



Financial Education
Public-Private Partnership

**Annual Report to the
Legislature**



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Public Instruction

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Financial Education Public-Private Partnership

Annual Report to the Legislature

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Table of Contents

Executive Summary	3
Introduction	5
Status of the FEPPP	6
FEPPP 12-Month Work Plan and Accomplishments	11
Conclusion	16
Appendices	17
A. The Jump\$tart National Standards in Personal Finance	17
B. Preliminary Proposed District Implementation Plan	19
C. Jump\$tart Survey Results.....	21
D. History	24

Executive Summary

Substitute House Bill 1347 ([SHB 1347](#)), 2009, established the Financial Education Public-Private Partnership (FEPPP), a recommissioning of the Financial Literacy Public-Private Partnership established by Legislature in 2004.

The task of FEPPP is to seek out and determine the best methods of equipping students with the knowledge and skills they need, before they become self-supporting, in order for them to make critical decisions regarding their personal finances. The components of personal financial education shall include the achievement of skills and knowledge necessary to make informed judgments and effective decisions regarding earning, spending and the management of money and credit.¹

FEPPP has been very active in 2010, with two major initiatives, a statewide teacher training event in Gonzaga in June and a district-wide rollout of integrated financial education for grades K-12 at Aberdeen School District. FEPPP has had a central presence at two statewide education conferences to date, and will be involved in at least three others during this fiscal year. In addition, FEPPP has developed a governance structure, a critical step in maturing into an effective organization.

With a \$30,000 investment, plus in-kind contributions from a number of FEPPP partners, the Gonzaga training provided a week-long, in-depth training to 37 educators, primarily from Eastern and Central Washington. FEPPP supplied free curriculum and support materials for the participants. More than 10,000 students over a three-year period will be taught the skills necessary to make sound financial decisions from this training alone, at a cost of \$2.68 per student for the professional development component. For a complete report on the 2010 Financial Education and Training Institute, please see the Notes and Documents section of www.FEPPP.org.

FEPPP partnered with Aberdeen School District to roll out a K-12 district-wide financial education curriculum. FEPPP provided professional development, free curriculum materials, and ongoing mentoring and technical support. Elementary, middle and high school educators from a variety of subject areas are integrating financial education into their classrooms. At the end of the demonstration project, FEPPP hopes to show a viable, practical model for integrating financial education across the K-12 spectrum, allowing districts freedom to select specific integration opportunities based on the unique needs and circumstances of the district. In addition, FEPPP expects to show that early and consistent integration of personal finance topics improves marked improvement in student knowledge, skills and abilities related to personal finance.

¹ SHB 1347 § 1.

In total, FEPPP has directly or indirectly reached several hundred educators, principals, private sector partners and supporters, and thousands of students. FEPPP has made significant progress addressing the No. 1 barrier to implementing financial education: providing quality professional development opportunities and support for educators, enabling them to teach financial education in a wide variety of courses.

Introduction

The new Financial Education Public Private Partnership consists of:

- Four members of the Legislature
- Four representatives from the private for-profit and nonprofit financial services sector, including the Jump\$Start Coalition
- Four teachers with one each representing the elementary, middle, secondary and postsecondary education sectors
- One representative from the Department of Financial Institutions (DFI) and
- Two representatives from the Office of Superintendent of Public Instruction (OSPI).

FEPPP, to the extent that funds are available, shall²:

1. Communicate to school districts the financial education standards adopted, under RCW 28A.300.462, other important financial education skills and content knowledge, and strategies for expanding the provision and increasing the quality of financial education instruction.
2. Review on an ongoing basis financial education curriculum that is available to school districts, including instructional materials and programs and school wide programs that include the important financial skills and content knowledge.
3. Develop evaluation standards and a procedure for endorsing financial education curriculum that the partnership determines should be recommended for use in school districts.
4. Identify assessments and outcome measures that schools and communities may use to determine whether students have met the financial education standards adopted.
5. Monitor and provide guidance for professional development for educators regarding financial education, including ways that teachers at different grade levels may integrate financial skills and content knowledge into mathematics, social studies, and other course content areas.
6. Work with OSPI and the Professional Educator Standards Board (PESB) to create professional development that could lead to a certificate endorsement or other certification of competency in financial education.
7. Develop academic guidelines and standards-based protocols for use by classroom volunteers who participate in delivering financial education to students in the public schools.
8. Provide an annual report beginning December 1, 2009, to the Governor, the SPI, and the committees of the Legislature with oversight over K-12 education and higher education.

This report is intended to meet the above requirement (8) and give a baseline for history and plans of the FEPPP.

² SHB 1347 § 2.

Status of the FEPPP

Current state funding and carry-forward dollars as of July 1, 2010:

Private Contributions	\$ 48,648.00
<u>State Appropriations</u>	<u>\$ 240,574.74</u>
Total Balance	\$ 289,222.74

As has been noted in the Introduction of this document, [SHB 1347](#) established a new mandate for the FEPPP and a new body has been convened. Below are listed the legislative and other appointments to the FEPPP.

