Financial Literacy Survey for the State of North Carolina

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I. Purpose

North Carolina House Bill 1474 is the legislative action that mandated financial literacy as a part of the curriculum. More specifically this action required that "each student shall receive personal financial literacy instruction that includes credit, managing a credit card, borrowing money for large purchases, and credit scores and reports." This proposal is designed to survey North Carolina teachers and to examine their views and responses to the North Carolina mandates for including financial literacy into their curriculum.

The North Carolina Department of Public Instruction and the Office of the Secretary of the Treasurer have expressed, along with other key stakeholders, the need to quantifiably measure the extent of teacher response to the State mandate. As a premier advocate for financial literacy and economic education, the North Carolina Council of Economic Education and its partner institutions have consistently responded to initiatives that strengthen financial and economic literacy, particularly in the K-12 environment.

This survey was administered to teachers in K-12 in all 100 counties in North Carolina. The goal of this survey was to statistically answer the following question. What is the level of involvement of North Carolina's teachers with the financial literacy mandates as outlined by the North Carolina Department of Public Instruction? In answering this question, the following detailed outline was used:

I. A Brief Overview of Importance of Financial Literacy in Public Education

II. A Description of the Surveyed Respondents

III. Major Survey Findings

IV. An analysis of Selected Financial Literacy Survey Responses with Graphics

VII. An Analysis of the Social Studies Responses

V. Conclusions

VI. References

I. A Brief Overview of the Importance of Financial Literacy in Public Education

This research includes a review of studies that have evaluated the impact of financial education in the classroom. These studies were based on the growing number of curriculum mandates requiring high schools to include financial education and those that already include elements of financial education.

The first of these studies, by Bernheim, Garrett and Maki (1997), is an extension of the work by Bernheim and Garrett (2003) on employer financial education. Specifically, the authors use the same household survey sponsored by Merrill Lynch to investigate differences in savings rates and wealth due to differences in state mandates for financial education. The effort requires the authors to catalogue the curriculum requirements for all 50 states, 37 of these states had mandates or other requirements in place at the time of the study.

As with the related study using the Merrill Lynch survey, the authors examined the impact of financial education on both savings (flow) and wealth (stock) measures. They found evidence that, in states with a mandated financial education curriculum, students on average had savings rates that were 1.5 percent higher five years down the road than those students not exposed to a mandate. The effect was even larger for children of non-frugal parents, which supports the notion that financial education efforts are most effective in remedial cases. The result of improved savings by students exposed to financial education was based on the variable used to measure the number of years that had elapsed between the imposition of a mandate and the time of the survey.

Tennyson and Nguyen (2001) specifically address the effectiveness of school mandates regarding personal finance on knowledge levels. They state up front that there are other links along the way to improved financial behaviors, but limit the scope of their study based on the information content of the survey they have at hand. Interestingly, they document just 20 states as having articulated some form of policy in the specific area of personal finance. This is nine more than the study by Bernheim, Garrett and Maki, which used a broader definition that included more general consumer education topics. The survey data come from the Jumpstart 1997 survey of high school seniors. The survey contained 31 multiple choice questions covering four personal finance topics and also included questions covering individual demographic and family characteristics. The authors found that financial education efforts are more likely to improve knowledge if the mandate requires the teaching of personal finance concepts within a specific course. By contrast, “generic” educational standards and testing mandates were found to be insignificantly related to personal finance knowledge.

Generally, we can conclude from this brief literature review that there is a need for financial education in public education.

II. A. Description of the Surveyed Respondents

The survey was available to all K-12 teachers from all 100 counties in North Carolina. 321 teachers responded to the survey. The responses were sorted by the eight state regions.

a. Region 4 representing Columbus, Bladen, Cumberland, Harnett, Lee, Moore, Montgomery, Richmond, Scotland, Hope and Robeson Counties had the largest response rate, totaling approximately 24% of the responses. Region 5 representing Stokes, Rockingham, Caswell, Person, Forsyth, Davison, Guilford, Randolph, Alamance, Orange and Chatham Counties had the second largest response rate.

b. Approximately 68.6% of the respondents were over 41 years of age and 19.1% of the respondents were over 55 years of age.

c. 81% of the respondents were female.

d. 81.5% of the respondents were teaching grades 9-12 when the survey was administered.

e. 51.9% of the respondents were teaching less than three preparations per day. 46.8% of the respondents were teaching between three to five preparations per day. Only 1.3% of the respondents were teaching more than five preparations per day.

f. Approximately one third of the respondents had over 15 years of total teaching experience. The smallest respondent category was “first year teaching”, representing only 3.5% of the respondents.

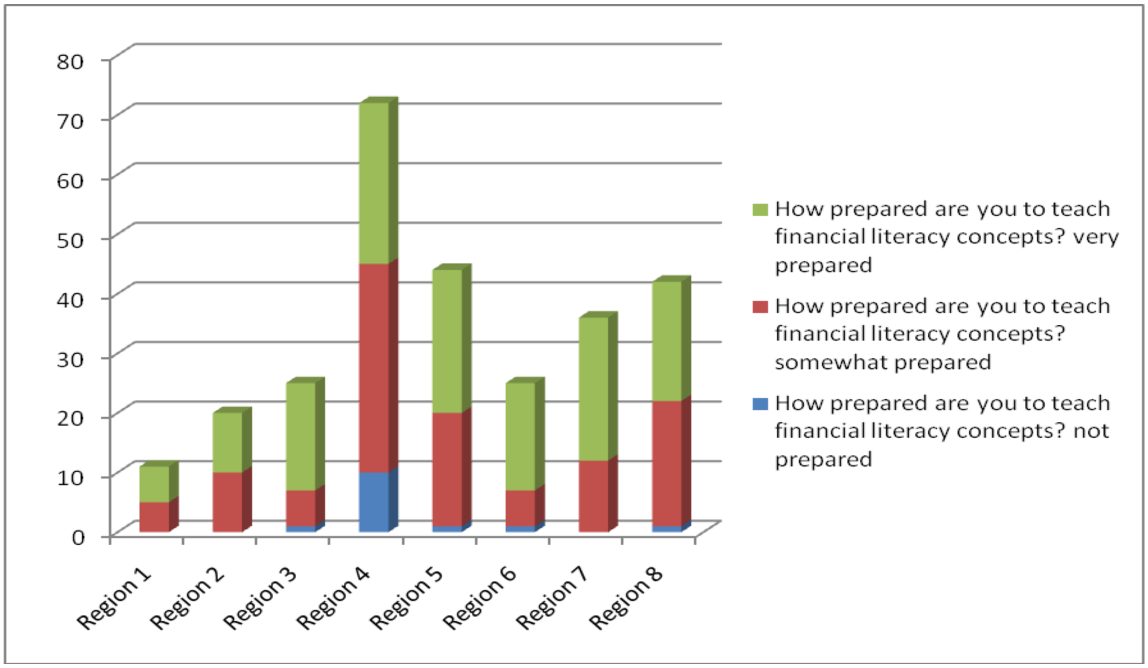
g. Approximately 38% of the respondents have been teaching personal finance less than five years. 31% of the respondents had never taught personal finance.

h. 37.7% of the respondents described their personal education background as business, 22% of the respondents indicated family and consumer sciences while 13.8% indicated business administration. The smaller responding groups included elementary education at 2.5%, mathematics at .6%, economics at 2.8%, and marketing at 4.4%.

i. 54.9% of the respondents had an earned Bachelor’s degree, 42% had an earned Master’s degree and 3.2% had an earned Doctorate degree.

j. 83% of the respondents indicated that teaching financial literacy concepts in the K-12 curriculum was extremely important.

The following graph is an overall picture of the financial literacy preparedness for each region of North Carolina. This is a self evaluation of the surveyed respondents divided into three groups; those that consider themselves prepared, somewhat prepared and not prepared.



