved, and 76% say their main reason for saving is to pay for college. Fewer than 5% agree that “you might as well spend as much as you can today, because you never know what tomorrow will bring.”
- 86% indicate they’d rather learn about money management in a class before making mistakes in the real world.
- 82% say their parents have taught them the basics of money management, and 77% say their parents are great role models when it comes to money management. Parents talk to their teens most about saving, how to be a smart shopper, how to pay for college and the importance of budgeting.

[Charles Schwab, *2011 Teens & Money Survey*, April 2011,

http://www.schwabmoneywise.com/public/moneywise/calculators_tools/families_money_surveys/teens_money_survey?cmsid=P-4579457&lvl1=calculators_tools&lvl2=families_money_surveys]

5. Results of the 2011 **Junior Achievement/Allstate Foundation** “Teens and Personal Finance” Survey indicate that:

- Two-thirds of teens are changing their college plans due to the recession: half are working more to pay for college (an increase of 9%) and 42% now plan to attend college close to home (an increase of 5%).
- Nearly half report that they are more concerned about the economy than last year and 63% say their families are spending less due to the recession.
- 81% say the recession has motivated them to learn more about managing their money and parents are their number-one resource for financial planning, yet less than half of teens (43%) say they have discussed money management with their family.

- 97% plan on going to college and 83% believe they'll be financially independent of their parents by age 24.
- 81% say K-12 is the best time to learn money management.
- Nearly 50% are unsure of how to use a credit card effectively, yet 24% think high school or younger is when they should get their first credit card.
- 73% use a savings account, checking account, debit card or credit card, compared to 66% in 2009.
- 89% of teens say they will be as financially well off as their parents.

[Junior Achievement/Allstate Foundation, *Economics Crash Course: Teens Learn College Education Doesn't Come Cheap*, May 31, 2011, http://www.ja.org/about/releases/about_newsitem592.asp and *New Poll Shows Managing Money is Today's "Birds and Bees" Talk*, April 5, 2011, http://www.ja.org/about/releases/about_newsitem588.asp]

6. Results of the **U.S. Department of Education** and the **U.S. Department of the Treasury** 2011 National Financial Capability Challenge:

- 84,372 high school students registered for the challenge, and received a national average score of 69% on the exam. 18,192 students scored in the top 20% and 563 received perfect scores.

[U.S. Department of Education and the U.S. Department of the Treasury, *National Financial Capability Challenge 2011 Results*, April 2011, <http://www.challenge.treas.gov/index.htm>]

7. A 2010 survey by the **College Savings Foundation** revealed that:

- Three quarters (75%) of 16-17-year-old high school students surveyed said that it is their responsibility to fund part or all of their higher education costs.
- 77% of high school students surveyed are grappling with tradeoffs, saying that the cost of school will definitely (30%) or possibly (47%) influence their further education plans. Of these students, 55% said that costs will be a factor in *which* college they decide to attend.
- 70% of students are talking to their parents about how much college costs. And despite 55% of their college savings being affected by current market, only 28% of all students said that college funding had created anxiety in the household.
- 45% of all students surveyed have already begun to save and, of those, 43% have already amassed between \$1,000 and \$5,000 towards college. This same subgroup has shown its mettle against the pull of immediate gratification with over half (54%) giving up things like electronics, vacations, or cars to save for college.
- 68% have not researched any type of student loan. Of the 66% who are taking out or considering loans, 80% have not projected the total amount they will need to graduate, and 82% haven't calculated the monthly loan repayment amount.

[College Savings Foundation, *High School Students Step Up to Fund Their Own College Costs, Says College Savings Foundation Survey*, February 25, 2010, <http://www.collegesavingsfoundation.org/pdf/HighSchoolSurveyPRFINAL.pdf>]

American Families

Saving & Investment:

1. According to a 2011 survey of college-going families conducted by **Sallie Mae**:

- 90% of students strongly agreed that college is an investment in the future, an increase from 84% in 2010.

- In addition, 70% of students and parents strongly agreed that a college education is necessary for their desired occupation and that attending college is required to earn more, up from 63% and 59%, respectively, in 2010.
- Virtually all families reported taking cost-savings measures, such as attending lower-cost colleges, living at home, or going to school part time. On average, families reported paying 9% less for college than they had the previous year.
- Grants and scholarships played an increasingly important role, covering 33% of college costs in 2010-2011, up from 23% the previous year.
- In addition, the proportion of families who received grants and scholarships grew substantially, from 55% in 2009-2010 to 67% in 2010-2011. The majority of this increase occurred among middle- and high-income families.
- Parent sources, including savings, income and loans, funded the largest segment of the average family's total college expenses, at 37%. Students assumed direct responsibility for about one-quarter of the total cost of college, contributing 11% from income and savings and 15% through borrowing.
- In one-third of families, the student borrowed money to pay for college, most commonly through the federal student loan program at an average of \$6,983. In addition, students used private education loans in 9% of families.

