

Personal Financial Literacy

History:

- House Bill 397 mandated a Pilot Program on Financial Literacy
- Funds were allocated by the General Assembly (73K)
- Seven School systems participated - teachers in social studies and Career Technical Education
- First Meeting - January 2004 - of stakeholders who had materials available for classroom use
- A two-day planning meeting with selected school systems - January 22 - 23, 2004
- Summary meeting held in May 2004
- Seven targeted school systems evaluated a variety of Financial Literacy materials. Materials included:
 - Jumpstart - *"Personal Financial Management Guidelines & Money Skills"*
 - State Employee's Credit Union - *"National Endowment for Financial Education (NEFE)"*
 - Junior Achievement, *"JA Personal Finance," "Personal Economics - Econ and Me"*
 - NC Council on Economic Education, *"Financial Fitness for Life," "Personal Decision Making, Focus on Economics" and Learning from the Market: Intergrating the Stock Market Game across the Curriculum" and "Mathematics and Economics: Connections for Life, grades 9-12"*
 - FDIC, *"Money Smart"*
 - KIDSCASH, *"The Cash Management Workbook for Kids"*
 - Internal Revenue Services, *"A Virtual Small Business Workshop"*
 - Bank of American Foundation, *"Financial Fitness"*
- Among the conclusions:
 - Teachers and students both feel that Personal Financial Literacy must be taught, preferably in grades 11 & 12
 - Personal Financial Literacy is found in all K-12 economic strands in social studies

- Two courses currently exist that cover components of Person Financial Literacy
 - *Civics and Economics* - gives a good overview and introduction
 - *Principles of Business and Personal Finance* covers all the national goals & objectives of Personal Financial Literacy
 - No need to create another course, rather that Principles of Business and personal Finance should be mandated.
 - Assessment is available through the EOC in C&E and the post assessments for Principles of Business and Personal Finance

2004-2006

Social Studies

- Each grade span developed a curriculum document specifically for teaching Personal Financial Literacy through the economic strand at each grade
 - *Emphasis is placed on developing a foundation and preparing students from Kindergarten* to develop person financial skills.
 - Documents are available hard copy, on-line and on CD
 - Presentations and sessions conducted in 2005-2006
 - Elementary Conference - announcement
 - Three regional elementary workshops - (125 participants representing 21 LEAs; 225 participants registered for this summer's workshop)
 - Middle Grade Conference & Workshops (215 participants representing 60 LEAs)
 - NC Social Studies Conference (5 sessions - 670 participants representing 78 LEAs)
 - Closing the Gap Conference - HS session (55 participants representing 50 LEAs)

Have partnered with professional economic groups such as NCEE and GATE (Global Association of Teachers of Economics) to share resources to NC educators

Career Technical Education

- 4099 classes with 79,269 students enrolled (2005 -2006)
- *Principles of Business and Personal Finance* is being piloted this year as an online course
 - The course and competencies were specifically edited and are directly aligned with those outlined by the National Jumpstart Coalition
 - Student mastery is measured by a pre and post assessment
- *Living Independently through Financial Education (LIFE)* will be piloted in 2006-'07. This was formerly *Life Management and Teen Living*; the new course covers all the competencies outlined in the national financial literacy program

Additional Activities Completed to Date:

- Reviewed financial literacy program in other states; i.e., Montana - based the LIFE course on this program
- Reviewed the New York State Personal Finance Program - this program is closely aligned to elementary, middle, and secondary Jumpstart curriculum; NC uses Jumpstart materials

EXECUTIVE SUMMARY**Title:** Personal Financial Literacy**Type of Executive Summary:**☐ Action ☐ Action on First Reading ☐ Discussion ☒ Information**Policy Implications:**

- ☐ Constitution _____
- ☐ General Statute # _____
- ☐ SBE Policy # _____
- ☐ SBE Policy Amendment
- ☐ SBE Policy (New)
- ☐ APA # _____
- ☐ APA Amendment
- ☐ APA (New)
- ☐ Other _____

