Personal Financial Literacy in New Hampshire

Assessing the Need & Efficacy of Personal Financial Education in New Hampshire Public Schools

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Policy Research Shop
Agenda

I. The State of Personal Finance in NH
   • NH generally exceeds the national indicators

II. Personal Finance Programs and Curricula
   • Guaranteed Access to Students
   • Solid State Models for NH to build on

III. The Data on Personal Financial Literacy
   • NH students exceed the national average, but still fail
   • Efficacy of programs is mixed

IV. Policy Recommendations for NH
   • Program must be complete, integrated, applied and supported
Identifying the Issue

Financial Capability

Financial Literacy

New Hampshire Citizen
The State of Personal Finance in New Hampshire
<table>
<thead>
<tr>
<th>Financial Indicator</th>
<th>United States</th>
<th>New Hampshire</th>
<th>NH v. US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment (March 2009)</td>
<td>8.5%</td>
<td>6.2%</td>
<td>-27%</td>
</tr>
<tr>
<td>Bankruptcy (2008)</td>
<td>0.09%</td>
<td>0.07%</td>
<td>-22%</td>
</tr>
<tr>
<td>Home Foreclosure (2008)</td>
<td>1.01%</td>
<td>0.7%</td>
<td>-31%</td>
</tr>
<tr>
<td>Average Student Debt (2007)</td>
<td>$20,098</td>
<td>$25,211</td>
<td>+25%</td>
</tr>
<tr>
<td>Credit Score (2007)</td>
<td>692</td>
<td>715</td>
<td>+4%</td>
</tr>
<tr>
<td>Average Credit Debt (2007)</td>
<td>$17,014</td>
<td>$20,068</td>
<td>+18%</td>
</tr>
</tbody>
</table>
Personal Finance Programs and Curricula
2 Levels of Personal Finance Education Programs
Attaining Financial Literacy and Achieving Financial Capability

1. Student/Public School System

- Personal Finance Courses (3 States)
- Personal Finance in Curriculum (17 States)
- No Personal Finance / Elective Credit (35 States)
- Legislation regarding Personal Finance (31 States)

State trends show 4-5 year Development Period
2 Levels of Personal Finance Education Programs
Attaining Financial Literacy and Achieving Financial Capability

2. Adult/Workforce

- National Programs
  - FDIC Money Smart Program
    - 1.1 million consumers
  - NeighborWorks America
    - 13,800 consumers (400 families in NH)
    - Homebuyer Counseling, Financial Workshops

- State/Community Programs
  - UNH Cooperative Extension
    - 13,695 consumers (Tax counseling)
    - Multi-service - Includes “Financial Fitness”
Comparison of Government Access at 2 Levels

1. Public School System/Student

+ Establish early financial behavior and planning
+ **Guaranteed** point of public participation
+ Final point of intervention for 49% of citizens
  - Limited immediate application and impact

2. Workforce/Adult

+ Immediate application and targeted impact
  - **No guarantee** of participation regardless of success
  - Illiteracy and poor financial behavior already established
  - Lack of organizing authority- new public regulation
US Financial Education Timeline

2002  **Office of Financial Education** Established in US Treasury Department
US Treasury authors a White Paper: **Financial Education in Curricula**

2003  Utah becomes first state to mandate General Financial Literacy Course
**Financial Literacy and Education Commission** Established

Implemented by Financial Literacy and Education Commission

2007  Creation of **www.mymoney.gov** under the National Strategy

2008  **President’s Advisory Council on Financial Literacy** Established
US Treasury, Citi Bank, Jump$tart sponsor **Money Math Curriculum**

2009  S.94 passes US Senate - **April 2009** designated “**Financial Literacy Month**”
Average of 33,100 Visits / Month
# US Personal Financial Literacy Education by State