[Sallie Mae and Gallup, *Sallie Mae 'How America Pays for College' study reveals shifts in reasons for attending college: From aspirational to practical*, August 23, 2011, https://www1.salliemae.com/about/news_info/newsreleases/Sallie+Mae+study+reveals+shifts+in+reasons+for+attending+college.htm]

2. The **College Savings Foundation's** 2010 "The State of College Savings" survey of parents revealed that:

- 65% of parents are saving for their children's college education, up from 59% last year. Conversely, the number of parents who weren't saving at all has fallen to 35% this year, down from 41% in 2009.
- 76% of all respondents said that they take the time to teach their children how to be financially literate. Nearly all – 90% – said that they believe there is a need to teach financial literacy to children as part of the school curriculum. Of those parents, 82% said that they believed that school districts should be required to offer a multi-grade integrated financial literacy curriculum.

[College Savings Foundation, *Parents Shift Behavior to Save More for Their Children's College Education, Says College Savings Foundation Survey*, August 25, 2010, <http://www.collegesavingsfoundation.org/pdf/2010CSFStateofCollegeSavingsPR8-25-10.pdf>]

3. According to a survey by **PASS from American Express**:

- 36% of parents say that talking to their teens about an allowance is comparable or more difficult than the stressful experience of negotiating the purchase of a car.
- Teens also indicated that talking with their parents about money is not easy, as nearly half of teens (49%) say that having to ask their parents for money is a "hassle."
- The recent survey suggests that teens and young adults primarily receive money through allowances, gifts, or unscheduled jobs such as chores around the house. Over half of parents (55%) give their teens an allowance. Parents give teens an average of \$66 per month, including funds for a regular allowance, clothing or food, extra spending money, and/or payment for jobs around the house.

[PASS from American Express, *Many Parents Say Discussing Allowance with Teens is as Stressful as Negotiating Purchase of a Car*, August 16, 2010, <http://about.americanexpress.com/news/pr/2010/dat.aspx>]

4. The 2010 Families & Money Survey by **Charles Schwab** revealed that:

- The road to financial independence for today's youth stretches out farther than ever before, with 41% of so-called "sandwich generation" parents continuing to provide at least some financial support to their young adult children.
- Parents cite college debt (32%) and unemployment (31%) as top reasons their children are relying on them more. However, they also believe that some contributing financial pressures fall squarely within the kids' control. Parents also cite overspending (25%) and consumer debt (19%) as reasons for their kids' delayed independence.
- Parents of 20-somethings recognize that they could perhaps have done more to foster their children's independence by teaching them about saving and budgeting and not helping them as much financially. And while 57% of parents see themselves as a "good financial role model to their children," they also admit that their children's spending habits don't necessarily reflect this perception.
- Parents believe the top three areas of money management where their children need to improve are: how to stick to a budget and live within their means (48%), how to save money (42%), and how to invest wisely (33%).

[Charles Schwab, *Results of Charles Schwab's 2010 Families & Money Survey Show Strong Financial Ties between the Sandwich Generation and Their Young Adult Kids*, April 21, 2010, http://www.businesswire.com/portal/site/schwab/index.jsp?ndmViewId=news_view&ndmConfigId=1020773&newsId=20100421005252&newsLang=en]

Debt:

1. **Card debt is way down across the entire country. Since January, average credit card debt has fallen nearly 10% nationally to \$6,503, while all 50 states showed reduced credit card debt.** The states that decreased their debt the most include Mississippi, down 16% to \$5,362; Alabama, down 14% to \$5,750; and Kentucky, New Hampshire, Rhode Island and West Virginia, all down 13% to \$6,151, \$7,464, \$6,090 and \$5,956, respectively.

[CardTrak.com, *Credit Card Debit*, January 9, 2012, http://www.cardtrak.com/news/2012/01/09/credit_card_debit]

Bankruptcies, Defaults, & Foreclosures:

1. U.S. consumer bankruptcy filings totaled 100,980 nationwide during November 2011, a 12% decrease from the 114,587 total consumer filings recorded in November 2010, according to the **American Bankruptcy Institute** (ABI), relying on data from the National Bankruptcy Research Center (NBKRC). The November 2011 consumer filings also represented a 5% decrease from the 106,255 filings in October. Chapter 13 filings constituted 31% of all consumer cases in November 2011, a slight decrease from October.

[CardTrak.com, *November Consumer Bankruptcy Filings Drop 12 Percent from Last Year*, December 2, 2011, <http://www.abiworld.org/AM/Template.cfm?Section=Home&CONTENTID=64784&TEMPLATE=/CM/ContentDisplay.cfm>]

Updated April 2012

REPORT AND RECOMMENDATIONS

by the Pa. Task Force on Economic Education and Personal Financial Literacy Education

Appendix 10.8

Pennsylvania Office of Financial Education “Where is Personal Finance Found in the Pennsylvania Academic Standards?” 2011

Where is Personal Finance in the Pennsylvania Academic Standards?

The short answer is – lots of places! But, more specifically, you'll find personal finance content within the standards for mathematics, economics, family and consumer science, and career education and work. The following lists each of the standard statements that deal with personal finance. These are, of course, not all-encompassing. Much of math, for example, can be taught (and assessed) in a personal finance context as can reading, writing, speaking, and listening.