III. Major Survey Findings

1. The majority of financial literacy instruction was taught either in a Career and Technical Education (CTE) course or within another CTE course.

2. Over 50% of the survey respondents indicated that they were very prepared to teach financial literacy concepts. The majority of the survey respondents were very prepared and indicated that financial literacy concepts should be taught in a standalone high school curriculum. The largest number of the respondents who indicated that they were not prepared also indicated that financial literacy concepts should be taught both the middle school and the high school curriculums.

3. The most prepared financial literacy teachers come from the following course content areas; business and business administration, economics, accounting, and mathematics. The 10 content areas as well as the eight regions that were surveyed revealed a great amount of variation in their comfort levels with regard to teaching financial literacy concepts.

4.. The surveyed respondents indicated that their main challenges in teaching financial literacy were: lack of access resources to adequate resources, the lack of opportunities to increase financial literacy knowledge, and the lack of classroom instruction time.

5. The 10 course content areas within the eight regions surveyed were very consistent in their commitment to teaching financial literacy. Although the vast majority of the respondents were totally committed, they had a wide range of comfort areas within the financial literacy course content. These areas of course content discomfort represent the need for necessary training. Online courses as well as workshops were the preferred method for increasing their knowlegde. The vast majority of the respondents favored receiving CEUs as their main incentive for additional course training.

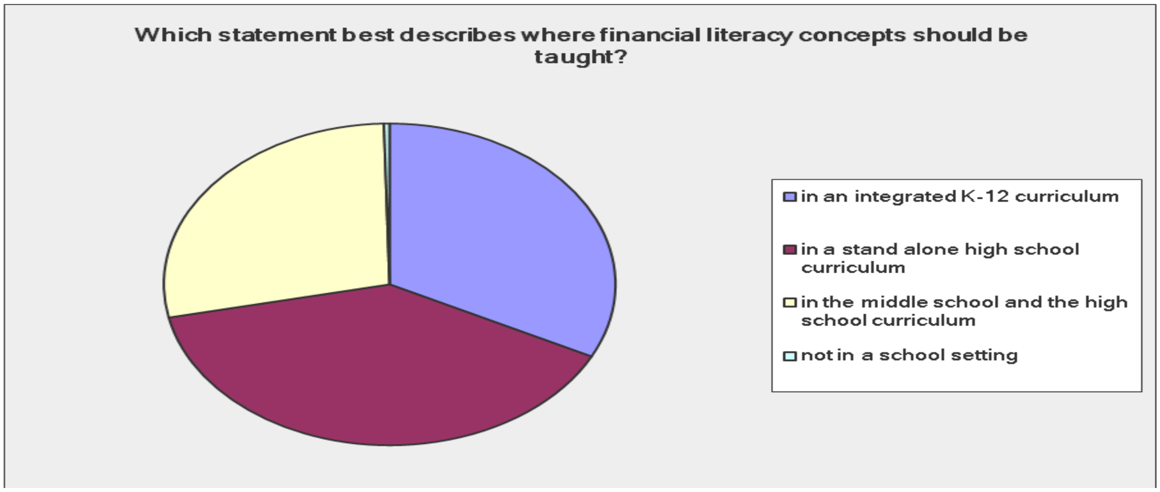
6. Although an overwhelming number of the respondents were not familiar with many of the personal finance teaching resources, many of the surveyed respondents who described themselves as prepared used the technical expertise and facilities in their assigned school locations. The respondents who described themselves as not prepared had a lack of suitable computers and a lack of up to date technical teaching facilities.

7. The lack of administrative support was not an impediment to the teaching of financial literacy concepts.

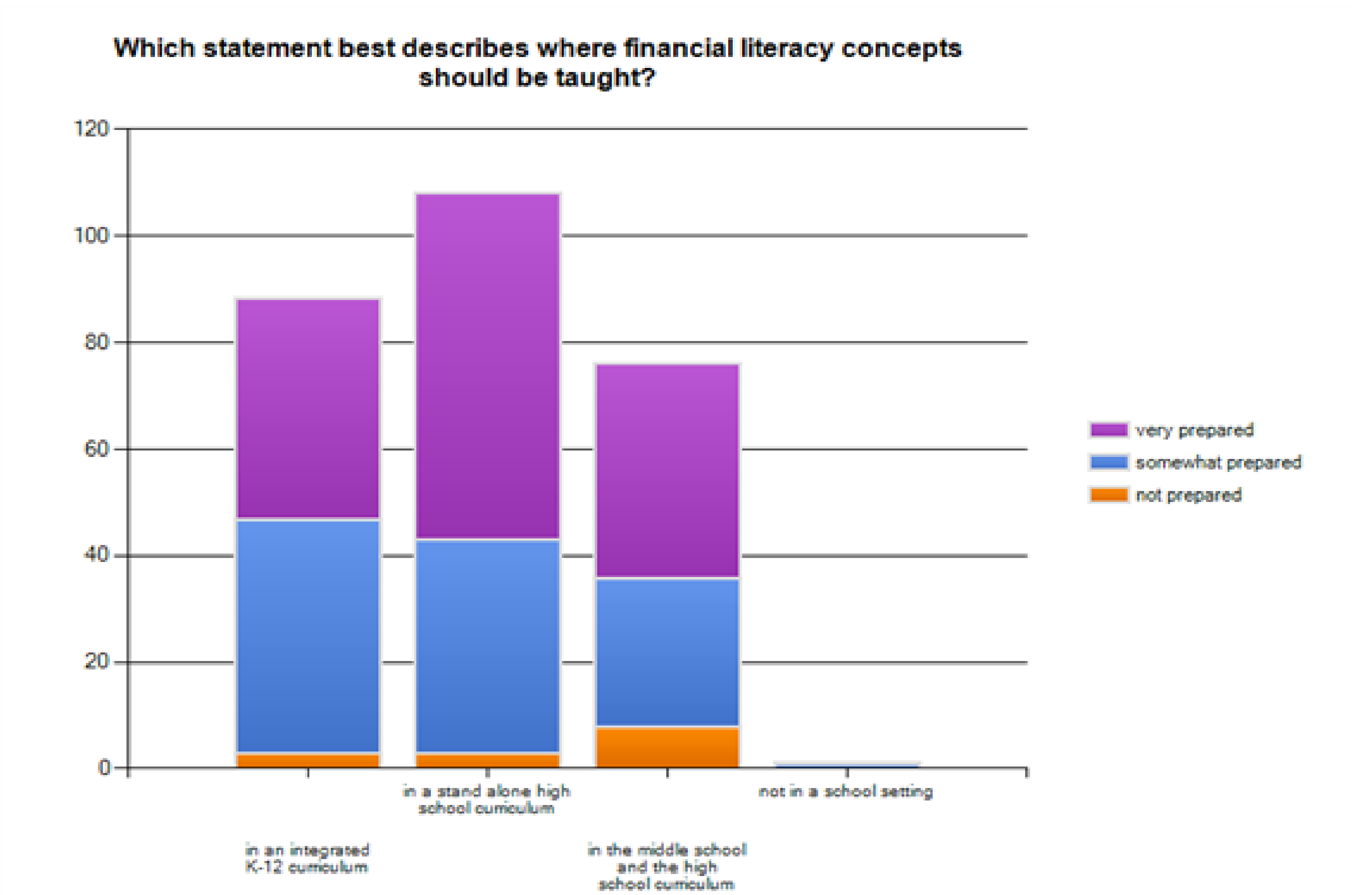
8. Many of the respondents need more expertise in understanding the strategies for teaching financial literacy. A large number of the respondents used outside resources to gain this expertise.

