



**Special Legislative Commission to Study  
Youth Financial Education**

**Findings and Recommendations**

Report Submitted to the

Rhode Island General Assembly

May 2008

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## **Special Legislative Commission to Study Youth Financial Education**

### **Members:**

Representative Raymond C. Church, Co-Chair

Senator Daniel J. Issa, Co-Chair

Senator David Bates

Senator Paul V. Jabour

Representative Victor Moffit

Representative Gregory Schadone

Andy Andrade, Rhode Island Department of Education

Joseph Crowley, Warwick Area Career and Technical Center

Eugene Kelly, Warwick Veteran's Memorial High School

Peter Kerwin, Office of the General Treasurer

Leigea Landry, Lefkowitz, Garfinkel, Champri & DeRienzo

Paul J. Maloney, Providence College

Patrick Ross, Brown Rudnick

Gloria Rossiter, Aldrich Middle School

Stephen Tetzner, Home Star Mortgage

### **Staff:**

Paula S. Dominguez, House Senior Education Policy Advisor

Sarah Martino, House Staff

Robert Kalaskowski, Senate Policy Analyst

## Executive Summary

In April 2007, the Rhode Island General Assembly, by means of bills S0804A and H6235, created by joint resolution the *Special Legislative Commission to Study Youth Financial Education*. This Commission, under the Co-Chairmanship of Senator Daniel J. Issa (D-16, Central Falls, Cumberland, and Pawtucket) and Representative Raymond C. Church (D-48, Burrillville, North Smithfield), was authorized to study the status of youth financial education programs in the state of Rhode Island and report its findings and recommendations to the General Assembly on or before April 1, 2008. That deadline was extended on March 26, 2008, by H8084, which authorized the Commission to continue its study and make a report to the General Assembly on or before May 29, 2008. This document represents the final report of the Special Legislative Commission.

The Commission based its work on the notion that middle and high schools represent a natural locus of financial literacy instruction. Given schools' other academic and competing priorities, however, time for such instruction is limited, at best. But the importance of establishing good personal financial literacy understanding and habits at this key point in young people's lives cannot be underestimated. As they graduate from middle to high school, our students assume greater financial responsibility through part-time jobs and begin to set goals for their adult lives, postsecondary education, and career entry. As they earn their paychecks, our young people have to make increasingly more complex decisions about whether and how to save or spend their money. High quality financial education programs in schools and other youth-oriented settings can help ensure that middle and secondary school students are prepared for these and other financial management decisions, which ultimately benefits the state.

The Commission's four main findings summarize our perspective on the status of financial education in Rhode Island.

**Finding 1:** Young people in Rhode Island and across the nation face a future where knowledge of personal finances -- credit and debt management, financial planning, saving, investing, and retirement -- will play an unprecedented role in their economic wellbeing. Most youth are underprepared for their financial futures.

**Finding 2:** Youth financial literacy has very real implications for state and federal economic wellbeing, and many states and the federal government have responded by better harnessing opportunities for youth financial literacy. At present, eight states require that students receive personal financial education as a high school graduation requirement.<sup>1</sup>

**Finding 3:** Many middle and high schools in Rhode Island offer financial literacy instruction and content, but in an unpredictable and uncoordinated manner. Based on recent research by the Rhode Island Jump\$tart Coalition, within the 36 high schools that provided information, approximately five percent of students participate in either a required or elective course that is dedicated to personal financial literacy.

**Finding 4:** The lack of more widespread personal financial literacy instruction in Rhode Island's middle and high schools is not due to an absence of curricula or instructional resources. In fact, there is an array of free, well-designed, standards-based financial literacy curricula suitable for middle and high school classrooms.

In response to these findings, the Commission offers the following recommendations for strengthening Rhode Island middle and high school students' access to quality youth financial education programs:

**Recommendation 1.** The Rhode Island Department of Education should seek to adopt statewide standards for youth personal financial literacy, using the work of organizations such as Jump\$tart, National Endowment for Financial Education, National Council on Economic Education, and other states that have developed academic standards in financial literacy.

**Recommendation 2.** The Rhode Island Department of Education should discuss with the departments of education in Vermont and New Hampshire ways in which financial literacy concepts and information can be included to a greater extent on the New England Common Assessment Program (NECAP).

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<sup>1</sup> NCEE (2007). Economic and personal finance education in our nation's schools in 2007: A report card. Available online at <http://www.ncee.net/about/survey2007/NCEESurvey2007.pdf>.

**Recommendation 3.** The Rhode Island Department of Education should work with school districts to incorporate financial literacy content into districts' existing teacher professional development efforts, including three-credit courses, workshops, conferences, and training sessions.

**Recommendation 4.** The Rhode Island Department of Education should include personal financial literacy information in its statewide content guidelines for social studies. The Rhode Island Department of Education may also elect to incorporate personal financial literacy information in guidelines for other subject areas.

**Recommendation 5.** The Rhode Island Department of Education should create a Task Force on Youth Financial Literacy comprised of educators and members of the financial community, to put together a statewide strategy, action plan, and marketing plan for increasing middle and high school students' knowledge of personal finance issues. The Rhode Island Department of Education will report to the General Assembly on its progress semi-annually in January and July, commencing January 31, 2009. As part of its reporting, the Rhode Island Department of Education shall monitor efforts at the federal and state levels to strengthen young people's personal financial literacy.

**Recommendation 6.** The Rhode Island Department of Education should include on its statewide curriculum website links to outstanding personal financial literacy curricula and resources, such as those developed by the National Endowment for Financial Education (NEFE), National Council on Economic Education, Junior Achievement, the Federal Reserve, the Federal Deposit Insurance Corporation, Way2goRI, and other resources as they are available.