<table>
<thead>
<tr>
<th>State</th>
<th>Utah</th>
<th>Missouri</th>
<th>Tennessee</th>
<th>Colorado</th>
<th>Iowa</th>
<th>New Mexico</th>
</tr>
</thead>
<tbody>
<tr>
<td>Curricular Structure</td>
<td>General Financial Literacy Course</td>
<td>Personal Finance Course</td>
<td>Personal Finance Course</td>
<td>Mathematics</td>
<td>21st Century Learning Skills</td>
<td>Elective</td>
</tr>
<tr>
<td>Credit towards Graduation</td>
<td>0.5</td>
<td>0.5*</td>
<td>0.5</td>
<td>N/A</td>
<td>N/A</td>
<td>0.5</td>
</tr>
<tr>
<td>Graduation Requirement</td>
<td>Yes C/O 2008</td>
<td>Yes C/O 2010</td>
<td>Yes C/O 2012</td>
<td>Yes N/A</td>
<td>Yes C/O 2011</td>
<td>No</td>
</tr>
<tr>
<td>Development</td>
<td>5 years</td>
<td>4 years</td>
<td>5 years</td>
<td>1 year</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Funding</td>
<td>DOE: WPU (Weighted Pupil Unit) $2,577</td>
<td>DESE: Prof. Dev. $2 million</td>
<td>Financial Literacy Fund</td>
<td>DOE</td>
<td>Financial Literacy Fund</td>
<td>DOE</td>
</tr>
<tr>
<td>Teacher Training</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Institutional Support</td>
<td>Financial Literacy Passport</td>
<td>Missouri Model Curriculum</td>
<td>N/A</td>
<td>Resource Bank</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>
New Hampshire

- Personal Finance Courses are offered electively in most NH High Schools
- SS:EC:6 recommends Personal Finance for Economics in Grades 7-8 and 9-12
- Social Studies Curriculum Framework is currently recommended for teachers
- Southern New Hampshire University - 8 module curricula for Personal Finance

**K-12 Social Studies**
**New Hampshire Curriculum Framework**

**Standard**
**SS:EC:6: Personal Finance**

Students will be able to explain the importance of money management, spending credit, saving, and investing in a free market economy

**June 2006**

**Personal Finance**
Available to: 10 - 12
Prerequisite: None
Credits: 2 (1 Trimester)

Do you know how much it would cost to pay off a $5,000 credit card balance making only the minimum payment?...how to find the best auto insurance for the best price?...how to find the best investments to offer you a secure future? Are you getting ready to look for a job, an apartment, apply to college, or finance a car? Someday soon, high school will be behind you. Are you ready to make the healthy financial decisions that will affect you for the rest of your life? This class is designed to help you acquire the knowledge and skills that will set you off on a financially sound track toward your future. This course is a must for every student! Learn to avoid tempting pitfalls that could affect your life for many years and to use resources that best serve you!

**Consumer Education (req. for juniors/seniors)**
½ semester ½ credit
Level: 123 SLE(6): USE OF KNOWLEDGE, RESPECT FOR SELF/OTH
This course will provide juniors and seniors with knowledge that is necessary for them to make decisions that affect their daily lives at present or in the very near future. Topics will include decision-making in terms of purchasing, developing a budget, understanding how to compare different types of loans, including student loans, understanding the responsibility of how to use credit cards without incurring deep debt, managing an apartment or other living arrangements, maintaining a healthy lifestyle on a limited budget, etc.
New Hampshire

What High Schools are Offering:
Personal Finance, Financial Literacy, Consumer Education,
Personal Financial Planning, Consumer Math, Business Math,
Introduction to Business, Consumer Economics

Curricular Structures:
60% Electives 30% Math 10% Social Studies
A Requirement for Graduation at ConVal High School
Enrolling 10-20% of students during high school career

School Breakdown:
Surveyed Programs of Studies for all 89 NH High Schools
27 (30%) - No Information / POS Not Available
60 (67%) - Personal Finance Course / Infrastructure Available
2 (2%) - No Personal Finance Course / Infrastructure
The Data: Personal Financial Literacy in US & NH
# New Hampshire and the Nation