IV. An Analysis of Selected Financial Literacy Survey Responses

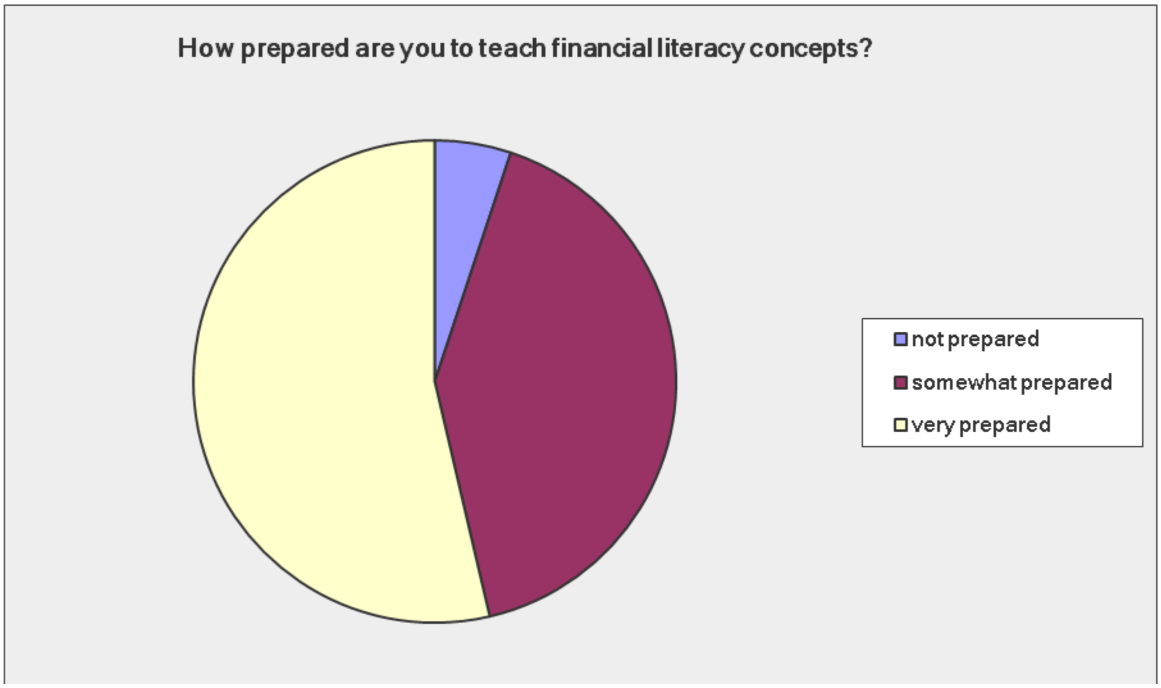
Approximately 36.8% of the survey respondents from North Carolina selected the choice that described the location of where financial literacy should be taught as in a standalone high school curriculum, while 37.5% of the respondents selected the integrated k-12 curriculum. Only 25.4% of the respondents selected the middle school and high school curriculum choice as the curriculum location for teaching financial literacy. Less than 1% of the respondents thought that financial literacy concepts should be taught in a setting other than school.



The next graph is a cross tabulation between where financial literacy concepts should be taught and the perceived level of preparation for the respondents. The majority of the surveyed respondents that were very prepared thought that financial literacy concepts should be taught in a standalone high school curriculum.



The following graph shows that 42.4% of the respondents felt that they were somewhat prepared to teach financial literacy concepts; while more than half of the respondents felt as though they were very prepared to teach financial literacy concepts.



The respondents had varying experiences in teaching personal finance concepts; 50.8% of the respondents had experience teaching financial literacy concepts within a CTE course (Personal Finance), 51.4% had experience teaching personal finance within another CTE course, 12.3% had experience teaching personal financial within other courses, while only 1.3% had experience teaching financial literacy in social studies, civics and economics. Most respondents had multiple location experiences while teaching personal finance concepts.

The respondents expressed several areas of financial literacy concepts where they were less than comfortable with the course content. This list will provide information relative to training for those teachers charged with the responsibility of teaching financial literacy concepts. These areas include the following:

a. Credit laws

b. Tax Management

c. Insurance Options

d. Property Management

e. Bankruptcy

f. Health and Disability Planning

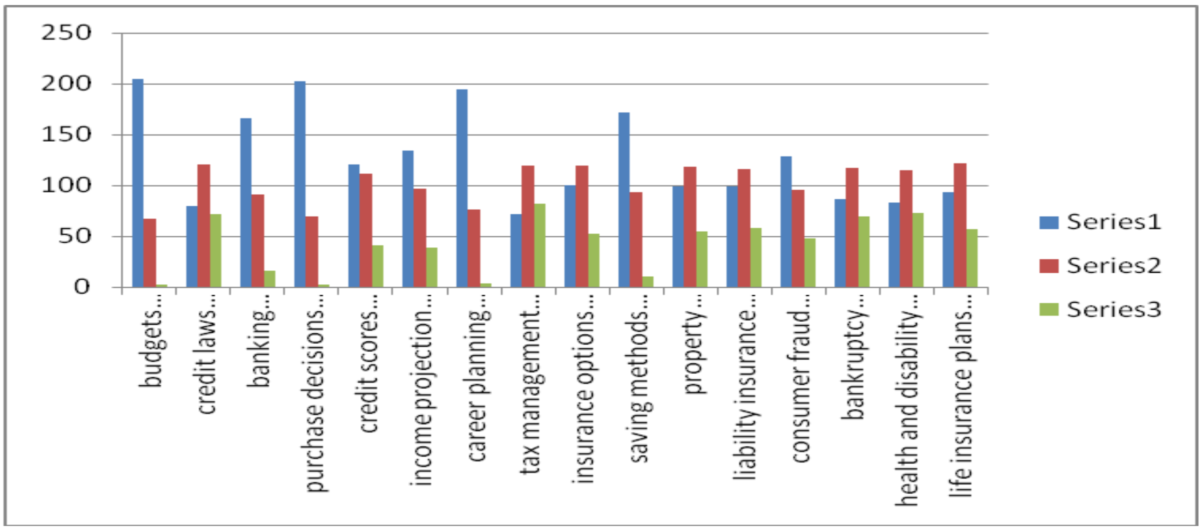
g. Inflation

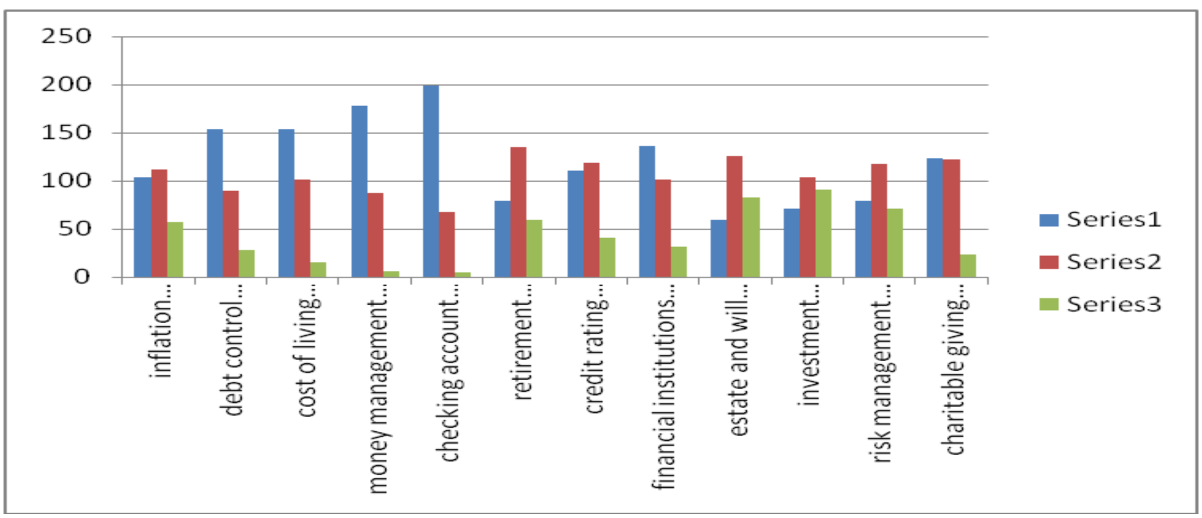
h. Estate and Will Planning

i. Retirement Management

j. Investment Diversification

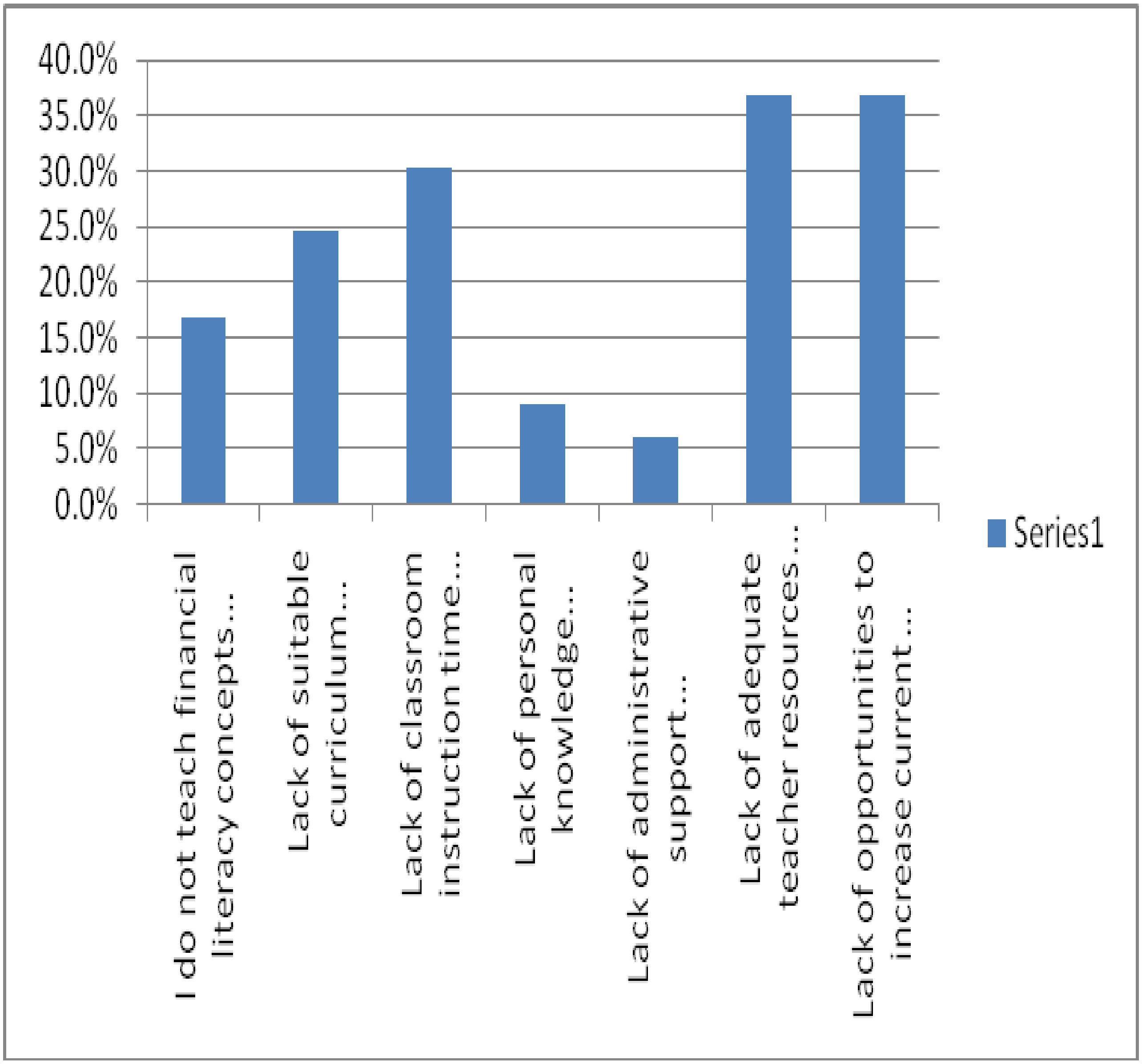
k. Risk Management





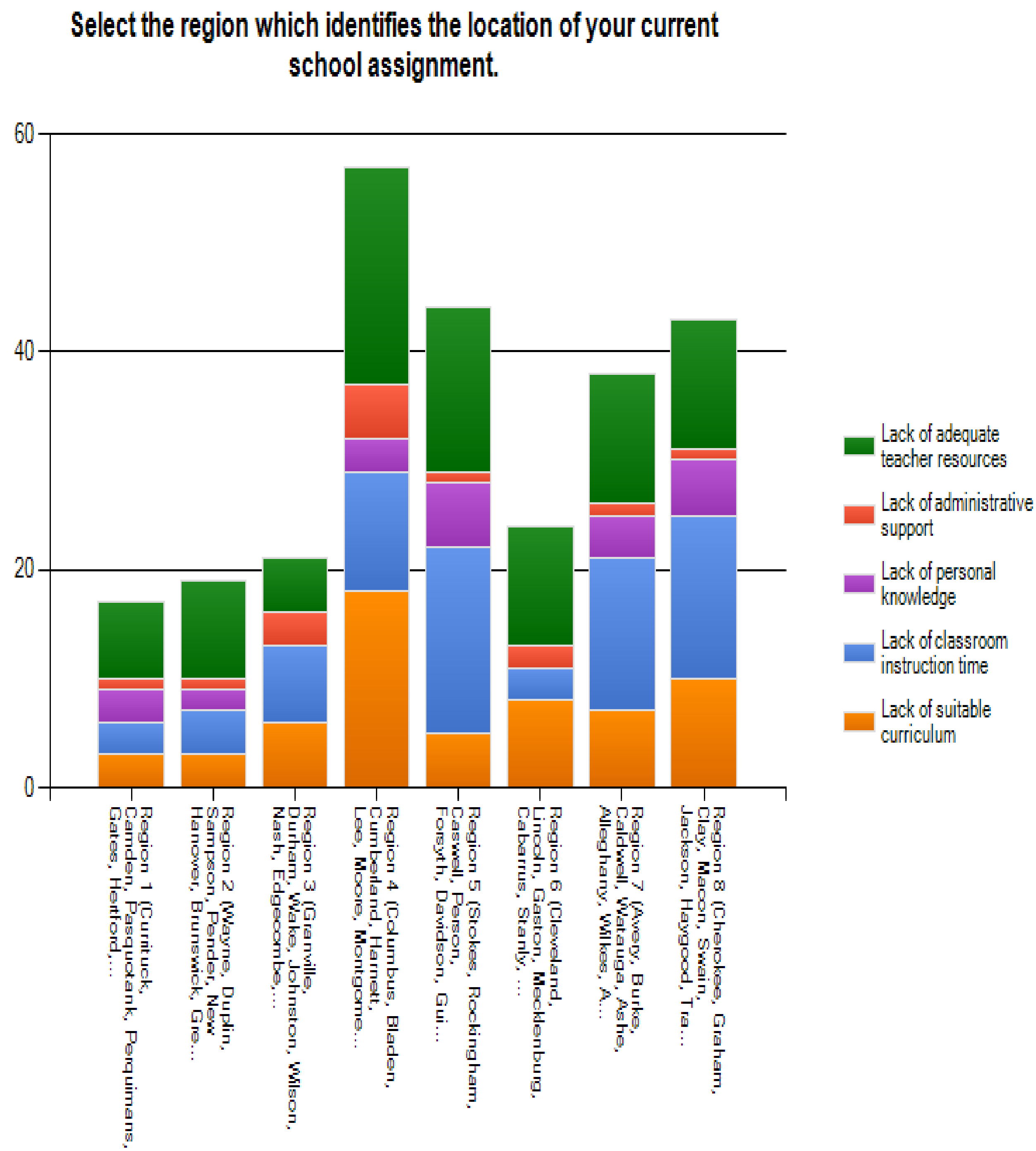
he previous graphs assessed the level of comfort for the respondents who were teaching a set of financial literacy concepts. The blue series represents those respondents who were completely comfortable. The red series represents those respondents who were comfortable. The green series represents those respondents who were less than comfortable.