Presenter(s): Dr. Elsie C. Leak (Associate Superintendent, Curriculum and School Reform Services), Dr. Wandra C. Polk (Director, Secondary Education Division), and Ms. Esther Dunnegan (Section Chief, English Language Arts and Social Studies)

Description:

Personal Financial Literacy instruction is an effort to provide students with knowledge and financial skills that can be and in many instances are incorporated into the current curriculum. If utilized, these skills will strengthen lifelong financial decision-making processes. Social Studies and Career-Technical Education conducted a Financial Literacy Pilot Program in the 2004-2005 school year and took into consideration the evaluations of this program to provide additional support for teaching Personal Financial Literacy.

Resources:

N/A

Input Process:

After the Personal Financial Literacy Pilot, agency consultants reviewed the evaluations for ways to improve and reinforce efforts to teach personal financial literacy based on feedback from teachers in the following pilot sites: Durham, Forsyth, Guilford, Washington, Hoke, McDowell, and Nash.

Stakeholders:

Students, parents, local educators and community organizations

Timeline For Action:

This item is presented for information only at the September meeting of the State Board of Education.

Recommendations:

N/A

Audiovisual equipment requested for the presentation:

- ☐ Data Projector/Video (Videotape/DVD and/or Computer Data, Internet, Presentations-PowerPoint preferred)
Specify: _____
- ☐ Audio Requirements (computer or other, except for PA system which is provided)
Specify: _____
- ☐ Document Camera (for transparencies or paper documents – white paper preferred)

Motion By: _____
Vote: Yes _____ No _____
Approved _____ Disapproved _____
Seconded By: _____
Abstain _____
Postponed _____ Revised _____

*Person responsible for SBE agenda materials and SBE policy updates: Monique Wertis, 807-3817

THE PERSONAL FINANCIAL LITERACY PROJECT

Funding

The General Assembly of North Carolina passed House Bill 397 mandating the Pilot Program on Financial Literacy in Section 7.35.

- \$73,000 was allotted by the General Assembly
- Special donation of Triangle Community Foundation - \$20,000
- January 2004 meeting with Financial Literacy Focus Group, stakeholders
- January 22, 2004 two-day planning meeting with the selected school systems
- Implementation and Observation of Pilot Program from January – May 2004
- Charlotte Summary Meeting

Participating Local School Administrative Units:

- Durham County: Hillside High
 - Forsyth County: Parkland and East Forsyth High Schools
 - Guilford County: Northeast Guilford High
 - Washington County: Plymouth High
 - Hoke County: Hoke County High
 - McDowell County: McDowell High
 - Nash County: Northern Nash High
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History

A meeting was held in January 2004 with the Financial Literacy Focus Group. The purpose of the meeting was to meet with stakeholders who had Financial Literacy materials available to use in classrooms. Each invited guest presented their materials and made copies available for teacher use.

A two-day planning meeting was held with the selected school systems on January 22, 2004.

A summary meeting was held in Charlotte. See the summary of teachers' comments included below.

Summary of

Teachers stated and agreed that

- Personal Financial Literacy must be taught, and students agreed and think they need this type of training in grades 11 and 12. Young children who receive allowances should start learning how to handle money. Teachers felt that students who are savvy about finance had learned the skill from their parents.
- Personal Financial Literacy is found in all K-12 economic strands in social studies; however, the teachers, indicated that they need for a course on Personal Financial Literacy was the greatest at the secondary level, preferably grades 11 and 12.
- Two courses currently exist that cover components of Personal Financial Literacy. "Civics and Economics" in grade 10 gives a good overview and introduction to Personal Financial Literacy. "Principles of Business and Personal Finance" covers all the national goals and objectives of Personal Financial Literacy. Teachers concluded there is no need to create another course; rather, that Principles of Business and Personal Finance should be mandated.