**Recommendation 7.** Rhode Island middle school and high school teachers should increase their efforts to include age-appropriate financial literacy-related information in their classroom instruction. Furthermore, school committees, superintendents, and principals should encourage these efforts.

**Recommendation 8.** The Department of Labor and Training (DLT) should hold discussions with private banks and/or financial institutions in the state that focus on whether and how financial literacy workshops can be included as part of DLT's summer youth job corps program.

**Recommendation 9.** The Rhode Island Department of Education should encourage more public-private partnerships that systematically target school districts and strive to integrate personal financial literacy content in middle and high school classrooms, by recognition and other such methods.

**Recommendation 10.** The proportion of high school students who participate in financial literacy courses in Rhode Island should increase by 5 percentage points each year for the next five years.

We hope this report will help further the important conversation of how schools can prepare our students for successful and secure financial futures.

## **Time Line of the Special Legislative Commission to Study Youth Financial Education**

- November 27, 2007 – Room 203, State House
  - Organizational meeting of the Commission
  
- December 14, 2007 – University of Rhode Island Memorial Ballroom
  - Financial Smarts for Students’ Conference
  - Remarks by Attendees
  
- January 22, 2008 – Room 201, State House
  - Presentation by the Rhode Island Department of Education on state mathematics standards and concepts related to financial education
  - Commission members’ discussion
  - Outcomes and next steps
  
- April 15, 2008 – Room 203, State House
  - Review progress to date
  - Update report from Mr. Jim Hedemark on the status of financial literacy instruction in Rhode Island’s middle and high schools
  - Report by the Dexter Credit Union on its financial literacy programs
  - Presentation by Claudia Kerbel on the curriculum from the National Endowment for Financial Education
  - Final Steps- suggestions for the Commission’s final report
  
- May 6, 2008 – Room 203, State House
  - Report from Jim Hedemark of the Rhode Island Jump\$tart Coalition on findings from a statewide survey on financial education in Rhode Island middle and high schools
  - Review of draft version of final Commission report
  - Questions and comments
  
- May 13, 2008 – Room 203, State House
  - Review of feedback on draft version of final Commission report
  
- May 22, 2008 – Room 203, State House
  - Vote on acceptance of the Final Commission Report:



## **A Letter from Senator Daniel J. Issa and Representative Raymond C. Church**

Co-Chairs of the Special Legislative Commission to Study Youth Financial Education

**D**ear Colleague:

We are pleased to present these findings and recommendations on the status of youth financial education in Rhode Island. This report represents the best thinking of a distinguished and dedicated Commission whose membership consisted of elected leaders, educators, non-profit financial literacy groups, state government representatives, and private businesses. Over the course of several hearings, Commission members heard informed testimony, examined the status of youth financial literacy in Rhode Island's middle and high schools, reviewed best practices in improving financial education, and considered the most reasonable and effective means to educate our young people on important financial matters.

Ultimately, our investigation found that, despite the need for financial literacy among youth and the curricula and resources that are available to middle and high school teachers, the great majority of students in Rhode Island public secondary schools do not participate in courses or activities related to personal financial literacy. The Commission was pleased to find that non-profit groups such as Jump\$tart, Junior Achievement, and the Boys and Girls Clubs, along with private entities such as the Dexter Credit Union, have reached out to the community and provided financial literacy instruction to Rhode Island students through partnerships with public schools and after school settings. The Commission commends these entities and others like them for their civic responsibility, and encourages even more public-private partnerships of this nature.

We are grateful to every member of the Commission for their willingness to take part in these discussions. We also appreciate the many experts who took time to appear before the Commission and who contributed to our understanding of financial literacy and education.

We offer these findings and recommendations with confidence that we can and should increase the availability of youth financial education. Our belief is that by building a strong sense of financial responsibility among Rhode Island's young people, we will ultimately strengthen the financial wellbeing of the entire state.

Sincerely,

Representative Raymond C. Church

Senator Daniel J. Issa

## The Commission's Findings and Recommendations

**Finding 1:** Young people in Rhode Island and across the nation face a future where knowledge of personal finances -- credit and debt management, financial planning, saving, investing, and retirement -- will play an unprecedented role in their economic wellbeing. Most youth are underprepared for their financial futures.

- Our youth come of age at a time when mortgage foreclosures, consumer indebtedness, and personal bankruptcies are all on the rise. High school graduates who immediately enter the workforce will have to prepare for unpredictable patterns of employment and unemployment. Young people who go on to higher education can look forward to student loans that may dwarf their initial incomes. Families that are themselves experiencing financial turmoil can not be expected to provide young people with real world examples of fiscal prudence.
- Many young people do not appear to have an understanding of personal financial literacy that will support a financially stable adult life. According to the Jump\$tart Coalition's national biennial financial literacy survey, released April 9, 2008, high school seniors correctly answered fewer than half of the questions.<sup>2</sup> These findings are consistent with the results of an earlier (2005) survey conducted by the National Council on Economic Education (NCEE), which determined that students earned an average score of "F" on a quiz of economics and personal finance, and the results of other national assessments.<sup>3</sup>

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<sup>2</sup> The full report can be downloaded from <http://www.jumpstart.org/fileindex.cfm>.

<sup>3</sup> The NCEE findings can be found online at [http://207.124.141.218/WhatAmericansKnowAboutEconomics\\_042605-3.pdf](http://207.124.141.218/WhatAmericansKnowAboutEconomics_042605-3.pdf).

**Finding 2:** Youth financial literacy has very real implications for state and federal economic wellbeing, and state and federal governments have acted by better harnessing opportunities for youth financial literacy.