Many of the respondents expressed challenges that they faced while teaching financial literacy concepts.

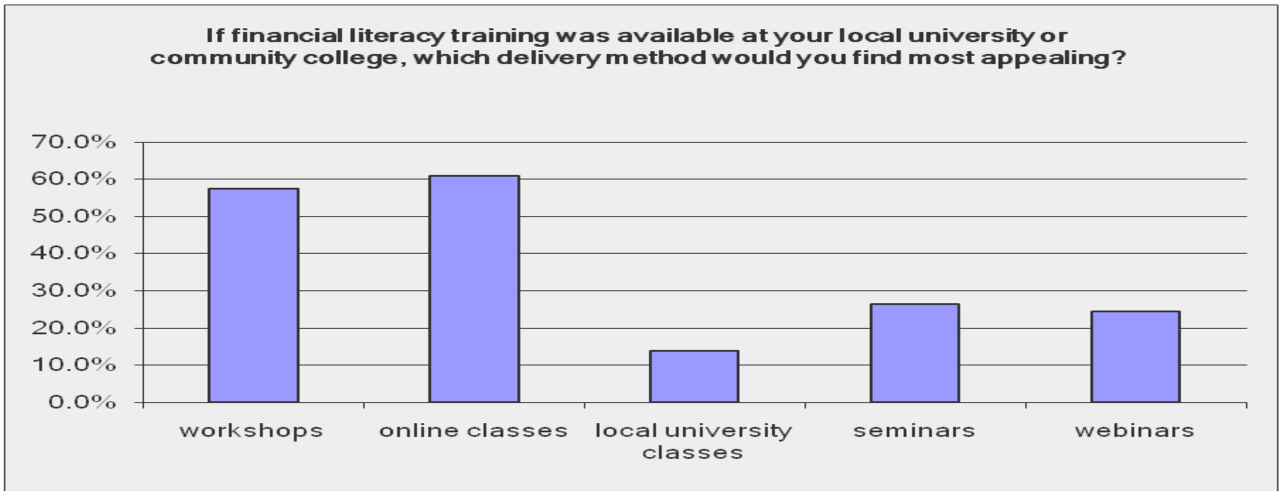


The next graph identifies the eight regions of North Carolina and their lack of selected resources.

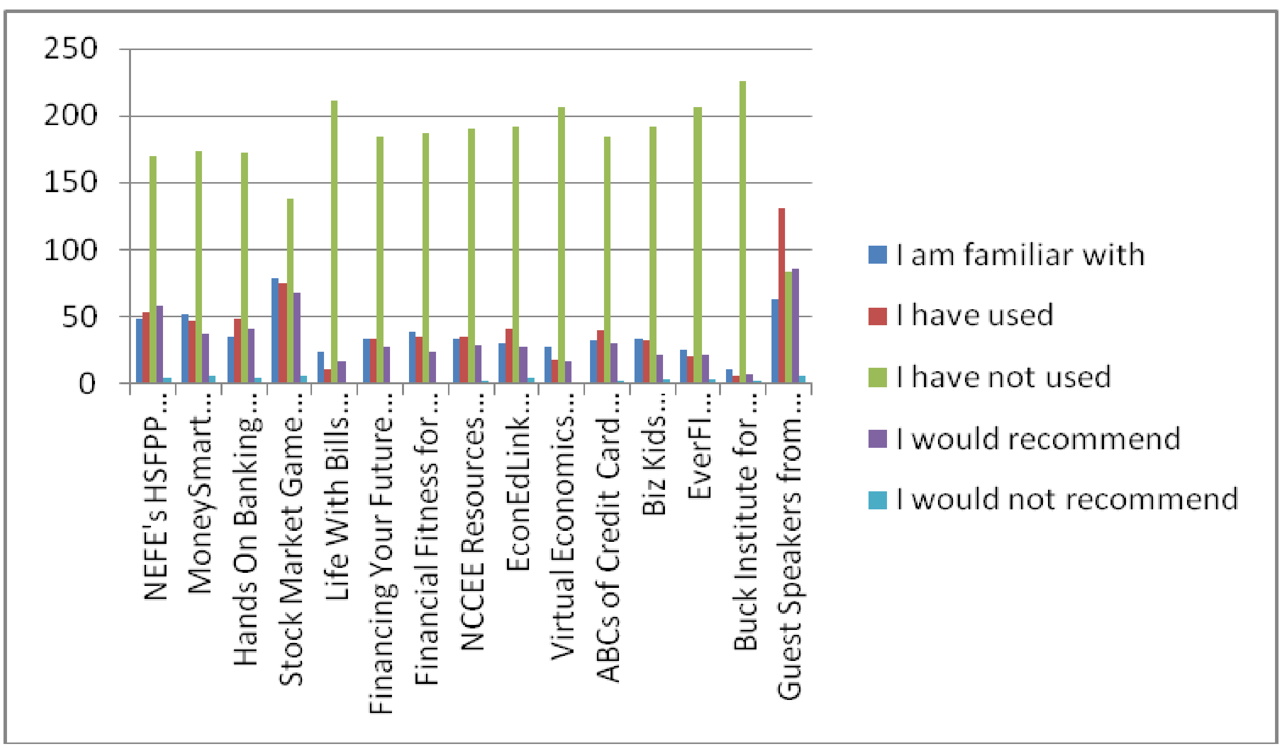
A lack of resources can be an impediment to teaching financial literacy concepts.



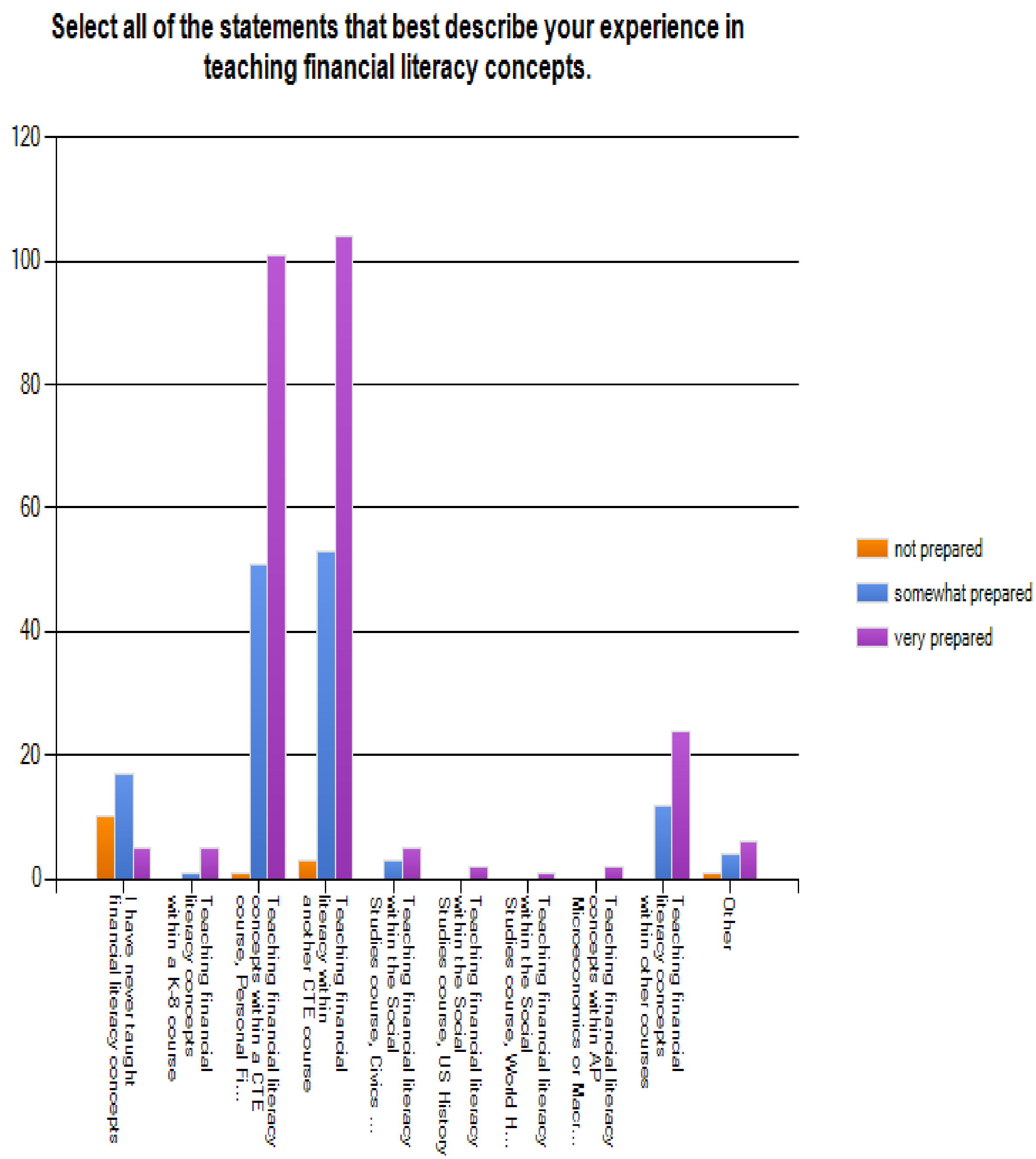
Approximately 79% of the respondents selected CEUs as their choice for obtaining additional knowledge in the financial literacy field, 28.9% selected college credit. Approximately 58.7% of the respondents selected online classes as the delivery method for financial literacy training while 58.7% selected workshops.