## Jump$tart Financial Literacy Survey

*Dr. Lewis Mandell*

University of Washington and the Aspen Institute

<table>
<thead>
<tr>
<th></th>
<th>US Average</th>
<th>NH Average</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>48.3%</td>
<td>52.5%</td>
</tr>
<tr>
<td>N</td>
<td>6856</td>
<td>154</td>
</tr>
</tbody>
</table>
New Hampshire and the Nation

Gender

Percent Correct

National

NH

Male
Female

N=51
N=101

54.7
47.9
49
47.9

Male
Female

44
46
48
50
52
54
56
New Hampshire and the Nation

Family Income

<table>
<thead>
<tr>
<th>Income Range</th>
<th>National</th>
<th>NH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $20,000</td>
<td>43</td>
<td>44</td>
</tr>
<tr>
<td>$20,000 to $39,000</td>
<td>47</td>
<td>50</td>
</tr>
<tr>
<td>$40,000 to $79,000</td>
<td>50</td>
<td>55</td>
</tr>
<tr>
<td>$80,000 or more</td>
<td>52</td>
<td>52</td>
</tr>
</tbody>
</table>
New Hampshire and the Nation

An Entire Course in Money Mgt/ Personal Finance

- National: 48 No, 47 Yes
- NH: 52 No, 53 Yes

N = 131 (National), N = 23 (NH)
New Hampshire and the Nation

An Entire Course in Economics

- National: 48 No, 49 Yes (N = 45)
- NH: 46 No, 55 Yes (N = 109)
New Hampshire and the Nation

Stock Game

- National: Yes 51, No 48, N = 113
- NH: Yes 59, No 50, N = 41

(Bar chart showing the comparison between national and New Hampshire responses in a stock game question.)
New Hampshire and the Nation

All Education Options

<table>
<thead>
<tr>
<th></th>
<th>National</th>
<th>NH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average in Money</td>
<td>48</td>
<td>52</td>
</tr>
<tr>
<td>Course in Money</td>
<td>48</td>
<td>54</td>
</tr>
<tr>
<td>Partial Money</td>
<td>49</td>
<td>53</td>
</tr>
<tr>
<td>Entire Econ</td>
<td>49</td>
<td>55</td>
</tr>
<tr>
<td>Partial Econ</td>
<td>49</td>
<td>51</td>
</tr>
<tr>
<td>Stock Game</td>
<td>51</td>
<td>59</td>
</tr>
</tbody>
</table>
New Hampshire and the Nation

Plans for Education

- No More Education: National 35, NH 29
- 2yr or Jr. College: National 45, NH 52
- 4yr College: National 51, NH 54
<table>
<thead>
<tr>
<th>High School</th>
<th>Class Offered</th>
<th>Median Income Per Capita</th>
<th>District Expenditure Per Student</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hanover High School</td>
<td>Personal Finance</td>
<td>$30,393</td>
<td>$8,721</td>
</tr>
<tr>
<td>Lebanon High School</td>
<td>Personal Finance and Planning</td>
<td>$25,133</td>
<td>$7,686</td>
</tr>
<tr>
<td>Mascoma Valley Regional High School</td>
<td>Introduction to Business Economics</td>
<td>$23,054</td>
<td>$5,829</td>
</tr>
</tbody>
</table>
## Rockefeller Center Survey: The Upper Valley

<table>
<thead>
<tr>
<th>High School</th>
<th>Class Surveyed</th>
<th>Average Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hanover High School (n = 49)</td>
<td>Personal Finance</td>
<td>49%</td>
</tr>
<tr>
<td>Lebanon High School (n = 56)</td>
<td>World Studies</td>
<td>41%</td>
</tr>
<tr>
<td>Mascoma Valley Regional High School (n = 58)</td>
<td>Law Studies, Sociology and American History</td>
<td>39%</td>
</tr>
</tbody>
</table>
Efficacy of Personal Finance Programs
The Theory of Financial Education