- Assessment for Personal Financial Literacy is available through the end-of-course postassessment for Civics and Economics, which will begin in 2004-2005, and through CTE postassessments for Principles of Business and Personal Finance. Teachers felt that there is no need to create an additional test.
 - Community support and resources do exist to support Personal Financial Literacy in the form of volunteers, bankers, credit unions, etc. There is also a wealth of material available for teachers, parents, and volunteers to use for instruction on Personal Financial Literacy.
 - That there is a strong need for a partnership effort between education and the business community to ensure that future citizens are financially literate.
 - That if the course “Principles of Business and Personal Finance” is mandated, strong professional development will be required for teachers to improve their competency.
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PERSONAL FINANCIAL LITERACY IN THE NC STANDARD COURSE OF STUDY

Social Studies

The purpose of economics is to provide practical tools for evaluating alternatives before making a decision. A good economic education should also help students develop the disposition and the ability for making decisions based on reason rather than other influences such as impulse or peer pressure¹. An economic strand is incorporated in all grade level social studies courses with an explanation for economic instruction along with specific goals and objectives for teaching economics.

Each social studies grade span is currently developing a curriculum document specifically for teaching Personal Financial Literacy through the economic strand at each grade. The document will be released this fall on CDs and presentations will be conducted at the Elementary Conference, the Middle Grades Conference, and the NC Social Studies Conference to train supervisors and teachers on this document and how to incorporate it in their current curriculum.

Emphasis is placed on developing a foundation and preparing students from kindergarten to develop sound personal financial choices. The foundations established in these earlier grades also become the building blocks for a greater focus on personal financial literacy skills that are introduced at the secondary level.

Rationale, Course Goals, and Objectives

Rationale, Course Goals, and Objectives in the social studies economics strand that provide instruction in *Personal Financial Literacy* and used in the support documents include:

Elementary Grades

Instruction in economics should begin early to help very young students learn to understand and use a basic economic vocabulary and elementary economic principles. They can distinguish between needs and wants and can prioritize each. Young learners begin to see the consequences of their individual and group decisions. They are also able to develop the habit of taking a reasoned and responsible approach to decision-making.

First Grade

Competency Goal 6

The learner will apply basic economic concepts to home, school, and the community.

Objectives

- 6.01 Distinguish between wants and needs.
- 6.02 Examine the concept of scarcity and how it influences the economy.
- 6.03 Identify examples of how families and communities work together to meet their basic needs and wants.
- 6.04 Give examples of how money is used within the communities, such as spending and savings.
- 6.05 Explore goods and services provided in communities.

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¹ NCDPI Social Studies Standard Course of Study. 2001.

Second Grade

Competency Goal 6

The learner will apply basic economic concepts to home, school, and the community.

Objectives

- 6.01 Examine wants and needs and identify choices people make to satisfy wants and needs with limited resources.
- 6.02 Describe how a person of different cultures works to earn income in order to satisfy wants and needs.
- 6.03 Participate in activities that demonstrate the division of labor.
- 6.04 Explore community services that are provided by the government and other agencies.
- 6.05 Give examples of the relationship between the government and its people.
- 6.06 Identify the uses of money by individuals which include saving and spending.
- 6.07 Recognize that all families produce and consume goods and services.

Third Grade

Competency Goal 7

The learner will apply basic economic concepts and evaluate the use of economic resources within communities.

Objectives

- 7.01 Distinguish between producers and consumers and identify ways people are both producers and consumers.
- 7.02 Distinguish between goods produced and services provided in communities.
- 7.03 Describe different types of employment and ways people earn an income.
- 7.04 Identify the sources and use of revenue in the community.
- 7.05 Analyze the changing uses of a community's economic resources and predict future changes.

Fourth Grade

Competency Goal 6

The learner will evaluate how North Carolinians apply basic economic principles within the community, state, and nation.

Objectives

- 6.01 Explain the relationship between unlimited wants and limited resources.
- 6.02 Analyze the choices and opportunity cost involved in economic decisions.
- 6.03 Categorize the state's resources as natural, human, or capital.
- 6.04 Assess how the state's natural resources are being used.
- 6.05 Recognize that money can be used for spending, saving, and paying taxes.
- 6.06 Analyze the relationship between government services and taxes.
- 6.07 Describe the ways North Carolina specializes in economic activity and the relationship between specialization and interdependence.
- 6.08 Cite examples of interdependence in North Carolina's economy and evaluate the significance of economic relationships with other states and nations.