- In response to mounting concern at the state level that financially illiterate youth may become financially challenged adults, a majority of states have put into place requirements for economic content in state education standards and core-content guidelines. Seventeen states require students to take an economics course, while eight mandate a personal finance course in order to graduate.<sup>4</sup>
- At the federal level, President Bush created the President’s Advisory Council on Financial Literacy in January 2007, in part “to help increase financial education efforts for youth in school...and to help strengthen public and private sector financial education programs.”<sup>5</sup>

**Finding 3:** Many middle and high schools in Rhode Island offer financial literacy instruction and content, but in an unpredictable and uncoordinated manner.

- Middle and high school students in Rhode Island may encounter concepts related to financial literacy in their classroom mathematics instruction. The extent to which such concepts appear in mathematics curricula is determined locally, by each school district: the Rhode Island Department of Education (RIDE) does not have in place a statewide mathematics curriculum. To a limited extent, basic financial literacy–related information (e.g., monetary units, tax on goods and services, compounded interest) appears in RIDE’s K-8 and 9-12 Grade Level Expectations (GLEs) and Grade Span Expectations (GSEs).<sup>6</sup> Financial literacy concepts may be embedded in questions on the New England Common Assessment Program (NECAP), the state’s annual assessment.

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<sup>4</sup> NCEE (2007). Economic and personal finance education in our nation’s schools in 2007: A report card. Available online at <http://www.ncee.net/about/survey2007/NCEESurvey2007.pdf>.

<sup>5</sup> For more information on the President’s Advisory Council, see <http://www.treasury.gov/offices/domestic-finance/financial-institution/fin-education/council/index.shtml>.

<sup>6</sup> More detailed information on GLEs and GSEs can be found online at <http://www.ride.ri.gov/Instruction/gle.aspx>.

- Many middle and high schools in Rhode Island report efforts to include more specific financial literacy content in non-mathematics classroom instruction, and these efforts vary noticeably across school districts. At the middle school level, Rhode Island students are most likely to encounter financial literacy content in their social studies classes (e.g., through stock market games). At the high school level, some students enroll in business education courses as an elective and gain access there to information on personal finance.

**Finding 4:** The lack of more widespread personal financial literacy instruction in Rhode Island’s middle and high schools is not due to an absence of curricula or instructional resources.

- There is an array of well-developed financial literacy curricula, many of which are offered free of charge and available online, that target the needs and interests of young people (see Addendum E). One of the most prominent examples is the National Endowment for Financial Education’s (NEFE) High School Financial Planning Program, which is correlated to educational standards in all fifty states and benchmarked against seven national educational standards.<sup>7</sup> Through the efforts of NEFE and its partner organizations, the program has reached thousands of high school students across the United States.
- In addition to NEFE’s own efforts, other public and private entities (including after school organizations, banks and credit unions, and credit card companies) have adopted and modified the NEFE curriculum and offered it through their own programs.<sup>8</sup>

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<sup>7</sup> Additional information can be found online at <http://hsfpp.nefe.org/home/>.

<sup>8</sup> Resources for teachers can be found in the clearinghouse section of Jump\$tart’s web site, available online at <http://www.jumpstart.org/search.cfm>.

Consistent with these findings, the Commission recommends the following:

**Recommendation 1.** The Rhode Island Department of Education should seek to adopt statewide standards for youth personal financial literacy, using the work of organizations such as Jump\$tart, National Endowment for Financial Education, National Council on Economic Education, and other states that have developed academic standards in financial literacy. Such standards would provide educators with a clear and concise understanding of what students should know and be able to do in terms of personal financial literacy, how students will show that they are meeting a standard, and how well they must perform.

**Recommendation 2.** The Rhode Island Department of Education should discuss with the departments of education in Vermont and New Hampshire ways in which financial literacy concepts and information can be included to a greater extent on the New England Common Assessment Program (NECAP). Having the information appear on the NECAP can provide teachers with an incentive for including financial literacy content in classroom instruction. As Rhode Island collaborates with Vermont and New Hampshire on the NECAP's development, a multi-state approach to emphasizing financial literacy would have to take place.

**Recommendation 3.** The Rhode Island Department of Education should work with school districts to incorporate financial literacy content into districts' existing teacher professional development efforts, including three-credit courses, workshops, conferences, and training sessions. By providing settings where teachers can share ideas about financial literacy and study examples of best practices in different content areas, the Rhode Island Department of Education and school districts can help bring financial literacy into more classrooms.

**Recommendation 4.** The Rhode Island Department of Education should include personal financial literacy information in its statewide content guidelines for social studies. The Rhode Island Department of Education may also elect to incorporate personal financial literacy information in guidelines for other subject areas. By describing the central role of personal

financial literacy in social studies and other subject areas, the Rhode Island Department of Education will help fuel teachers' interest in covering personal financial literacy content.

**Recommendation 5.** The Rhode Island Department of Education should create a Task Force on Youth Financial Literacy comprised of educators and members of the financial community, to put together a statewide strategy, action plan, and marketing plan for increasing middle and high school students' knowledge of personal finance issues. While schools and organizations across Rhode Island are addressing youth financial literacy, the activities are uncoordinated and disconnected. A Task Force can develop an overall strategy for ensuring that more middle and high school students have access to financial literacy content – through in-school and out-of-school activities, as well as through efforts that target families – and monitor the implementation of the action steps. The Rhode Island Department of Education will report to the General Assembly on its progress semi-annually in January and July, commencing January 31, 2009. As part of its reporting, the Rhode Island Department of Education shall monitor efforts at the federal and state levels to strengthen young people's personal financial literacy.

**Recommendation 6.** The Rhode Island Department of Education should include on its statewide curriculum website links to outstanding financial literacy curricula and resources, such as those developed by the National Endowment for Financial Education (NEFE), National Council on Economic Education, Junior Achievement, the Federal Reserve, the Federal Deposit Insurance Corporation, Way2goRI, and other resources as they are available. Simply making the information (especially examples of grade appropriate lesson plans and activities) more readily available to educators may help spur its inclusion in classroom instruction.