Category	Appointed By	Appointment
Senator, Democrat	President of the Senate	Senator Jean Berkey
Senator, Republican	President of the Senate	Senator Curtis King
Representative, Democrat	Speaker of the House	Representative Sharon Tomiko Santos
Representative, Republican	Speaker of the House	Representative Glenn Anderson
Private Sector/Financial Services	Governor	Kimberly Scott (Jump\$tart, WSCPA)
Private Sector/Financial Services	Governor	Stacy Augustine (WCUL)
Private Sector/Financial Services	Governor	Greer Gibson Bacon, CFP President of Asset Planning & Management, Inc., Spokane
Private Sector/Financial Services	Governor	Eric Pearson, President and CEO of Community First Bank, Kennewick
Post-Secondary Educator	Superintendent	Pam Whalley
HS Educator	Superintendent	Leslie Nuttman
MS Educator	Superintendent	Joni Koch
Elem Educator	Superintendent	Karen Quinn
DFI representative	DFI Director	Linda Jekel
OSPI representative (curriculum)	Superintendent	Greta Bornemann
OSPI representative (PD)	Superintendent	Mary Nagel

The FEPPP has organized itself into four committees: Communications, Development, Education and Executive. Below are current results and recommendations from the committees.

FEPPP has met in its current form on April 20, 2010 and October 19, 2010 (general membership), and monthly during 2010 (Executive Committee). In addition, committees for Education, Communication and Development met periodically during the calendar year of 2010.

COMMUNICATIONS COMMITTEE

The Communications Committee, led by Linda Jekel (Department of Financial Institutions), continued to promote financial education for students through three primary goals:

- Create buzz and excitement about why teaching personal financial education to students is important for the well-being of Washington.
- Promote current and prospective teaching of personal financial education to school districts, teachers, and parents.
- Update FEPPP website with reference information on personal financial education for teachers, students (K through 12th grade), and parents.

In 2010, the committee worked on the following communication projects:

Legislative Mandate

We are drafting a letter to be mailed December 2010 to the school districts in Washington. The letter will promote the Jump\$tart National Standards adopted under RCW 28A.300.462. A copy is available at <http://www.jumpstart.org/national-standards.html>.

Website

We continue to update the FEPPP Website (<http://www.fePPP.org/>) containing the following information:

- FEPPP membership roster, calendar of meetings, and minutes.
- Core and supplemental financial education curriculum.
- Resources and web links on financial education for educators, children, parents, and young adults.

Publications

The following documents have been created to help voice FEPPP's mission, goals and accomplishments.

1. "Financial Education in Focus" is a two-page document providing talking points for speakers on the importance of teaching financial education to students.
2. A FEPPP brochure highlights our teacher training at Gonzaga University in June 2010 and our first demonstration project at Aberdeen School District in August 2010.

Outreach

The Communications Committee organized two outreach events in October 2010. FEPPP volunteers spoke with conference attendees about our two teacher training events in the summer of 2010 and handed out FEPPP brochures and other marketing materials. Representative Santos and Senator King were speakers on the importance of teaching financial education to students. The two events were:

1. Association of Washington School Principals Conference in Bellevue on October 4, 2010.

2. Washington Association of Career and Technical Educators Conference in Yakima on October 25 and 26, 2010.

Publicity

Photos and videos at the two teacher training events held in June and August 2010 will be used to promote FEPPP through YouTube, the FEPPP website, digital frame, classroom demonstrations and public service announcements. In addition, we issued a press release for our first demonstration project at the Aberdeen School District. See the appendix for a copy of the press release.

DEVELOPMENT COMMITTEE

The Development Committee, led by Kimberly Scott (Washington Society of Certified Public Accountants), continued its work to fundraise, maintain a documented history of FEPPP and develop a governance document.

Fundraising and Budget

The Committee developed an annual operating budget, created project cost formulas based on history and provided financial reports to FEPPP members. We also developed a list and worked with potential donors for fundraising on projects based on common financial education interests.

Development

We promoted FEPPP to potential donors and invited them to participate on committees to create potential new appointed members for the future. We are drafting a description of volunteer job duties based on committees needs. We continue to reach out to other coalitions and community groups.

Corporate Governance

We are drafting a governance document that addresses best practices for boards and commissions, including terms, term limits, committee charters, ethics, whistle blowing, public disclosure and other standard policies.

EDUCATION COMMITTEE

The Education Committee, led by Pamela Whalley (Western Washington University and president of the Washington Council on Economic Education), continued its mission to introduce, enhance and improve financial education in Washington K-12 schools by implementing two teacher training events in 2010.

Teacher Training Institute Summer 2010

The first training event was the Financial Education and Training Institute: Building Blocks for Financial Literacy (Institute). It was held on the campus of Gonzaga University from June 22-25, 2010. Thirty-seven teachers from across the state attended the four-day training. Each educator, on average, reported that he/she will teach 95 students annually about personal finance, meaning that

3,515 students per year (10,545 students over a three-year period), will be taught the skills necessary to make sound financial decisions.

Educator response to the variety of the Institute's workshops was extremely positive. All of the presenters throughout the week engaged participants in interactive exercises and the rooms were energized with discussion. One hundred percent of responders indicated that the overall workshop was very good or excellent. Ranked on a scale of one (poor) to five (excellent), the Institute earned an average score of 4.6. Ninety-six percent indicated they would recommend the materials to other educators, and 97 percent indicated that participation in the Institute made them more likely to integrate personal finance into their classes in the future. The sole responder who indicated their behavior would be unchanged already integrates personal finance into their classes.