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Fifth Grade

Competency Goal 5

The learner will evaluate ways the United States and other countries of North America make decisions about the allocation and use of economic resources.

Objectives

- 5.01 Categorize economic resources found in the United States and neighboring countries as human, natural, or capital and assess their long-term availability.
 - 5.02 Analyze the economic effects of the unequal distribution of natural resources on the United States and its neighbors.
 - 5.03 Assess economic institutions in terms of how well they enable people to meet their needs.
 - 5.04 Describe the ways in which the economies of the United States and its neighbors are interdependent and assess the impact of increasing international economic interdependence.
 - 5.05 Evaluate the influence of discoveries, inventions, and innovations on economic interdependence.
 - 5.06 Examine the different economic systems such as traditional, command, and markets developed in selected countries of North America and assess their effectiveness in meeting basic needs.
 - 5.07 Describe the ways the United States and its neighbors specialize in economic activities, and relate these to increased production and consumption.
 - 5.08 Cite examples of surplus and scarcity in the American market and explain the economic effects.
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Middle Grades

Middle grade students should be able to apply economic concepts and principles in a wide array of real and hypothetical circumstances. In this way they should be able to analyze relatively simple situations and issues and then predict outcomes and prescribe policies. They should also be able to defend their position on various issues which have some economic content.

Sixth and Seventh Grades

Competency Goal 6

The learner will recognize the relationship between economic activity and the quality of life in South America and Europe (6th grade), and Africa, Asia, and Australia (7th grade).

Objectives

- 6.01 Describe different levels of economic development and assess their connections to standard of living indicators such as purchasing power, literacy rate, and life expectancy.
 - 6.02 Examine the influence of education and technology on productivity and economic development in selected nations and regions of South America and Europe (6th grade), and Africa, Asia, and Australia (7th grade).
 - 6.03 Describe the effects of over-specialization and assess their impact on the standard of living.
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Eighth Grade

Competency Goal 8

The learner will evaluate the impact of demographic, economic, technological, social, and political developments in North Carolina since the 1970's.

Objectives

- 8.01 Describe the changing demographics in North Carolina and analyze their significance for North Carolina's society and economy.
 - 8.02 List economic and technological advances occurring in North Carolina since 1970, and assess their influence on North Carolina's role in the nation and the world.
 - 8.03 Describe the impact of state and national issues on the political climate of North Carolina.
 - 8.04 Assess the importance of regional diversity on the development of economic, social, and political institutions in North Carolina.
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Secondary Social Studies

High school economics should build on what students learn in middle school. The questions remain much the same, but the answers become more complex. Because these older students are able to deal with greater levels of abstraction, they should be able to analyze and predict with greater degrees of sophistication.

Civics and Economics

Competency Goal 7

The learner will investigate how and why individuals and groups make economic choices.

Objectives

- 7.01 Describe the basic factors of production such as land, labor, capital, and entrepreneurial skills and their impact on economic activities.
 - 7.02 Explain how scarcity influences producers and consumers to make choices.
 - 7.03 Compare examples of tradeoffs and opportunity costs of economic choices.
 - 7.04 Analyze the impact on economic activities of specialization, division of labor, consumption and production increases.
 - 7.05 Explain the impact of investment on human, capital, productive, and natural resources.
 - 7.06 Compare and contrast how different economic systems address key economic factors.
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Competency Goal 8

The learner will analyze features of the economic system of the United States.

Objectives

- 8.01 Compare characteristics of command, market, traditional, and mixed economies.
- 8.02 Describe how the free enterprise system encourages private ownership of property and promote individual initiative.
- 8.03 Explain the circular flow of economic activities and how interactions determine the prices of goods and services.
- 8.04 Illustrate how supply and demand affects prices.
- 8.05 Predict how prices change when there is either a shortage or surplus.
- 8.06 Explain how changes in the level of competition can affect price and output levels.
- 8.07 Identify and describe the roles and functions of various economic institutions and business organizations.
- 8.08 Evaluate the investment decisions made by individuals, businesses, and the government.
- 8.09 Describe the role of money in trading, borrowing, and investing.