**Recommendation 7.** Rhode Island middle school and high school teachers should increase their efforts to include age-appropriate financial literacy-related information in their classroom instruction. Teachers should make use of existing, free resources from organizations such as the Jump\$tart Coalition, National Endowment for Financial Education, and others, to support their

planning and instruction. Furthermore, school committees, superintendents, and principals should encourage these efforts.

**Recommendation 8.** The Department of Labor and Training (DLT) should hold discussions with private banks and/or financial institutions in the state that focus on whether and how financial literacy workshops can be included as part of DLT's summer youth job corps program. The DLT's summer job initiative involves hundreds of young people who can be easily reached, and represents an opportunity to tap into an existing network of young people who are beginning to make decisions about the money they earn.

**Recommendation 9.** The Rhode Island Department of Education should encourage more public-private partnerships that systematically target school districts and strive to integrate personal financial literacy content in middle and high school classrooms, by recognition and other such methods. Dexter Credit Union's example suggests that partnerships can be win-win situations for schools and businesses alike. Ideally, such partnerships would target the school district level, which may help to coordinate activities across schools and lead to more students having more consistent exposure to personal financial literacy content.

**Recommendation 10.** The proportion of high school students who participate in financial literacy courses in Rhode Island should increase by 5 percentage points each year for the next five years.



## What Works?

### A Profile of the Dexter Credit Union Financial Literacy Program

On April 15, 2008, Dexter Credit Union came before the Commission and gave a detailed presentation concerning two youth financial literacy programs it provides to students in its community – the elementary school-based “Coin Savers Club” and the high school-based “CU4 Reality Program.” The Commission was pleased to hear of the programs’ success introducing young people to important financial issues and encouraging responsible financial behavior. The Commission believes that mutually beneficial, high-quality, financial education programs like these are an effective means to offer comprehensive financial literacy programs to Rhode Island’s youth at a comparatively low cost. This belief is reflected in the Commission’s third recommendation (p.3).

**Coin Savers Club:** The Coin Savers Club is a school savings program Dexter Credit Union offers to students in the Central Falls School District (K-5) and Saint Elizabeth Ann Seton Academy (K-8), and is designed to teach children life skills such as managing finances, saving money, and budgeting. A student can join the Club by opening a special “Coin Savers” account with a minimum deposit of \$1. Upon opening an account, a child receives a free gift and passbook to record withdrawals and deposits. Through their participation in the club, children learn how to complete deposit/withdrawal slips, the rules and terms of banking, and the importance of saving money and making wise financial decisions. After the savings account reaches \$25, children are eligible to become a full Credit Union member. Dexter Credit Union reports that the program is widely viewed as a success and that many children who participated in the program expressed excitement about growing their savings account. Follow-up reports indicate that a significant number of students maintain their savings accounts well into high school. Additionally, Dexter Credit Union reports that the costs and revenues from this program, albeit small, balance each other out and make this important community outreach program a no-cost endeavor.



**CU4 Reality:** Modeled after a similar program developed by the New Hampshire Credit Union League, CU4 Reality is offered by Dexter Credit Union in partnership with Central Falls High School's Business Department. During the school year, credit union representatives make presentations to participating students on banking careers, banking basics, checking accounts, online banking, online bill payment, electronic banking services, budgeting and saving, and investments. In addition, the program incorporates a Financial Literacy Fair, which allows students to interact with the credit union and other businesses as consumers with monthly incomes. At the end of the fair, the students learn how to make ends meet month to month and develop a better appreciation of the importance of budgeting, financial planning, and making wise purchasing decisions.

Such public-private partnerships have the dual benefit of educating young people on critical financial matters, while providing financial institutions with the opportunity to responsibly introduce themselves and their products to a new generation of consumers. Encouraging wise financial management and saving habits at a young age is an important step in promoting and ensuring the collective financial health of all Rhode Island families.

Addenda

Addendum A:

2007 - S 0804 Substitute A

# 2007 -- S 0804 SUBSTITUTE A

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LC02398/SUB A  
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## STATE OF RHODE ISLAND IN GENERAL ASSEMBLY JANUARY SESSION, A.D. 2007

### JOINT RESOLUTION CREATING A SPECIAL LEGISLATIVE COMMISSION TO STUDY YOUTH FINANCIAL EDUCATION

Introduced By: Senators Issa, Jabour, and Gallo

Date Introduced: March 01, 2007

Referred To: Senate Constitutional & Regulatory Issues

RESOLVED, That a special legislative commission be and the same is hereby created consisting of fifteen (15) members: three (3) of whom shall be from the Senate, not more than two (2) from the same political party to be appointed by the President of the Senate; three (3) of whom shall be from the House of Representatives, not more than two (2) from the same political party, to be appointed by the Speaker of House; one of whom shall be the Commissioner of Elementary and Secondary Education, or designee; one of whom shall be the General Treasurer, or designee; one of whom shall be the President of the Rhode Island Principals' Association, or designee; one of whom shall be a member of the Rhode Island Society of Certified Public Accountants, to be appointed by the President of the Senate; one of whom shall be a member of the Rhode Island Mortgage Bankers Association, to be appointed by the Speaker of the House; one of whom shall be a member of the Rhode Island Bankers Association, to be appointed by the President of the Senate; one of whom shall be a member of the Financial Planners Association of Rhode Island Inc., to be appointed by the Speaker of the House; one of whom shall a high school teacher, to be appointed by the President of the Senate; and one of whom shall be a middle school teacher, to be appointed by the Speaker of the House.