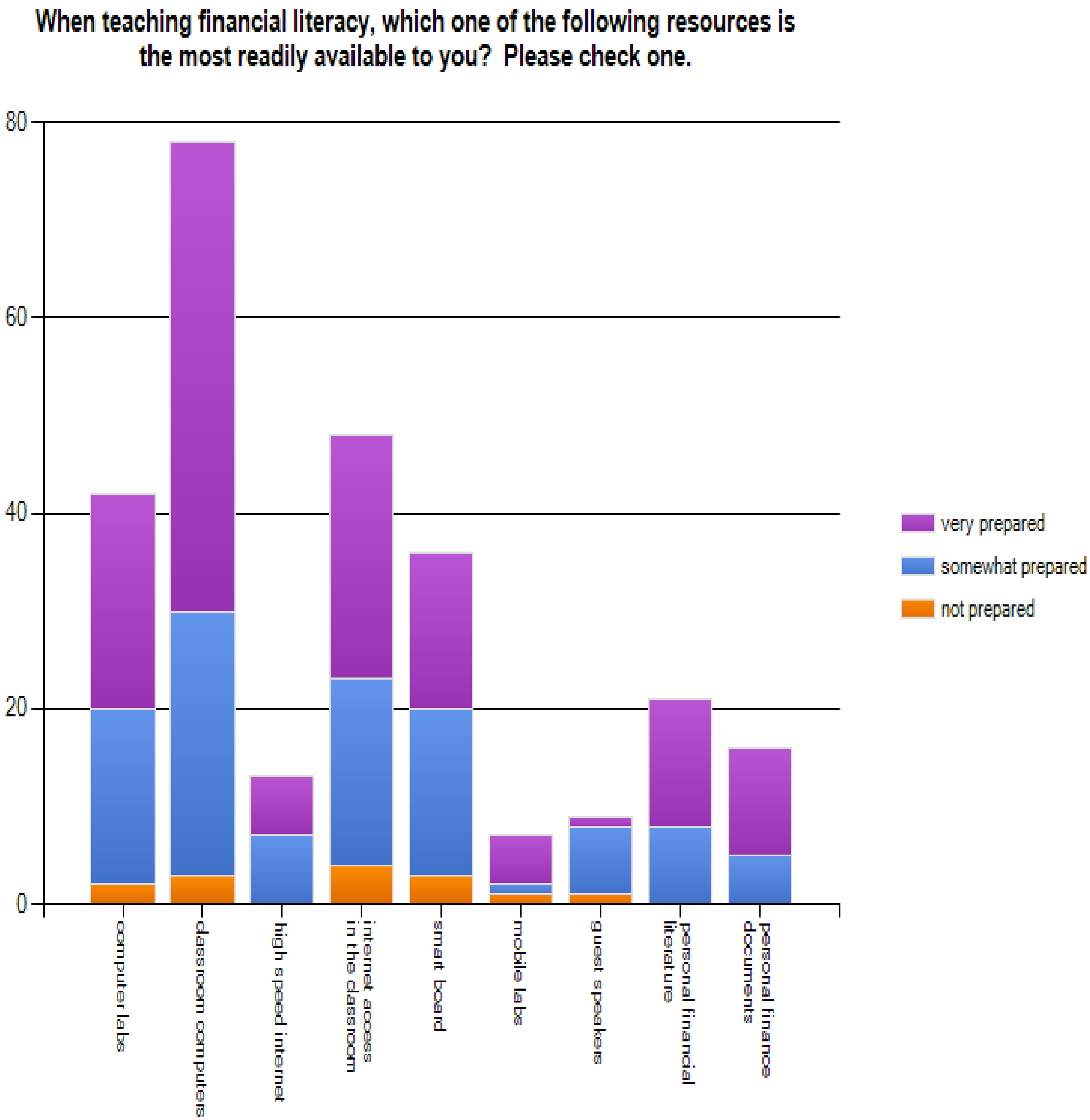
An overwhelming amount of the respondents were not familiar with many of the personal finance teaching resources. Approximately 28.4% of the respondents were familiar with the Stock Market Game. This category had the largest amount of familiarity. The following graph is a sampling of the financial resources available along with the respondent's usage.



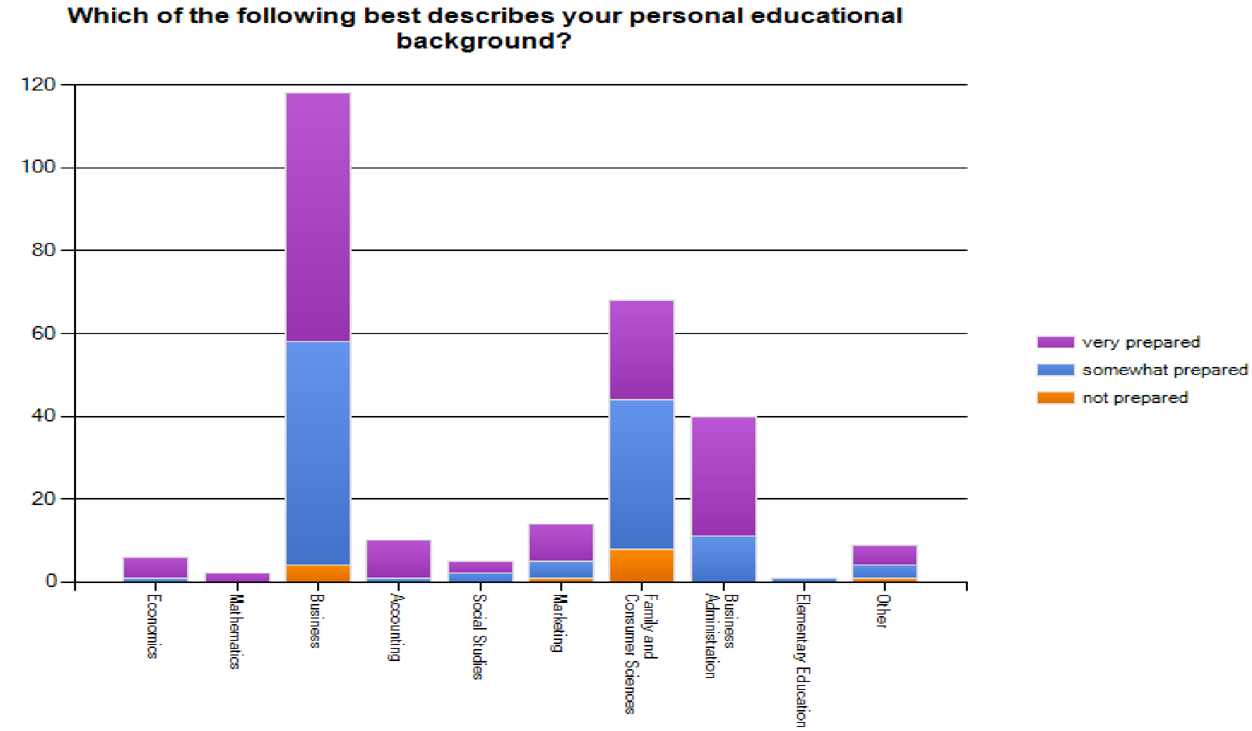
The next graph is a cross tabulation of the respondents preparedness and the tools that they used while teaching financial literacy concepts. Those respondents that were very prepared were teaching financial literacy within another CTE course or within a CTE course, Personal Finance.