Competency Goal 9

The learner will analyze features of the economic system of the United States.

Objectives

- 9.01 Identify phases of the business cycle and the economic indicators used to measure economic activities and trends.
- 9.02 Describe the impact of government regulation on specific economic activities.
- 9.03 Explain the impact of the movement of human and capital resources on the United States economy.
- 9.04 Assess how current events impact decisions made by consumers, producers, and government policy makers.
- 9.05 Explain the impact on the United States economy of international trade and global products.
- 9.06 Investigate the ways that domestic and international economies are interdependent.
- 9.07 Analyze the short- and long-term effects of fiscal and monetary policy on the United States economy.
- 9.08 Analyze the influence of environmental factors, economic conditions, and policy decisions on individual economic activities.

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Career-Technical Education

Three courses have been developed by Career-Technical Education which address components of Personal Financial Literacy. A description of each course is provided below.

Principles of Business and Personal Finance is a course developed by the Business Information Technology Education Department. This course is available as a traditional class and will be piloted as an online class during the 2005-2006 school year. The competencies covered are directly aligned with those outlined by **the National Jumpstart Coalition**, and in fact, the course was edited specifically for the purpose of addressing the coalition's goals and objectives. The objectives covered are listed below and are student mastery is measured by a pre and post assessment. The requirements for the online course are listed below the objectives.

Course Objectives for Principles of Business and Personal Finance:

- Explain the key characteristics of the private enterprise system.
- Analyze the role of the consumer as a responsible citizen.
- Demonstrate effective leadership/communication skills.
- Explain the effect and importance of taxes.
- Identify the key characteristics of government spending.
- Explain the importance of money management among government, business, and the consumer.
- Explain the importance of banking among government, business, and the consumer.
- Explain the concept of credit and its effect on the individual and the total economy.
- Explain the theory of savings and investments in the economy.
- Explain the various types of insurance and how each provides protection against possible loss.
- Analyze and develop an individualized career plan.
- Demonstrate procedures for obtaining a job.

Online Course Requirements:

- The course must be taught by a business education teacher who is Blackboard Certified.
- When a student is enrolled at a remote site, the course must be facilitated by a teacher who is Blackboard Certified.
- Blackboard Certification requires participation in a two-day training session and is offered through learnnc.org.
- A fee is assessed for students who enroll in an online course at a remote site. This fee is used to pay the teacher salary.

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Personal Financial Literacy competencies are taught in ***Life Management***, which is a course developed by the Family and Consumer Sciences Department.

The objectives of the course related to financial literacy are listed below.

- Develop Resource Management Skills
- Interpret components of a paycheck and benefits associated with various sources of earned income.
- Relate types of financial institutions to services provided.
- Review types of insurance.
- Explore investment options.
- Examine the pros and cons of using credit.
- Interpret legal aspects of financial responsibilities.
- Develop a financial plan.

Strands of Personal Financial Literacy are also taught in ***Teen Living***, which is a course developed by the Family and Consumer Sciences Department.

The objectives related to financial literacy are listed below.

- Students will analyze the use of available resources to achieve goals as related to consumer management.
- Students will analyze strategies for managing money to achieve financial stability.

During the course of this school year, secondary consultants will dialogue about the integration of Personal Financial Literacy in all the content areas and examine ways to further support this effort. We will continue to monitor and evaluate the existing and proposed support documents that teach personal financial literacy. In additions, consultants will continue to share resources and training information through our listservs, newsletters, and conferences.

Finally, consultants would like to recommend that instruction and support of Personal Financial Literacy extend beyond the secondary level and skills taught K-12 be reinforced to college freshmen during their orientation, along with reviewing ways to dispel college students from making unhealthy economic decisions.