In lieu of any appointment of a member of the legislature to the commission the appointing authority may appoint a member of the general public to serve in lieu of a legislator, provided that the majority leader or the minority leader of the political party which is entitled to the appointment consents to the appointment of the member of the general public.

The purpose of said commission shall be to study the status and future of youth personal financial education in Rhode Island's middle and high schools.

Forthwith upon passage of this resolution, the members of the commission shall meet at the call of the Speaker of the House and organize and shall select from among the legislators a co5 chairperson from the House and a co-chairperson from the Senate. Vacancies in said commission shall be filled in like manner as the original appointment.

The membership of said commission shall receive no compensation for their services.

All municipalities, departments and agencies of the state shall furnish such advice and information, documentary and otherwise, to said commission and its agents as is deemed necessary or desirable by the commission to facilitate the purposes of this resolution.

The Joint Committee on Legislative Services is hereby authorized and directed to provide suitable quarters for said commission; and be it further

RESOLVED, That the commission shall report its findings and recommendations to the General Assembly on or before April 1, 2008 and said commission shall expire on June 30, 2008.

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LC02398/SUB A  
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Addendum B:

2008 – H 8084

**2008 -- H 8084**

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LC02636  
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**S T A T E O F R H O D E I S L A N D**  
**I N G E N E R A L A S S E M B L Y**  
**J A N U A R Y S E S S I O N , A . D . 2 0 0 8**

**J O I N T R E S O L U T I O N**  
**E X T E N D I N G T H E R E P O R T I N G D A T E O F T H E S P E C I A L L E G I S L A T I V E C O M M I S S I O N**  
**T O S T U D Y Y O U T H F I N A N C I A L E D U C A T I O N**

Introduced By: Representative Raymond C. Church

Date Introduced: March 26, 2008

Referred To: House read and passed

RESOLVED, That the special legislative commission created by resolution No. 398 passed by the General Assembly at its January session, A.D. 2007, and approved July 6, 2007 entitled "Joint Resolution Creating a Special Legislative Commission To Study Youth Financial Education" is hereby authorized to continue its study and make a report to the General Assembly on or before May 29, 2008; and be it further

RESOLVED, That the time for reporting authorized by resolution No. 398 passed by the General Assembly at its January session, A.D. 2007, and approved July 6, 2007 be and the same is hereby rescinded.

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LC02636  
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## Addendum C:

Rhode Island newspaper articles related to the Commission  
and youth financial education



## Addendum D:

Findings from the 2008 Jumpt\$tart Coalition's  
national biennial financial literacy survey

**2008 JUMP\$TART HIGH SCHOOL SENIOR QUESTIONNAIRE (version 2)**

6,856 High School Seniors, Mean Score = 48.3%

**Part 1 - 31 Jump\$tart Questions**

Numbers to the Left of Answers are Proportion Giving Response

\* indicates correct answer

1. Inflation can cause difficulty in many ways. Which group would have the greatest problem during periods of high inflation that last several years?

**10.6** a) Older, working couples saving for retirement.

**40.0** b) Older people living on fixed retirement income.\*

**7.2** c) Young couples with no children who both work.

**41.7** d) Young working couples with children.

2. Which of the following is true about sales taxes?

**27.2** a) The national sales tax percentage rate is 6%.

**25.5** b) The federal government will deduct it from your paycheck.

**4.9** c) You don't have to pay the tax if your income is very low.

**41.9** d) It makes things more expensive for you to buy. \*

3. Rebecca has saved \$12,000 for her college expenses by working part-time. Her plan is to start college next year and she needs all of the money she saved. Which of the following is the safest place for her college money?

**3.7** a) Locked in her closet at home.

**3.7** b) Stocks.

**4.8** c) Corporate bonds.

**87.7** d) A bank savings account.\*

4. Which of the following types of investment would best protect the purchasing power of a family's savings in the event of a sudden increase in inflation?

**19.2** a) A 10-year bond issued by a corporation.

**26.2** b) A certificate of deposit at a bank.

**17.4** c) A twenty-five year corporate bond.

**35.8** d) A house financed with a fixed-rate mortgage.\*

5. Under which of the following circumstances would it be financially beneficial to you to borrow money to buy something now and repay it with future income?

**55.8** a) When you need to buy a car to get a much better paying job.\*

**5.1** b) When you really need a week vacation.

**5.8** c) When some clothes you like go on sale.

**33.4** d) When the interest on the loan is greater than the interest you get on your savings.

6. Which of the following statements best describes your right to check your credit history for accuracy?

- 47.7** a) Your credit record can be checked once a year for free.\*
- 5.3** b) You cannot see your credit record.
- 13.8** c) All credit records are the property of the U.S. Government and access is only available to the FBI and Lenders.
- 33.2** d) You can only check your record for free if you are turned down for credit based on a credit report.

7. Your take home pay from your job is less than the total amount you earn. Which of the following best describes what is taken out of your total pay?

- 9.5** a) Social security and Medicare contributions.
- 21.2** b) Federal income tax, property tax, and Medicare and social security ontributions.
- 56.4** c) Federal income tax, social security and Medicare contributions\*.
- 12.9** d) Federal income tax, sales tax, and social security contribution.

8. Retirement income paid by a company is called:

- 37.4** a) 401 (k).
- 36.2** b) Pension.\*
- 3.6** c) Rents and profits.
- 22.8** d) Social Security.

9. Many people put aside money to take care of unexpected expenses. If Juan and Elva have money put aside for emergencies, in which of the following forms would it be of LEAST benefit to them if they needed it right away?

- 40.1** a) Invested in a down payment on the house.\*
- 13.2** b) Checking account.
- 32.1** c) Stocks.
- 14.6** d) Savings account.