The Institute's success in meeting its goals was the result of the Financial Education Public Private Partnership living up to its name by being a true partnership between businesses (Spokane Teachers Credit Union, the Financial Planning Association), not-for-profits (Junior Achievement, Washington Council for Economic and Financial Education, National Endowment for Financial Education, Family Economics and Financial Education, Washington Society of CPAs) and the public sector (OSPI, and the Department of Financial Institutions). Under the leadership of Representative Sharon Tomiko Santos, FEPPP was able to harness the talents and energies of the partnership to create and present a valuable experience for educators, and through them, the students and citizens of Washington.

School District Demonstration Project

The second training event was the first FEPPP school district demonstration project. Educators from around Washington met in Aberdeen on August 25–26, 2010, as trainers for a teach-the-teacher-style training designed to aid the local school district in its effort to implement personal finance and financial education components across its curriculum and in all grades K-12. The Aberdeen teachers being trained will take what they have learned and teach other educators in the district so they may implement similar curriculum in their classrooms.

The training was the first step in FEPPP's legislative charge to partner with local school districts in order to make comprehensive financial education available to all K-12 students in Washington. All trainers were current and former educators with specific specialties. They introduced Aberdeen teachers to a personal finance curriculum and showed them how to incorporate it into their existing lesson plans.

EXECUTIVE COMMITTEE

The Executive Committee consists of the following members: the Chair of FEPPP; the Chairs of the Communications, Development and Education Committees; a representative of the DFI; and representatives from OSPI with responsibility for professional development and for curriculum development. The Executive Committee provides oversight of and helps to coordinate and facilitate the work of the Committees in meeting the legislative mandate to FEPPP. In addition, the Executive Committee convenes the quarterly general membership meetings.

FEPPP 12-Month Work Plan and Accomplishments

The task of the FEPPP is to seek out and determine the best methods of equipping students with the knowledge and skills they need, before they become self-supporting, in order for them to make critical decisions regarding their personal finances. The components of personal financial education shall include the achievement of skills and knowledge necessary to make informed judgments and effective decisions regarding earning, spending and the management of money and credit.

Legislative Charge

- Communicate financial education standards, skills and content knowledge to school districts.
- Review financial education curriculum on an ongoing basis.
- Develop curriculum evaluation standards and a procedure for endorsing curricula.
- Identify assessments and outcome measures for financial education.
- Monitor and provide guidance for professional development for educators regarding financial education, including how to integrate financial education content into other courses at different grade levels.
- Work with OSPI and the Professional Educator Standards Board (PESB) to create professional development that could lead to a certificate endorsement or certificate of competency in financial education.
- Develop academic guidelines and standards-based protocols for classroom volunteers who deliver financial education in public schools.
- Provide an annual report (beginning December 1, 2009).
- Provide technical assistance and grants to support demonstration projects for district-wide adoption and implementation of the national Jump\$tart financial education learning standards.
- Publish the results from the biannual Jump\$tart survey of personal financial literacy.
- Monitor progress toward adopting financial education standards by school districts.
- Publish a report on the professional development activities related to equipping teachers with the knowledge and skills to teach financial education.
- Report on activities related to financial education curriculum development.
- Provide recommendations for policies or activities to support financial education in public schools.

Other Tasks

- Solicit contributions from private sector partners and supporters.
- Review federal financial education legislation and write grants.
- Make recommendations about terms of appointment (time, term limits).
- Create a marketing plan and development plan (fundraising).
- Create and monitor budget.

Task	Accomplishments
Communicate financial education standards, skills and content knowledge to school districts.	The Communications Committee drafted a letter regarding financial education standards, skills and content knowledge and sent it to school districts in December 2010.
Review financial education curriculum on an ongoing basis.	The Education Committee has not yet reviewed any new curriculum, but will do so in 2011.
Develop curriculum evaluation standards and a procedure for endorsing curricula.	The Education Committee re-evaluated and affirmed the basic approach to curriculum review and endorsement used in the past. Essentially, in order for curricula to be listed on the FEPPP website, it must meet national and state standards for financial literacy and must be able to demonstrate proof of effectiveness.
Identify assessments and outcome measures for financial education.	This work is pending.
Monitor and provide guidance for professional development for educators regarding financial education, including how to integrate financial education content into other courses at different grade levels.	FEPPP provided a teacher training event in June 2010 at Gonzaga University. Thirty-seven teachers from across the state participated. The full report is on the FEPPP website, at www.fePPP.org , under Notes and Documents.
Work with OSPI and PESB to create professional development that could lead to a certificate endorsement or certificate of competency in financial education.	FEPPP, OSPI and PESB had initial conversations about the potential for creating certification opportunities. PESB encouraged FEPPP and OSPI to analyze the job impact that a certification process would have, e.g. if a teacher were to get a financial education certificate, how would that increase his or her chances of finding employment.
Develop academic guidelines and standards-based protocols for classroom volunteers who deliver financial education in public schools.	The Development Committee has created draft standards, and is in the process of finalizing them. The draft will then be circulated to the FEPPP Executive Committee and OSPI for review and comment before being finalized. Expected completion is first quarter 2011.
Provide an annual report (due December 1, 2010).	FEPPP completed the 2010 report and delivered it to the legislature on December 1, 2010.