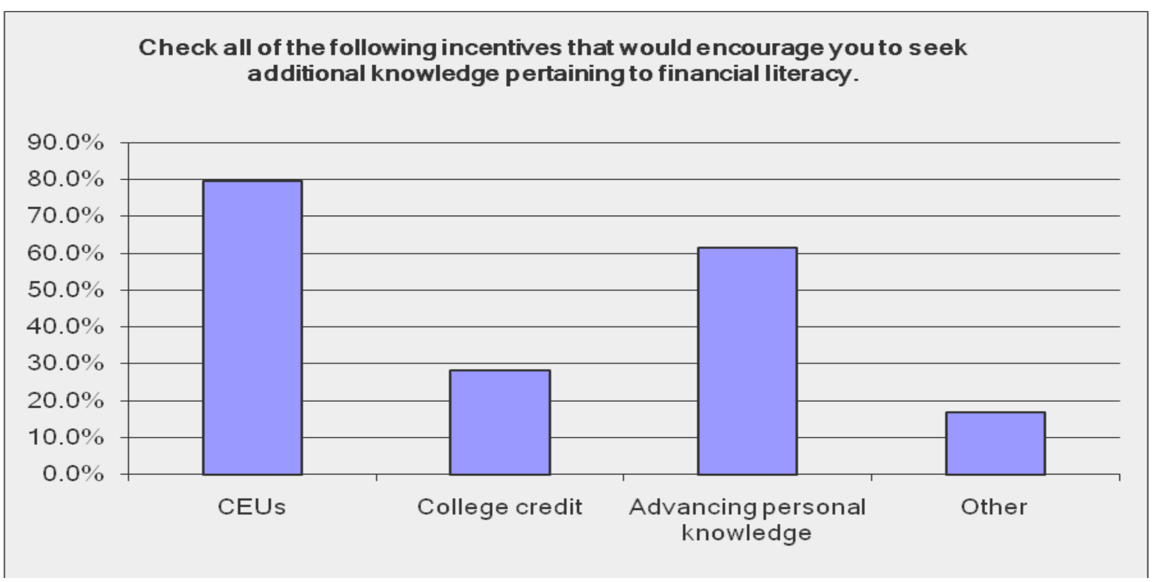
This graph identifies the teaching preparedness levels along with the resources which have been used as an aid in teaching financial literacy concepts.



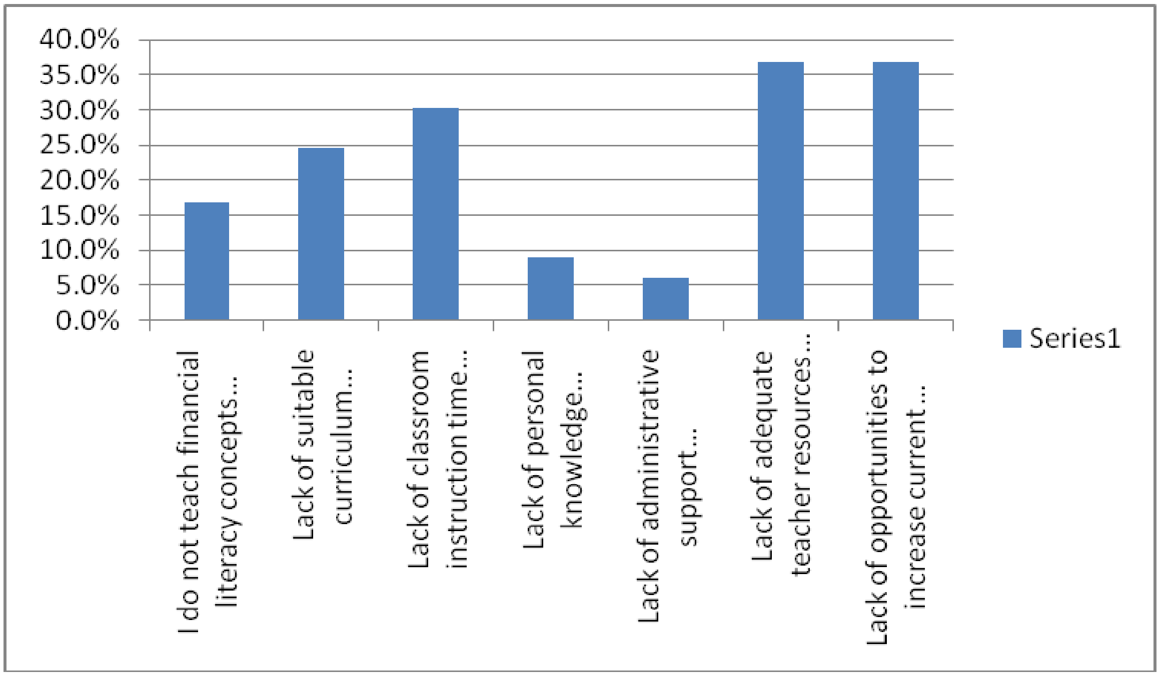
This graph is a cross tabulation between the respondents personal education background and the preparation level for teaching financial literacy.



These are the incentives that the participants selected for encouraging further financial literacy studies. CEUs had the largest response.



The following graph shows the challenges faced by the survey respondents. Lack of adequate teacher resources and the lack of opportunities to increase financial literacy skills were tied.



V. An analysis of the Financial Literacy Study with respect to the social studies respondents.

1. 63% of the social studies respondents were younger than 41.

2. 73% of the social studies respondents were female.

3. 76.7% of the social studies respondents teach in the 9-12th grades.

4. 37.9% of the social studies respondents have taught for over 15 years.

5. 67.9% of the social studies respondents have taught financial literacy for less than five years.

6. 56.7% of the social studies respondents have completed their Master's degrees.

7. 100% of the social study respondents feel that it is important to teach financial literacy in the K-12 curriculum. 66.7% of the social studies respondents fell that financial literacy should be taught in an integrated K-12 curriculum; while 20% felt that it should be taught in a stand alone high school curriculum.

8. 10.3% of the social studies respondents felt as though that were unprepared to teach financial literacy, 58.6% felt as though they were somewhat prepared to teach financial literacy and only 31% felt as though they were prepared to teach financial literacy.

9. 56.7% of the social studies respondents have been teaching financial literacy within the Civics and Economics curriculum.

10. These are the financial literacy areas for which the social studies respondents felt less than comfortable teaching: credit laws, risk management, investment diversification, estate and will plan, credit rating, retirement planning, life insurance plans, health and disability planning, bankruptcy, consumer fraud, liability insurance, and property management.

11. 53.8% of social studies respondents felt that lack of classroom instruction time was the biggest impediment to teaching financial literacy, while 26.7% felt as though it was a lack of personal knowledge.