10. David just found a job with a take-home pay of \$2,000 per month. He must pay \$900 for rent and \$150 for groceries each month. He also spends \$250 per month on transportation. If he budgets \$100 each month for clothing, \$200 for restaurants and \$250 for everything else, how long will it take him to accumulate savings of \$600.

- 20.9** a) 3 months.
- 60.2** b) 4 months.\*
- 6.7** c) 1 month.
- 12.2** d) 2 months.

11. Sara and Joshua just had a baby. They received money as baby gifts and want to put it away for the baby's education. Which of the following tends to have the highest growth over periods of time as long as 18 years?

- 4.7** a) A checking account.
- 16.8** b) Stocks.\*
- 37.3** c) A U.S. Govt. savings bond.
- 41.3** d) A savings account.

12. Barbara has just applied for a credit card. She is an 18-year-old high school graduate with few valuable possessions and no credit history. If Barbara is granted a credit card, which of the following is the most likely way that the credit card company will reduce ITS risk?

- 7.2** a) It will make Barbara's parents pledge their home to repay Karen's credit card debt.
- 32.7** b) It will require Barbara to have both parents co-sign for the card.
- 14.1** c) It will charge Barbara twice the finance charge rate it charges older cardholders.
- 45.9** d) It will start Barbara out with a small line of credit to see how she handles the account.\*

13. Chelsea worked her way through college earning \$15,000 per year. After graduation, her first job pays \$30,000. The total dollar amount Chelsea will have to pay in Federal Income taxes in her new job will:

- 47.1** a) Double, at least, from when she was in college.\*
- 36.4** b) Go up a little from when she was in college.
- 10.0** c) Stay the same as when she was in college.
- 6.5** d) Be lower than when she was in college.

14. Which of the following best describes the primary sources of income for most people age 20-35?

- 9.1** a) Dividends and interest.
- 75.3** b) Salaries, wages, tips.\*
- 9.1** c) Profits from business.
- 6.5** d) Rents.

15. If you are behind on your debt payments and go to a responsible credit counseling service such as the Consumer Credit Counseling Services, what help can they give you?

- 7.0** a) They can cancel and cut up all of your credit cards without your permission.
- 17.8** b) They can get the federal government to apply your income taxes to pay off your debts.
- 70.5** c) They can work with those who loaned you money to set up a payment schedule that you can meet.\*
- 4.7** d) They can force those who loaned you money to forgive all your debts.

16. Rob and Mary are the same age. At age 25 Mary began saving \$2,000 a year while Rob saved nothing. At age 50, Rob realized that he needed money for retirement and started saving \$4,000 per year while Mary kept saving her \$2,000. Now they are both 75 years old. Who has the most money in his or her retirement account?

- 24.8** a) They would each have the same amount because they put away exactly the same
- 11.7** b) Rob, because he saved more each year
- 12.5** c) Mary, because she has put away more money
- 51.1** d) Mary, because her money has grown for a longer time at compound interest\*

17. Many young people receive health insurance benefits through their parents. Which of the following statements is true about health insurance coverage?

- 18.4** a) You are covered by your parents' insurance until you marry, regardless of your age.
- 40.4** b) If your parents become unemployed, your insurance coverage may stop, regardless of your age. \*
- 8.2** c) Young people don't need health insurance because they are so healthy.
- 33.0** d) You continue to be covered by your parents' insurance as long as you live at home, regardless of your age.

18. Don and Bill work together in the finance department of the same company and earn the same pay. Bill spends his free time taking work-related classes to improve his computer skills; while Don spends his free time socializing with friends and working out at a fitness center. After five years, what is likely to be true?

- 11.5** a) Don will make more because he is more social.
- 9.8** b) Don will make more because Bill is likely to be laid off.
- 67.9** c) Bill will make more money because he is more valuable to his company.\*
- 10.8** d) Don and Bill will continue to make the same money.

19. If your credit card is stolen and the thief runs up a total debt of \$1,000, but you notify the issuer of the card as soon as you discover it is missing, what is the maximum amount that you can be forced to pay according to Federal law?

- 17.3** a) \$500
- 16.9** b) \$1000
- 52.8** c) Nothing.
- 13.0** d) \$50\*

20. Which of the following statements is NOT correct about most ATM (Automated Teller Machine) cards?

- 8.8** a) You can generally get cash 24 hours-a-day.
- 14.0** b) You can generally obtain information concerning your bank balance at an ATM machine.
- 68.0** c) You can get cash anywhere in the world with no fee.\*
- 9.2** d) You must have a bank account to have an ATM Card.

21. Matt has a good job on the production line of a factory in his home town. During the past year or two, the state in which Matt lives has been raising taxes on its businesses to the point where they are much higher than in neighboring states. What effect is this likely to have on Matt's job?

- 14.4** a) Higher business taxes will cause more businesses to move into Matt's state, raising wages.
- 18.7** b) Higher business taxes can't have any effect on Matt's job.
- 57.3** c) Matt's company may consider moving to a lower-tax state, threatening Matt's job.\*
- 9.7** d) He is likely to get a large raise to offset the effect of higher taxes.

22. If you have caused an accident, which type of automobile insurance would cover damage to your own car?

- 16.1** a) Comprehensive.
- 40.0** b) Liability.

- 7.1 c) Term.
- 36.8 d) Collision.\*

23. Scott and Eric are young men. Each has a good credit history. They work at the same company and make approximately the same salary. Scott has borrowed \$6,000 to take a foreign vacation. Eric has borrowed \$6,000 to buy a car. Who is likely to pay the lowest finance charge?

- 43.1 a) Eric will pay less because the car is collateral for the loan. \*
- 18.7 b) They will both pay the same because the rate is set by law.
- 13.3 c) Scott will pay less because people who travel overseas are better risks.
- 24.9 d) They will both pay the same because they have almost identical financial backgrounds.