Task	Accomplishments
Provide technical assistance and grants to support demonstration projects for district-wide adoption and implementation of the national Jump\$start financial education learning standards.	FEPPP published the grant opportunity and solicited applications from school districts in early 2010. Aberdeen School District was selected for the initial demonstration project. A majority of the teachers received in-depth training in August, along with the Financial Fitness for Life curriculum from the Council for Economic Education.
Publish the results from the biannual Jump\$start survey of personal financial literacy.	There is no survey in 2010. Jump\$start recently hired Learning Point Associates, an independent non-profit research firm, to develop and administer an updated survey.
Monitor progress toward adopting financial education standards by school districts.	Aberdeen School District is using the national Jump\$start standards for their district-wide K-12 financial education integration demonstration project. OSPI and FEPPP will be coordinating to produce a survey and provide outreach to active districts to determine progress toward formally adopting financial education standards by school districts. This work is scheduled for early 2011.
Publish a report on the professional development activities related to equipping teachers with the knowledge and skills to teach financial education.	FEPPP produced a report on the 2010 Financial Education and Training Institute, held at Gonzaga University in June. The report is available on the FEPPP Website, www.FEPPP.org under Notes and Documentation.
Report on activities related to financial education curriculum development.	FEPPP and OSPI wrote a grant to the US Department of Education for \$1.7 million over 4 years to develop open source curriculum for financial education. Sixteen other states competed for this single grant award. Tennessee was chosen from among the 14 finalists. There were no other coordinated curriculum development activities within Washington State since the last legislative report.
Provide recommendations for policies or activities to support financial education in public schools.	<p>FEPPP recently recommended the adoption of the National Jump\$start standards for voluntary inclusion by local school districts. FEPPP will prepare legislation to submit for the 2011 Legislature to consider.</p> <p>The primary reasons for low financial education integration efforts stem from lack of professional development opportunities.</p>

Task	Accomplishments
	<p>Many educators</p> <ol style="list-style-type: none"> 1. Lack confidence in their ability to teach the subject, 2. Require support to build their own knowledge, and 3. Need ideas and support for integrating financial education into the curriculum, according to multiple studies performed by FEPPP and the Council for Economic Education.
Solicit contributions from private sector partners and supporters.	<p>During 2010, FEPPP has not solicited donations from the private sector partners. The balance of funds from our private sector partners is \$48,648. This balance, in conjunction with our allocation from the state is sufficient to cover all activities in our work plan for 2010. FEPPP intends to solicit contributions from private sector partners in 2011.</p>
Review federal financial education legislation and write grants.	<p>OSPI, in partnership with FEPPP, submitted a proposal for a Financial Education and College Success grant from the US Department of Education. The single \$1.7 million grant was awarded to Tennessee. FEPPP and OSPI will continue to monitor federal activity to identify potential opportunities.</p>
Make recommendations about terms of appointment (time, term limits).	<p>The Development and Communications Committees collaborated to produce a governance document that addresses best practices for boards and commissions, including terms, term limits, committee charters, ethics, whistle blowing, public disclosure and other standard policies. The initial draft was submitted to the FEPPP Executive Committee in November 2010, and is expected to be finalized in the first quarter of 2011.</p>
Create a marketing plan and development plan (fundraising).	<p>The Communications Committee established a marketing and outreach plan in early 2010. Their efforts include targeting selected conferences to provide outreach materials related to financial education, producing videos and/or PSAs related to selected events, and producing print material for distribution. The marketing and outreach plan identifies five conferences for</p>

Task	Accomplishments
	<p>targeted distribution of materials during the 2011 fiscal year.</p> <p>The Development Committee has discussed a fundraising plan. They will be bringing a draft plan to the Executive Committee for review and approval in April or May of 2011.</p>
Create and monitor budget.	The Development Committee is responsible for creating a budget, with input from the Committee chairs. The FEPPP Executive Committee, which meets monthly, monitors the budget, income and expenditures.

Conclusion

FEPPP has been very active in 2010, with two major initiatives, a statewide teacher training event in Gonzaga in June, and a district-wide rollout of integrated financial education for grades K-12 at Aberdeen School District. FEPPP has had a central presence at two statewide education conferences to date, and will be involved in at least three others during this fiscal year. In addition, FEPPP has developed a governance structure, a critical step in maturing into an effective organization.

FEPPP holds quarterly meetings for the appointed members and the public. These meetings are well attended and the interest in FEPPP activities is high. The Executive Committee, responsible for the ongoing oversight of the organization, meets monthly for two hours each time, providing advice and direction to staff and committee volunteers. The Education Committee provides direct benefit to teachers and students through their professional development opportunities and demonstration district project. Communications is highly engaged in outreach, providing informational materials and valuable resources to decision makers in the educational community.

In total, FEPPP has directly or indirectly reached several hundred educators, principals, private sector partners and supporters, and thousands of students. FEPPP has made significant process addressing the No. 1 barrier to implementing financial education: providing quality professional development opportunities and support for educators, enabling them to teach financial education in a wide variety of courses.