Financial Capability

Applying Literacy

Financial Literacy

Financial Education

New Hampshire Citizen
High School Education Works

- Bernheim et al. Landmark study
- ‘57 to ‘85: 29 states mandate consumer education, 14 mandate coverage of financial decision making
- 2000 responses from those who graduated high school during this period
High School Education Works
High School Education Works

- High School Financial Planning Program
- Half of the attendees showed an increase in knowledge
- 3 months later 40% started saving and almost a third opened a savings account
High School Education Doesn’t Work

- The Jump$tart 2008 national survey found that students with financial education scored worse (47.5%) than the national average (48.3%)

- A smaller study of one school praised for its financial education found no statistical difference in knowledge or behavior between those who had, and those who had not, taken the class
High School Education Doesn’t Work

Effect of HS Education

Year


National Average

Entire Finance/ Money Mgt. Course
High School Education Doesn’t Work

Financial Capability

Financial Literacy

New Hampshire Citizen
High School Education Doesn’t Work

To successfully navigate Personal Finance:

- Knowledge of concepts and terms
- Reading comprehension
- Basic Arithmetic
- Comprehension of fractions, percentages and probabilities
- Personal predictions on: income, expenses, health
- Market predictions on: interest rates, investment performance, inflation
Teacher Training and Institutional Support

Teacher’s Knowledge

- Most teachers claim to be familiar with financial literacy, but define the topic differently

- Wide variations in self-described expertise

- Some research shows teachers are surprisingly well prepared
Teacher Training and Institutional Support

Teacher Needs

<table>
<thead>
<tr>
<th>Currently Teaching Finance</th>
<th>Currently Not Teaching Finance</th>
</tr>
</thead>
<tbody>
<tr>
<td>● Lack of Time</td>
<td>● Lack of Requirements</td>
</tr>
<tr>
<td>● Lack of Funding / Materials</td>
<td>● Lack of Time</td>
</tr>
<tr>
<td></td>
<td>● Lack of Demand</td>
</tr>
</tbody>
</table>

Roughly 1/3 of both cite a lack of Professional Development
Policy Recommendations for New Hampshire
# A Plan for New Hampshire

## Sample Personal Financial Education Pilot Program

<table>
<thead>
<tr>
<th>Level</th>
<th>Curricular Requirements</th>
<th>Institutional Support</th>
<th>Teacher Training</th>
</tr>
</thead>
</table>
| **Elementary School K-5** | K-2 Simulation  
• Project-Based Learning | Financial Literacy Passport  
Simulation Partnerships | Yes |
| | 3-5 Simulation  
• Enterprise Village | Financial Literacy Fund | |
| **Middle School 6-8** | Incorporated into:  
• Mathematics (6-8)  
• Social Studies (7-8) | Curricular Modules & Lesson Plans  
Lesson Partnerships | Yes |
| **High School 9-12** | Capstone Personal Finance Course  
(0.5 Credit)  
• Social Studies, Mathematics, or Elective Credit | Model Curriculums:  
• Personal Finance  
• Stock Market Game  
• Integrated Subjects | Yes |

**Stock Market Game** required in Economics

**Financial Literacy Incorporated:**  
• Information/Communications Technologies Education  
• Health Education  
• Driver Education

**Resource Bank**  
Financial Literacy Fund
A Plan for New Hampshire

A NH Personal Finance Program:
- Should be a complete, integrated, applied and supported program
- Picking and choosing will not lead to sustainable/effective financial education
- Nation and individual states trending towards implementation

If NH decides to wait:
- Courses are offered, but largely ineffective and limited in participation
- Will likely fall behind national trends
- No immediate financial cost

If NH implements:
- Start Small: Pilot Programs with 3-4 districts implementing the plan
- Facilitated effort to gather best practices of current courses
- Strategic curricular structure and coordination (previous slide)
- Involve community and business partners - Financial Literacy Fund