12. 76.7% of the social studies respondents preferred CEUs as their main incentive for additional study. 51.7% preferred workshops as the method for instructional delivery while 44.8% preferred online classes.

VI. Conclusions

Children throughout the K-12 grades, including children who differ in ability levels and socio-economic backgrounds, can learn worthwhile content in personal finance if their teachers use appropriate strategies and materials. The survey revealed that there is a disconnect between the respondents and the available resources. While there are many resources widely available a large percentage of the respondents are not knowledgeable of them.

Children's understanding of economics and personal finance develops through a series of levels or stages. Nothing about the subject matter makes personal finance inappropriate for study by children in the early grades. And postponing the study of personal finance is unwise for other reasons. First, children certainly acquire some ideas and information about personal finance information from non-school sources. Some of what children acquire in this way will be incorrect or misleading. The longer we wait to provide personal finance education, the more time teachers will spend correcting misinformation. Second, many students drop out of school before their senior year. If personal finance education is postponed until the senior year, these students—those who may be most in need of personal finance education—are deprived of receiving any.

The National Association of State Boards of Education (NASBE) issued *Who Will Own Our Children? The Report of the NASBE Commission on Financial and Investor Literacy* in 2006 (NCEE) to profile the state of our nation's schools with respect to personal financial literacy. NASBE's recommendations indicate directional goals for improvement at every educational level. These goals include the following recommendations:

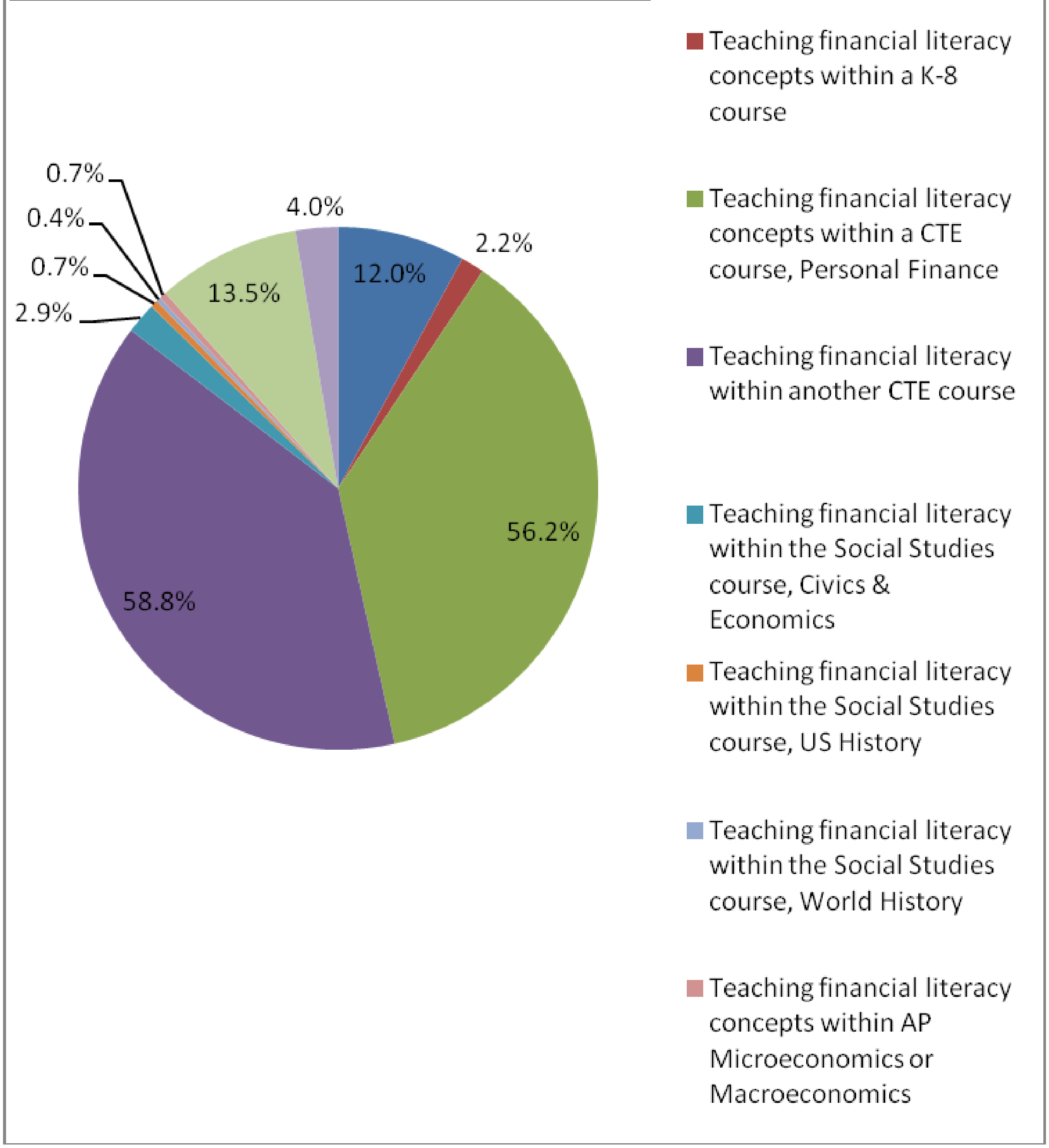
- State boards of education must be fully informed about the status of financial literacy in their states.
- States should consider financial literacy and investor education as a basic feature of K-12 education.
- State boards should ensure that teachers and/or staff members teaching financial literacy concepts are adequately trained.
- States should fully utilize public/private partnerships.
- States should improve their capacity to evaluate financial literacy programs.
- States should include financial and investor education in their academic standards and ensure that assessments are aligned with the standards.
- State boards of education should cooperate with other states to develop a common assessment tool for financial and investor education.
- States should encourage the development of a National Assessment of Educational Progress (NAEP) framework for financial literacy.

Loibl (2008) addressed the teacher confidence issue for high school financial education programs in Ohio, identifying (1) academic content area concerns, that is, teacher confidence in the larger disciplines within which the topic of financial education is often addressed (i.e., math, social studies, economics, family and consumer science, and business education), (2) teacher strategies in gathering personal finance information, and (3) teacher knowledge about personal finance. Loibl's survey includes a short quiz on financial knowledge with which teachers from almost all disciplines struggled, indicating a need for training of financial education instructors. Although the respondents were comfortable with some areas in the course content for personal finance, it is obvious that they lacked confidence in certain areas thus implying the need for additional training, workshops and/or in-line courses.

Almost all teachers recognize the importance of and need for financial education. The study revealed that many teachers do not feel prepared to teach personal finance. Less than 20% of teachers and prospective teachers reported feeling very competent to teach any of the six personal finance concepts normally included in educational standards, such as those identified by the Jumpstart Coalition and in the NEFE High School Financial Planning Program®. Teachers and prospective teachers felt least competent in the more technical topics, such as risk management and insurance, saving and investing, and financial responsibility and decision making.

These are worrisome findings; while teachers recognize the importance of financial education, they admit limitations in their preparedness and ability to teach personal finance topics. A majority of teachers in this study are open to further education in financial literacy. Interestingly, many of those who report an interest in additional training are those who have had a college course in personal finance or who have backgrounds in social studies. While the majority of teachers engage in a number of financial behaviors that typically help ensure financial security, they express the same financial concerns of the general population. In other words, not only do teachers in this study seem interested in engaging in training to teach financial literacy but that same training may offer personal benefits to the teachers themselves.

The next pie chart represents the surveyed respondent's experiences in teaching financial literacy. A financial educator professional development course or a course of study at a local university would ensure the maximization of the participant's confidence while learning current trends in curriculum delivery in the area of financial literacy.



The pie chart represents North Carolina's distribution for the survey respondents. This survey assisted in the collection of information relating to teaching financial literacy.

VII. References

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