FEPPP appreciates the support and interest of the legislature in fulfilling their objectives.

Appendices

A. The Jump\$tart National Standards in Personal Finance

Financial Responsibility and Decision Making

Overall Competency: Personal Financial Decisions

- Standard 1:* Take responsibility for personal financial decisions.
- Standard 2:* Find and evaluate financial information from a variety of sources.
- Standard 3:* Summarize major consumer protection laws.
- Standard 4:* Make financial decisions by systematically considering alternatives and consequences.
- Standard 5:* Develop communication strategies for discussing financial issues.
- Standard 6:* Control personal information.

Income and Careers

Overall Competency: Use a career plan to develop personal income potential

- Standard 1:* Explore career options.
- Standard 2:* Identify sources of personal income.
- Standard 3:* Describe factors affecting take-home pay.

Planning and Money Management

Overall Competency: Organize personal finance and use a budget to manage cash flow

- Standard 1:* Develop a plan for spending and saving.
- Standard 2:* Develop a system for keeping and using financial records.
- Standard 3:* Describe how to use different payment methods.
- Standard 4:* Apply consumer skills to purchase decisions.
- Standard 5:* Consider charitable giving.
- Standard 6:* Develop a personal financial plan.
- Standard 7:* Examine the purpose and importance of a will.

Credit and Debt

Overall Competency: maintain creditworthiness, borrow at favorable terms and manage debt

- Standard 1:* Identify the costs and benefits of various types of credit.
- Standard 2:* Explain the purpose of a credit record and identify borrowers' credit report rights.
- Standard 3:* Describe ways to avoid or correct debt problems.
- Standard 4:* Summarize major consumer credit laws.

Risk Management and Insurance

Overall Competency: Use appropriate and cost effective risk management strategies

- Standard 1:* Identify common types of risks and basic risk management methods.
- Standard 2:* Explain the purpose and importance of property and liability insurance protection.
- Standard 3:* Explain the purpose and importance of health, disability, and life insurance protection.

Saving and Investing

Overall Competency: Implement a diversified investment strategy that is compatible with personal goals

- Standard 1:* Discuss how saving contributes to financial well-being.
- Standard 2:* Explain how investing builds wealth and helps meet financial goals.
- Standard 3:* Evaluate investment alternatives.
- Standard 4:* Describe how to buy and sell investments.
- Standard 5:* Explain how taxes affect the rate of return on investments.
- Standard 6:* Investigate how agencies that regulate financial markets protect investors.

B. Preliminary Proposed District Implementation Plan

1. Hold discussions with district personnel (preferably arranged by an educator who has previous interest in financial education).
 - a. The program's goal is to integrate personal financial education into the 1-12th grade curriculums. All 1–9th grade students will be taught basic personal finance. Depth of instruction will increase with each grade level and districts may choose to include a capstone high school level course or middle grades capstone course with high school continued learning and final high school experience.
 - b. Discussion group members: Superintendent, School board representative(s), curriculum director, one or two interested teachers, and program providers (hereafter referred to as lead agency).
 - c. Spell out parameters of agreement: who will provide trainings, pay for trainings, materials, program implement timeline, assessment, feedback.
2. Create a Learning Community at each school by providing educator training programs aimed at specific grade level specialists and content specialists.

Elementary Teachers: All 1–5th grade teachers participate in:

 - a. Pre-training knowledge and attitude assessments (done on-line).
 - b. Half-day training, middle and high school: Math, Social Studies, Family and Consumer Sciences, and Business educators participate in:
 - i. Pre-training knowledge and attitude assessments (done on-line).
 - ii. Full-day training.

The trainings will be designed to introduce educators to curriculum and assessment materials. Time will also be allocated to discussion of options with respect to which lessons would be best introduced at each grade level and/or in which courses/content areas.

Each school will select an educator to serve as its learning community leader. The leaders will gather input from members of their school on their preferred method of implementation of the program materials, share this information with the lead agency and other learning community leaders and together create the education plan that will ensure all students have access to personal financial education. Each school will have the latitude to determine optimal implementation timing.

3. Implementation Phase:

In the method preferred by the district, all students are administered multiple choice pretests geared to the lessons they will be taught and attitudes the district/learning community would like to track. Pretest results are reported to lead agency (student/teacher confidentiality will be protected). Lessons will be taught at each grade level. Post testing will consist of relevant test questions being inserted into teachers' standard testing instruments (not WASL instruments). Teachers will report student responses to lead agency, and will complete an evaluation form.

Community volunteers will be recruited by lead agency or the schools to augment traditional classroom instruction. Community members, parents and parent-teacher organizations will be educated about the program prior to its inception.

4. Learning community leaders will meet with a representative of the lead agency to analyze results, re-examine education plan design, and propose refinements and changes for year two. Lead agency will provide data analysis, record experience and generate a report that will be distributed electronically to teachers and administrators.

PROGRAM AUGMENTATION OPTIONS

All 4-12th grade teachers will be invited to attend one or two Stock Market Game training(s) and to have their students play the Stock Market Game.

All middle grade teachers will be invited to attend the Finance Park training and have access to the Finance Park program as middle grades financial education capstone experience. Training is four hours; and, depending upon the personal financial education plan created for the district, it could be wrapped into the all day personal financial education training for middle and high school teachers.