24. If you went to college and earned a four-year degree, how much more money could you expect to earn than if you only had a high school diploma?

- 21.9 a) About 10 times as much.
- 8.6 b) No more; I would make about the same either way.
- 22.0 c) A little more; about 20% more.
- 47.6 d) A lot more; about 70% more. \*

25. Many savings programs are protected by the Federal government against loss. Which of the following is not?

- 13.4 a) A U. S. Savings Bond.
- 43.8 b) A certificate of deposit at the bank.
- 28.4 c) A bond issued by one of the 50 States.\*
- 14.4 d) A U. S. Treasury Bond.

26. If each of the following persons had the same amount of take home pay, who would need the greatest amount of life insurance?

- 31.6 a) An elderly retired man, with a wife who is also retired.
- 10.0 b) A young married man without children.
- 51.1 c) A young single woman with two young children\*.
- 7.2 d) A young single woman without children.

27. Which of the following instruments is NOT typically associated with spending?

- 6.7 a) Debit card.
- 82.1 b) Certificate of deposit.\*
- 6.7 c) Cash.
- 4.5 d) Credit card.

28. Which of the following credit card users is likely to pay the GREATEST dollar amount in finance charges per year, if they all charge the same amount per year on their cards?
- 16.8** a) Jessica, who pays at least the minimum amount each month and more, when she has the money.
- 17.1** b) Vera, who generally pays off her credit card in full but, occasionally, will pay the minimum when she is short of cash
- 18.2** c) Megan, who always pays off her credit card bill in full shortly after she receives it
- 48.0** d) Erin, who only pays the minimum amount each month.\*
29. Which of the following statements is true?
- 53.7** a) Banks and other lenders share the credit history of their borrowers with each other and are likely to know of any loan payments that you have missed.\*
- 14.8** b) People have so many loans it is very unlikely that one bank will know your history with another bank
- 18.8** c) Your bad loan payment record with one bank will not be considered if you apply to another bank for a loan.
- 12.7** d) If you missed a payment more than 2 years ago, it cannot be considered in a loan decision.
30. Dan must borrow \$12,000 to complete his college education. Which of the following would NOT be likely to reduce the finance charge rate?
- 32.5** a) If he went to a state college rather than a private college. \*
- 19.2** b) If his parents cosigned the loan.
- 28.8** c) If his parents took out an additional mortgage on their house for the loan.
- 19.5** d) If the loan was insured by the Federal Government.
31. If you had a savings account at a bank, which of the following would be correct concerning the interest that you would earn on this account?
- 40.6** a) Earnings from savings account interest may not be taxed.
- 27.3** b) Income tax may be charged on the interest if your income is high enough.\*
- 17.8** c) Sales tax may be charged on the interest that you earn.
- 14.3** d) You cannot earn interest until you pass your 18<sup>th</sup> birthday.

### Part 2 - Classification Questions

Numbers in Bold at Left are Mean Scores

Numbers not in Bold, to Right of Bold Numbers, are Percent in Sample

32. Does your family rent or own your home?

**Score** %

**44.0** 22.7 a) Rent

**49.7** 77.3 b) Own

33. What is your gender?

**49.0** 44.7 a) Male

**48.0** 55.3 b) Female

34. What are your educational plans after high school?

**Score** %

- 34.9** 2.2 a) No further education is planned.  
**44.6** 18.7 b) Attend a 2-year college or junior college.  
**50.9** 67.2 c) Attend a 4-year college or university.  
**44.2** 6.8 d) Other plans for training or education.  
**39.2** 5.1 e) Don't know.

35. What is your best estimate of your parents' total income last year? Consider annual income from all sources before taxes.

- 43.4** 10.7 a) Less than \$20,000.  
**47.3** 20.1 b) \$20,000 to \$39,999.  
**50.3** 26.5 c) \$40,000 to \$79,999.  
**52.3** 23.0 d) \$80,000 or more.  
**44.8** 19.7 e) Don't know.

36. How do you describe yourself?

- 52.5** 55.0 a) White or Caucasian.  
**41.3** 13.6 b) Black or African-American.  
**45.1** 20.1 c) Hispanic American.  
**47.2** 3.7 d) Asian-American.  
**37.7** 2.2 e) American Indian, Alaska Native, or Native Hawaiian  
**41.1** 5.4 f) Other.

37. What is the highest level of schooling your father or mother completed?

- 44.2** 11.5 a) Neither completed high school  
**47.2** 24.4 b) Completed high school.  
**49.0** 21.6 c) Some college.  
**51.4** 36.8 d) College graduate or more than college.  
**36.9** 5.9 e) don't know.

38. What type of work do you intend to do when you finish school?

- 36.9** 2.8 a) Manual work such as truck driver, laborer, farm worker.  
**43.8** 6.5 b) Skilled trade such as plumber, electrician.  
**44.6** 12.1 c) Service worker such as secretary, food service worker, office worker, police officer, firefighter.  
**51.7** 48.6 d) Professional worker such as nurse, computer programmer.  
**46.6** 30.0 e) Other or don't know.

39. When you start to work full-time, after you finish your education, how much do you expect to make per year before deductions for taxes and other items?

- 38.5** 3.4 a) Under \$15,000.  
**42.2** 6.7 b) \$15,000 to \$19,999.  
**46.8** 10.6 c) \$20,000 to \$29,999.  
**50.7** 20.5 d) \$30,000 to \$39,999.  
**50.2** 41.6 e) 40,000 or more.  
**46.4** 17.2 f) Don't know.

40. Whose credit card do you use?

**Score** %



- 44.2 14.9 a) My own.  
45.9 14.2 b) My parents'.  
45.2 5.6 c) Both my own and my parents'.  
50.1 65.3 d) None, I don't use a credit card.