Mathematics (revised 2009)

2.1.3.A. Apply one-to-one correspondence and number patterns to count up and count back and to compare values of whole numbers and values of money.

2.2.3.B. Add and subtract single and double digit numbers with regrouping and triple-digit numbers, without regrouping including problems with money.

2.2.3.D. Estimate values, sums and differences of quantities and conclude the reasonableness of those estimates.

2.4.5.A. Use models, number facts, properties and relationships to draw conclusions and explain reasons for conclusions (e.g., statistics or budgetary analysis).

2.6.4.E. Determine the reasonableness of a statement based on a comparison to data displayed in a graph (e.g., statistics or budgetary analysis).

Economics (revised 2009)

6.1.3.A. Define scarcity and identify examples of resources, wants, and needs.

6.1.9.B. Identify the origin of resources and analyze the impact on the production of goods and services. Analyze how unlimited wants and limited resources affect decision making.

6.2.3.C. Identify types of advertising designed to influence personal choice.

6.2.3.D. Define price and how prices vary for products.

6.2.6.E. Explain the causes and effects of expansion and contraction of businesses.

6.2.6.F. Explain the influence of private economic institutions on the local and state economy.

6.2.9.E. Analyze the characteristics of economic expansion, recession, and depression.

6.3.12.C. Evaluate the social, political, and economic costs/benefits of potential changes to taxation policies.

6.3.3.C. Define tax and explain the relationship between taxation and government services.

6.3.6.C. Explain the cost and benefits of taxation.

6.3.9.B. Examine how and why the government acts to regulate and stabilize the state and national economy.

6.5.12.G. Analyze the risks and returns of various investments.

6.5.3.A. Explain why people work.

6.5.3.B. Identify different occupations.

6.5.3.E. Identify tangible and intangible assets.

6.5.3.G. Define saving and explain why people save.

6.5.3.H. Explain the basic operation of the banking system.

6.5.5.F. Define entrepreneurship and its role in the local community.

6.5.6.E. Describe how people accumulate tangible and intangible assets.

6.5.6.G. Identify the costs and benefits of saving.

6.5.6.H. Explain the differences between interest rates for saving and borrowing.

6.5.9. A. Define wages and explain how wages are determined by the supply of and demand for workers.

6.5.9. C. Identify and explain the characteristics of sole proprietorship, partnership, and corporation.

6.5.9. E. Define wealth and describe its distribution within and among the political divisions of the United States.

6.5.9. G. Compare and contrast the various financial tools available to savers.

6.5.9. H. Explain the impact of higher or lower interest rates for savers, borrowers, consumers and producers.

6.5.12. A. Analyze the factors influencing wages.

6.5.12. G. Analyze the risks and returns of various investments.

6.5.12. H. Evaluate benefits and costs of changes in interest rates for individuals and society.

Family & Consumer Science

11.1.3.A. Identify money denominations, services and material resources available as trade-offs within the home, school and community.

11.1.3.B. Define the components of a spending plan (e.g., income, expenses, savings).

11.1.3.D. Explain consumer rights and responsibilities.

11.1.3.E. Explain the relationship between work and income.

11.1.6.B. Know the relationship of the components of a simple spending plan and how that relationship allows for managing income, expenses and savings.

11.1.6.C. Describe the adaptability to meet basic human needs of the different types of housing available (e.g., single home, apartment, mobile home, shelter, recreational vehicle, public housing).

11.1.9.B. Explain the responsibilities associated with managing personal finances (e.g., savings, checking, credit, non-cash systems, investments, insurance).

11.1.9.D. Explain how consumer rights and responsibilities are protected (e.g., government agencies, consumer protection agencies, consumer action groups).

11.1.9.E. Compare the influence of income and fringe benefits to make decisions about work.

11.1.12.B. Analyze the management of financial resources across the lifespan.

11.1.12.C. Analyze the relationship among factors affecting consumer housing decisions (e.g., human needs, financial resources, location, legal agreements, maintenance responsibilities).

11.1.12.D. Evaluate the role of consumer rights and responsibilities in the resolution of a consumer problem through the practical reasoning process.

11.1.12.E. Compare and contrast factors affecting annual gross and taxable income and reporting requirements (e.g., W-2 form, Income tax form).

Career Education & Work

13.1.3.D. Identify the range of jobs available in the community.

- Savings
- Taxes

13.3.3.D. Explain how money is used.

13.3.11. D. Develop a personal budget based on career choice, such as, but not limited to:

13.3.5.D. Explain budgeting.

13.3.8.D. Analyze personal budgets and pay statements, such as, but not limited to:

- Charitable contributions
- Expenses
- Gross pay
- Net pay
- Other income
- Charitable contributions
- Fixed/variable expenses
- Gross pay
- Net pay
- Other income
- Savings
- Taxes

Note: In November 2010, the Pennsylvania General Assembly passed Act 104 mandating that academic standards be developed for Business, Computer and Information Technology. It is anticipated that financial education concepts will be included as part of those standards.