All 9-12th grade students would be encouraged to participate in the President's Advisory Council on Financial Literacy's National Financial Literacy Challenge (if available). If the President's Advisory Council opts out of this program, the Washington Council on Economic Education will run a Washington Financial Literacy Challenge. The district would be encouraged to formally recognize student achievement in this area. (No out-of-pocket cost to districts.)

Minimum Public Schools Commitment

1. Provide teachers for training (all elementary, 30 middle and high).
2. Teach entire curriculum (all students).
3. Pre- and post-test all students.
4. Provision of teacher training locations.

Preferred public school buy-in (in addition to Minimum Public Schools Commitment)

1. Provision of in-service time (early release or LID day for training).
2. Provision of time for Learning Community Leaders work.
3. Access to school service catering if available and less costly than private sector cost.

A variety of curricula will be reviewed for use in this program.

C. Jump\$start Survey Results³

EXECUTIVE SUMMARY

The 2008 national Jump\$start survey of high school seniors was the sixth such biennial survey and completed the first ten years of measuring financial literacy in the United States. In 2008, the Jump\$start Coalition also conducted its first national survey designed to measure the financial literacy of college students. The two surveys present contrasting results.

The financial literacy of high school students has fallen to its lowest level ever, with a score of just 48.3 percent. The average score for college students on the same 31 question exam, however, was 62.2 percent, nearly 15 percentage points above that of high school seniors. In fact, if measured on the high school senior base of 48.3 percent, college students actually did nearly 29 percent better. In addition, scores improved for every year of college with seniors averaging 64.8 percent. The good news is that American college graduates are close to being financially literate and probably will be so with more life experience. The bad news is that just 25 percent of our young adults are graduating from college and this number appears to have stabilized. This means that 75 percent of young American adults are likely to lack the skills needed to make beneficial financial decisions.

The positive turnaround in high school financial literacy scores, first noted in the 2004 survey, continued only through 2006. Beginning with an average score of 57.3 percent in 1997, scores fell to 51.9 percent in 2000 and 50.2 percent in 2002 before staging a rebound to 52.3 percent in 2004. In 2006, the mean score increased by a tenth of a percent to 52.4 percent before falling to 48.3 percent in 2008.

When the Jump\$start Coalition for Personal Financial Literacy first began measuring financial literacy eleven years ago, the term was literally unknown. Today, hundreds of organizations promote financial literacy, members of Congress introduce bills supporting it, a Federal commission promotes it, many states have passed initiatives and serious scholarly work is being published.

We have long noted with dismay that students who take a high school course in personal finance tend to do no better on our exam than those who do not. This finding has been a great disappointment to consumer educators and to those who support efforts to make courses in personal finance a requirement for high school graduation; and, it points to the need for better materials and teacher training.

The 2008 high school survey found that nearly half of students who had taken a full semester course in personal financial management were not seniors when

³ Summarized from: Mandall, Lewis. *The Financial Literacy of Young American Adults: An Analysis of the Jump\$start Coalition's 2008 Biennial Survey*. May 22, 2009. <http://www.jumpstart.org/fileindex.cfm>, November 18, 2009.

they took the course. In fact, many were freshmen and sophomores at the time and probably lacked exposure to many financial decisions and whose motivation to become financially literate must be questioned.

Not only did college students prove to be far more financially literate than high school seniors, but those high school seniors who planned to attend a four-year college did much better on our exam than others. In fact, those who had no post-high school plans averaged just 34.9 percent while those who planned to attend a junior college averaged 44.6 percent and those headed to a four-year college averaged 50.9 percent. Note that the large number of students who drop out of high school before their senior year are not measured in our exams but are presumed to be far less financially literate than those still in school. There are still many important concepts that are not getting through to the next generation.

- Only 16.8 percent of high school seniors and 19.2 percent of college students feel that stocks are likely to have higher average returns than savings bonds, savings accounts and checking accounts over an 18 year period.
- Just 27.3 percent of high school seniors and 39 percent of college students realize that interest on a savings account is taxable if one's income is high enough.
- Only about 40 percent of high school seniors realize that their own health insurance could stop if their parents become unemployed. Nearly 70 percent of college students answered this question correctly.

Since standard of living is a multiplicative function of both financial resources (income and wealth) and the ability to use those resources efficiently (financial literacy), we find it increasingly disturbing that those with less income and education are saddled with the additional disadvantage of not possessing the ability to spend what they have efficiently. It is no great surprise to learn that the current financial crisis began with the sub-prime mortgages that were marketed primarily to those with less income, education, and presumably less financial literacy than those who were eligible for prime mortgages. Financial literacy clearly has ongoing macroeconomic ramifications.

RESULTS OF THE 2008 SURVEYS

A record 6,856 12th grade students completed the high school survey by February 2008, achieving an average score of 48.3 percent, the lowest ever recorded. While the founders of the Jump\$tart Coalition had hoped that the average score of 58.3 percent achieved in the baseline survey of 1997-98 would increase to a "passing" score of at least 60 percent in 10 years, just the opposite occurred. Instead of increasing, scores fell by 10 percentage points in 10 years, revealing a situation that was becoming more and more dire.

