Subcommittee on Oversight and Investigations Hearing
" Empowering Consumers: Can Financial Literacy Education Prevent Another Financial Crisis"
10 AM Tuesday, August 24, 2010
Simons Media Room at the Robert J. Dole Institute of Politics
University of Kansas

The views I am expressing today are my personal beliefs; they are not the views of the university (UMKC). Gayle Voyles, Director of the UMKC Center for Economic Education

Thank you for the opportunity to share the role the Missouri Council on Economic Education has in educating students in personal finance and economics and preparing them for success in life.

The Council for Economic Education website points out that in the coming years, young people will face unprecedented economic opportunities and challenges. They also ask whether young people will be ready to meet these economic opportunities and challenges head on and then answer by saying yes, *provided* they understand the "economic way of thinking".

I have served as an elementary and high school educator for seven years, as well as teaching at the college level for the past 15 years. My experience has taught me that it is much easier to teach and influence student behavior at the younger ages in developing this "economic way of thinking". When students are not introduced to economics and personal finance concepts prior to entering high school the broad range of knowledge and skills students bring to class make it very difficult for high school teachers to know where to start.

The Missouri Council on Economic Education led the cooperative effort of requiring a personal finance course for graduation and then collaborated with Missouri educators, administrators, and districts to provide resources for classroom and teacher preparation, in addition to managing student competitions (Stock Market Game and Regional, State, and National Personal Finance Challenges) that motivate students to master the concepts and principles. Three National Studies show The Stock Market Game's impact on Economics, Mathematics and Financial Literacy Skills: National Assessment of Educational Progress (NAEP) tests show that general economics students who participated in a stock market simulation score significantly higher on economics tests. Learning Points Associates study reports significant gains in academic achievement in mathematics and financial literacy by SMG students. National Jump$tart Coalition research finds consistently higher scores in money management skills among SMG students.

Throughout this process, teacher participation was critical as they are responsible for educating the students. I will share the thoughts of two master personal finance educators from the Blue Springs School District: Mike Hagerty and Kevin Clevenger, who highlight the importance of personal finance education: "Can the Missouri required Personal Finance Course prevent another financial crisis? In our opinion; no, but nothing can actually prevent it. However, if one is asking whether the personal finance course can make a substantial difference for the future of citizens in our state and our country, absolutely yes!

Interestingly, there is not a day that goes by that we don't have a parent or another adult tell us that they only wished they had taken a course like "Personal Finance" when they were in school. It is obvious that they now recognize the importance of education in regards to leading the way in successful personal financial management.

Our youth are starting to “get it.” They are asking the right questions and seeking answers to our economy’s current issues. We feel strongly that the classroom forum and in particular “Personal Finance Class” will continue to not only allow them to seek out the answers but also help resolve many of the crises across our country. Interestingly, we are addressing the same major issues on a daily basis in the classroom which are headlining the news: “The credit crisis/the housing crisis/the banking crisis and many others are all topics that we deal with on a daily basis.

As high school teachers, it is sometimes difficult to explain to a young person how they might use material taught in the classroom inside the *real* world. Personal Finance is a course that students can *immediately* see how the material taught in the classroom can have an immediate and lasting effect in their lives.”

Qualitative information helps tell the story, but quantitative data provides stronger evidence that personal finance and economic education is making a difference. Below is pre and post test data from the Missouri State Department of Elementary and Secondary Education. It is important to recognize that *if* districts have a stand- alone personal finance course they are *not* required to have their students take the state test. Only 23 districts’ students who were enrolled in last year’s second semester course participated in the state level personal finance pre and post tests. After reviewing those districts’ 1, 811 students’ average scores I found the following to be true:

- **Overall gains between the pre and post tests were reflected for the following areas of personal finance (from highest to lowest gains)**: Spending and Credit (16.05% gain); Money Management (15.3% gain); Saving and Investing (14.19% gain); and Income (11.99% gain).
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	Pre	**- Post Average Scores**
Spending and Credit	54.71%	70.76%
Money Management	52.45%	67.64%
Saving and Investing	51.15%	65.34%
Income	56.28%	68.27%

- When examining pre and post averages of males versus female students I noticed that male students’ average gains were a little higher than those of female students in three of the four areas of personal finance:

	Male Average Gains	Female Average Gains
Spending and Credit	16.9%	15.11%
Money Management	15.05%	15.57%
Saving and Investing	14.24%	14.13%
Income	12. 4 %	11.53%

- While examining the average scores of students by grade level I found that the largest number of students enrolled in the state-mandated personal finance course were tenth grade students; next highest number of students were eleventh grade students, followed by twelfth grade students.

- Finally, when reviewing the total number of students who have taken the state’s pre and post tests (over time) I found the following to be true regarding their cut scores:

- o 1,232 students 90 – 100%
- o 2,608 students 80 - 89%
- o 3,073 students 70 – 79%
- o 2,775 60 – 69%
- o 5,406 0 – 59%

The Council for Economic Education's www.econedlink.org website provides a multitude of ways for **K-12** teachers to *integrate* economics and personal finance across the curriculum in order to build knowledge.

One favorite choice for elementary students is sharing children's literature stories after teaching economic s and personal finance concepts and having students identify where those concepts can be applied within the story. The KU Center for Economic Education hosts a website http://classroomclues.com which helps K-6 teachers find over 600 annotated book suggestions for teaching economic concepts, offers teacher tips for using the books, and often identify additional online lesson plans which focus on the same economics and/or personal finance concepts.

The School of Economics, a model for community involvement in Economics Education, provides K-5 economic and personal finance simulations that students participate in during their field trip experience. Last year, over 11,000 students participated in these simulations.

There are many effective financial literacy programs available for K-12 students today; the challenge for teachers and districts is finding which work best with their particular group of students and district curriculum.

Yes You Can, Financial Education from American Century Investments, provides resources for the home and classroom including a quarterly newsletter and curriculum which aligns with the National Standards in K-12 Personal Finance Education*. The program* helps teachers and parents become more involved in their students' and children's financial education so they can: 1) examine their personal financial behaviors; 2) establish new and financially rewarding habits; 3) learn about personal financial concepts; and 4) create the foundation for financial independence. These resources are available at YesYouCanOnline.info.

It is *my* belief that a push for K-12 financial literacy programs in every school has the potential to improve our citizens' ability to make better economic decisions. When national, state, and local organizations, teachers, and parents work together the future looks brighter**. A plan of action is needed** for integrating economic and financial education into state standards, training teachers, implementing curriculum, and verifying behavioral impacts. I am aware that Representative Cleaver introduced a bill, referred to as "The Financial Literacy for Youth Act of 2009" that would require the Secretary of Education to establish a pilot program to award grants to State and local educational agencies to develop financial literacy programs in elementary and secondary schools, and for other purposes. I am in support of the proposed bill and believe it has the potential to make a significant difference for our local, state, and national communities.

Respectfully submitted,
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