41. How do you use your debit (or ATM) card?

- 49.9 40.6 a) For getting cash from an ATM and for buying things directly.  
45.4 12.6 b) For getting cash from an ATM only.  
47.8 46.7 c) I don't have a debit card.

42. Which of the following best describes your automobile driving?

- 46.0 26.8 a) I don't have a driver's license.  
42.6 4.3 b) I have a driver's license, but no car in the family that I can drive.  
44.2 4.9 c) I drive the family car, which is used by others, and help pay for the insurance.  
50.9 12.7 d) I drive the family car, which is used by others, and don't help pay for the insurance.  
49.7 21.5 e) I drive my own car and help pay for the insurance.  
50.0 29.9 f) I drive my own car and don't help pay for the insurance.

43. How would you describe your employment history?

- 48.8 24.5 a) I work full time in the summers and part time during the school year.  
48.6 6.3 b) I work full time in the summers and don't work during the school year.  
48.9 33.8 c) I work part time in the summers and part time during the school year.  
48.9 11.8 d) I work part time in the summers and don't work during the school year.  
46.6 23.6 e) I have never been formally employed outside the home.

44. What kind of bank account do you have?

- 43.7 24.9 a) I don't have a bank account.  
49.7 29.1 b) I have a savings account but no checking account.  
49.1 11.8 c) I have a checking account but no savings account.  
50.3 34.3 d) I have both a savings and a checking account.

45. Which of the following is true about your ownership of stocks and mutual funds (circle **all** that apply)?

- 49.1 73.0 a) I own no stocks or mutual funds.  
47.1 7.8 b) I own stocks in my own name.  
48.8 8.8 c) I own stocks in my parents' name.  
47.7 6.0 d) I own mutual funds in my own name.  
47.7 6.3 e) I own mutual funds in my parents' name.

46. What is your high school class level?

**Score** %

- 48.3** 100.0 a) Senior.  
b) Junior.  
c) Sophomore.  
d) Freshman.

47. Which of the following classes have you had in high school (circle **all** that apply)?

**47.5** 21.4 a) An entire course in money management or personal finance.

**48.9** 26.2 b) A portion of a course where at least a week was focused on money management or personal finance.

**48.8** 44.7 c) An entire course in economics.

**49.4** 23.7 d) A portion of a course where at least a week was focused on economics.

**51.0** 24.0 e) A course in which we played a stock market game.

48. If you have taken a full semester course in money management or personal finance, did you take it as a:

**47.1** 52.4 a) Senior

**48.5** 26.1 b) Junior

**49.2** 12.7 c) Sophomore

**44.7** 8.8 d) Freshman

49. Approximately what was your **total** score on the college entrance exam?

**45.5** 10.4 a) SAT under 1,500

**54.1** 17.3 b) SAT 1,500 to 2,000

**52.2** 4.3 c) SAT over 2,000

**43.3** 10.7 d) ACT under 20

**51.3** 17.4 e) ACT 21-26

**58.8** 5.9 f) ACT 27 or higher

**44.0** 34.5 g) I didn't take a college entrance exam or don't remember my score

## Addendum E:

Curricular resources related to youth financial education

## Curricular resources related to youth financial education

**American Institute of Certified Public Accountants (AICPA).** The AICPA's 360 Degrees of Financial Literacy Web site offers general information for managing personal finances and organizes its information according to life stages.

<http://www.360financialliteracy.org/>

**Federal Deposit Insurance Corporation (FDIC).** The FDIC's Money Smart for Young Adults curriculum helps youth ages 12-20 learn the basics of handling their money and finances, including how to create positive relationships with financial institutions. Available free of charge, Money Smart for Young Adults' eight modules are aligned with educational standards for all 50 states, the District of Columbia, Guam and the Virgin Islands, as well as Jump\$tart financial education standards and National Council on Economic Education economic education standards. <http://www.fdic.gov/consumers/consumer/moneysmart/young.html>.

**Federal Reserve.** The main web site includes links to instructional materials, tools, and interactive games related to the Federal Reserve, economics, and financial education.

<http://www.federalreserveeducation.org/fred/>

**Financial Literacy 2010.** Sponsored by the Investor Protection Trust, Financial Literacy 2010 is geared specifically to the interests and needs of high school teachers. The links include an online teaching guide ("Personal Finance in the Economics Classroom") that can be customized by state, a tool that enables teachers to locate expert speakers for their classrooms, and suggestions for integrating savings and investment topics into instruction.

<http://www.fl2010.org/index.html>

**Jump\$tart Coalition for Personal Financial Literacy.** Jump\$tart's web site includes a clearinghouse with financial education information targeting young people's needs and interests, with links to free curricula and resources related to financial literacy, economics, social studies, and mathematics.

<http://www.jumpstart.org/>

**National Council on Economic Education (NCEE).** The main web site includes a high school finance program, high school economics curriculum, K-12 resources and lesson plans for teachers, curriculum standards, multi-media materials on a range of financial education topics and real world financial choices facing young people.

<http://www.ncee.net/>

**National Endowment for Financial Education (NEFE).** NEFE's High School Planning Program is one of the most widely cited financial education resources for young people, and serves as a framework for similar curricula offered by other organizations.

<http://hsfpp.nefe.org/home/>.

**U.S. Mint.** The h.i.p. Pocket Change web site consists of teacher- and student-oriented materials for all grade levels, including early elementary school.

<http://www.usmint.gov/kids/html/>

**Way2goRI.** Developed and supported by the Rhode Island Higher Education Assistance Authority (RIHEAA), Way2goRI is a web portal that provides age-appropriate college and career planning tools to elementary, middle, and high schools students. Students can create online portfolios that help them identify their career and education interests, then track their progress. <http://www.way2goRI.org>.