THE HIGH SCHOOL SAMPLE

The 2008 sample of high school seniors was designed to give results that could be compared to the five previous surveys. The universe for this sample was all public high schools in the United States from the list provided online by the U.S. Department of Education. The latest available data were from the 2004-05 school

year and totaled 3,090,176 students. With a desired sample size of 4,000 and estimating a 15 percent response rate, the national sample interval came out to 5,150. This means that we set out to test one out of every 5,150 high school seniors in public high schools. The sample was stratified by state to insure geographic representation.

Since the cost of randomly selecting and testing students across every state would have been prohibitive, students were clustered by high school. First, every public high school within a state was rank-ordered from smallest to largest by the number of 12th grade students. Then, a random number between 1 and 5,150 was chosen as the start number within each state. High school seniors were added up (from lowest to highest) and when the random start number was reached, that high school was chosen for inclusion in the sample. From that point on, the sample interval was added to the cumulative number continually, until the largest high school was reached. Each time the random start number plus a multiple of the sampling interval was reached, another high school was added to the sample. Each school that fell into the sample was contacted and asked if a specific class would take the JumpStart survey.

To improve the probability that sampled schools would participate in the survey, members of statewide JumpStart Coalitions in 47 states agreed to contact school principals to urge cooperation. As added incentive for the JumpStart Coalitions, those states that wanted comparative state-specific results were over-sampled (40 schools per state) with the provision that state-specific results would be supplied if ten or more schools within their state participated in the survey. As a result, the data used in the analysis had to be weighted to insure that every school in the sample had a probability of selection proportionate to the size of its senior class.

Letters were sent to the principals of the 1,888 randomly selected schools, explaining the purpose of the study and asking for their cooperation. Principals who were personally known by members of the JumpStart Coalition or by members of the state coalitions were contacted by phone as well. They were asked to select a 12th grade (non-honors) in English or Social Studies (aside from economics) class to participate in the Survey. This was done to avoid biasing the results by specifically selecting classes in economics, business or related areas. To randomize the process further, principals were asked to select classes meeting closest to 10 a.m.

A small incentive was offered to help gain the cooperation of the schools. The teacher who administered the Survey was offered a \$50 gift card from Staples to purchase school supplies. Some participating teachers declined this offer.

In all, 388 of the 1,888 schools participated: a response rate of 21 percent. This was an increase from the response rate of 17.6 percent in 2006 but slightly below 21.3 percent in the 2000 study and well below the 43.6 percent rate that had been achieved in 1997. Conversations with school superintendents and principals have indicated that while they are interested in financial literacy, the

intense pressure to achieve satisfactory scores on standardized national examinations has diverted energy and resources to core academic areas. The increased response rate in 2008 was the result of great efforts put out by members of the state JumpStart Coalitions who persuaded more than a fifth of sampled schools to participate.

For a full report on the 2008 test results, see [The Financial Literacy of Young American Adults: An Analysis of the JumpStart Coalition's 2008 Biennial Survey](#).

D. History

2003 Legislative Action

During the 2003 Legislative Session, legislation (SB 5456 & HB 2009) was introduced that would have required the teaching of financial literacy in schools. The bills would have required the state to create a model financial literacy curriculum and encourage schools to adopt the model curriculum. The bills authorized the use of federal funds to support development of the curriculum, and required schools to teach financial literacy. The legislation did not require a separate class devoted to financial literacy, and did not require the teaching of financial literacy at any particular grade level; nor did it require schools to use the model curriculum developed by the state. Finally, the bills created a pilot program for the teaching of personal finance.

2004 Legislative Action

During the 2004 Legislative Session, the Washington State Legislature passed HB 2455, which created the Financial Literacy Public Private Partnership (FLPPP). FLPPP was created as an ad hoc committee on financial literacy made up of legislators, representatives from the State Board of Education (SBE), OSPI, DFI, financial institution industries, school directors, school principals and administrators, educators and representatives from higher education. The committee was charged with the following:

- Completing a survey of school districts to determine if financial literacy training was already being offered.
- Assembling and analyzing statistics on whether financial literacy information was actually making a difference to employers in Washington. (e.g., Is it reducing bankruptcies or financial issues among corporate employers?)
- Developing recommended learning guidelines that could be voluntarily adopted by schools.
- Recommending the structure and operating principles for a public/private partnership that would help local schools judge which financial literacy programs are best for their own schools.
- Selecting voluntary pilot program schools.
- Reporting back to the Governor, the Legislature, SBE, and the SPI on the results of the pilot program.

As introduced, the bill appropriated \$50,000 for the project, with the understanding that many of the private interests at the table would probably also contribute to the project. Unfortunately, 2004 was an extremely tight budget year, and the \$50,000 appropriation was cut out of the budget during final budget negotiations.

2005 Legislative Action

During the 2005 Legislative Session, HB 2152 was introduced to re-appropriate the missing \$50,000 appropriation originally slated for the prior year, and clarify some of the responsibilities for FLPPP. FLPPP had continued to meet since the creation of the committee. It was, however, very difficult to achieve the objectives of the bill without the involvement of at least one part-time, temporary employee who could help organize the group, manage the survey process, and analyze existing financial literacy curriculum resources for use in Washington schools.

As originally written, the 2005 bill would have:

- Extended the deadline to provide a report identifying strategies to increase the financial literacy of public school students in Washington State from June 2005 to June 2007.
- Added the development of Essential Academic Learning Requirements (EALRs) to the list of FLPPP strategies for improving financial literacy.
- Added recommendations on whether financial literacy should be included in the Washington Assessment of Student Learning to the list of FLPPP strategies for improving financial literacy.
- Required OSPI to make available lists of identified financial literacy skills, instructional materials, assessments, and other relevant information on financial literacy to school districts.
- Encouraged school districts to provide financial literacy training.
- Appropriated \$50,000 over a two-year period to help fund the project.

House Bill 2152 passed the House Education Committee on March 1; however, it failed to make it through the House Appropriations Committee in time, and died in committee.

2006 Legislative Action

- HB 2152 was reintroduced but failed to pass.
- HB 2394, which defined financial literacy activities as “work activities” for the purposes of the WorkFirst program and eligible for up to ten credits under the program, passed (Dickerson).
- HB 3156, which empowers the Department of Community, Trade, and Economic Development (CTED) to offer consulting services to community action agencies who are interested in developing pilot programs to assist low-income families accumulate assets, passed (Darnielle).
- HB 3157, which required the state to provide information to recipients of Temporary Assistance for Needy Families (TANF) about asset building, and required the WorkFirst program to provide information on financial literacy programs, did not pass (Darnielle).
- SB 6219, which encouraged school boards of directors to integrate

- financial literacy training within existing curricula, did not pass (Keiser).
- SB 6386, which represents the state's operating budget, included \$50,000 in appropriated funds to fund the FLPPP.

2007 Legislative Action

- As introduced, the Governor's proposed budget included an ongoing yearly \$50,000 appropriation for the FLPPP.
- HB 1980 and SB 5965 were introduced to expand the duties of the FLPPP.

2008-09 Activity

- FLPPP hired a new coordinator, established a workplan and budget, and commenced work on a number of key fronts.
- The FLPPP Education Committee reviewed several bodies of financial education standards, including Jump\$start, standards from other states, and Washington GLE/EALRs and standards in mathematics and social studies. They recommended that districts voluntarily adopt the Jump\$start standards (given that they were in use by a large number of states), covered a comprehensive financial education for elementary, middle and high school students, and complemented relevant standards in mathematics and social studies.
- The Communications Subcommittee established a web site with resources for teachers, parents, students and the public regarding financial literacy (see originally www.FLPPP.org , now updated as www.FEPPP.org).
- The Development Committee raised almost \$50,000 from private sector donations to fund the work of FLPPP.

The 2009 Legislative Session introduced [SHB 1347](#), gave new force and structure to the FLPPP, renaming the partnership the Financial *Education* Public-Private Partnership.

The Executive Committee acknowledges that more work remains to incorporate financial education into the public school system and accomplish the intent of the original legislation...

...to assist school districts in their efforts to ensure that students are financially literate through identifying critical financial literacy skills and knowledge, providing information on instructional materials, and creating a public-private partnership to help provide instructional tools and professional development to school districts that wish to increase the financial literacy of their students.

As per the recent legislation, the FEPPP moves forward with the following goals:

- a) Communicate to school districts the Jump\$start national financial education standards, other important financial education skills and content knowledge, and strategies for expanding the provision and increasing the quality of financial education instruction.
- b) Review on an ongoing basis financial education curriculum that is available to school districts, including instructional materials and programs

and school-wide programs that include the important financial skills and content knowledge.

- c) Develop evaluation standards and a procedure for endorsing financial education curriculum that the partnership determines should be recommended for use in school districts.
- d) Identify assessments and outcome measures that schools and communities may use to determine whether students have met the Jump\$tart financial education standards.
- e) Monitor and provide guidance for professional development for educators regarding financial education, including ways that teachers at different grade levels may integrate financial skills and content knowledge into mathematics, social studies, and other course content areas.
- f) Work with OSPI and the PESB to create professional development that could lead to a certificate endorsement or other certification of competency in financial education.
- g) Develop academic guidelines and standards-based protocols for use by classroom volunteers who participate in delivering financial education to students in the public schools.
- h) Provide an annual report beginning December 1, 2009, as provided in section 4 of this act, to the Governor, the OSPI, and the committees of the Legislature with oversight over K-12 education and higher education.

In addition, the legislation provides for a pilot project. OSPI and FEPPP shall provide technical assistance and grants to support demonstration projects for district-wide adoption and implementation of the Jump\$tart national financial education learning standards.

The newly re-constituted FEPPP met on October 6, 2009, in a general meeting at which time, the membership present approved the FLPPP recommendation to retain committees to manage the work of the public-private partnership as follows: Communications Committee, Development Committee, Education Committee with Committees for Professional Development and Certification and for Standards and Curriculum, and Executive Committee. The FEPPP membership then elected the following individuals to chair the Committees: Linda Jekel, Communications Committee; Kimberly Scott, Development Committee; Pam Whalley, Education Committee; and, Representative Sharon Tomiko Santos, Executive Committee.

The FEPPP has met in its current form on April 20, 2010 and October 19, 2010 (general membership), and monthly during 2010 (Executive Committee). In addition, committees for Education, Communication, and Development met periodically during the calendar year of 2010.

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