

High School Financial Planning Program®

Relevance

Today's economic situation has increased the need to raise financially literate young people. According to Charles R. Schwab, chairperson for the U.S. President's Council on Financial Literacy, "There is no question that the lack of personal financial literacy has been a major contributing factor to the economic and financial crisis in the United States." It is widely recognized that consumers need to develop the knowledge and skills necessary to function in an increasingly complex financial services marketplace and to achieve lifetime financial security. Research studies and surveys point to a serious lack of financial preparedness needed for everyday financial situations as well as important financial events that occur throughout adulthood such as purchasing a home or preparing for retirement.

Recent studies have documented the need for improving the financial literacy of youth:

- In the 2008 Jump\$tart Coalition for Personal Financial Literacy's biennial national survey, high school seniors answered correctly only 48.3 percent of the questions. This mean score is a decrease from those posted by the high school seniors in 2006, who correctly answered 52.4 percent of the questions. In 2008, Texas seniors fared only slightly better than the national overall average by correctly answering 49 percent. Texas seniors answered 59 percent of the questions on income correctly compared to 38 percent in the area of money management.
- Among the findings from the 2008 Jump\$tart study, only 48 percent correctly said that credit card holders who only pay the minimum amount on monthly card balances will pay more in annual finance charges than card holders who pay their balance in full.
- A 2007 back-to-school survey of teens revealed that 52 percent of teens are eager to learn more

about money management. Only 35 percent of teens have learned about money management from their parents while even less (14 percent) of teens report that they have taken a course on money management. Of the teens taking the survey, over 75 percent indicated that they'd like to learn how financing works for large purchases such as a car or a home, while 72 percent are interested in learning to invest their money. Other topics that interested teens were identity theft and how to protect themselves, saving money, budgeting, stocks, checking accounts, and credit cards [Capital One, *Capital One's Annual Back to School Survey Finds More Teens Eager to Learn about Money, Yet Parents Continue to Overlook Simple Opportunities to Talk Dollars and Cents*, July 2007, http://phx.corporate-ir.net/phoenix.zhtml?c=70667&p=irol-newsArticle_print&ID=1026172&highlight].

- According to a 2006 study, 23 percent of public college and 38 percent of private college graduates would have unmanageable debt as starting teachers; also, 37 percent of public and 55 percent of private college graduates would have unmanageable debt as starting social workers [State Public Interest Research Groups' Higher Education Project, 2006].

Response

The National Endowment for Financial Education® High School Financial Planning Program® (NEFE® HSFPP®) was initiated in 1984 as a public service to increase the financial literacy of America's youth. As state partners with NEFE, AgriLife Extension educators, in cooperation with the Texas Credit Union Foundation, have promoted the curriculum enrichment program since the early 1990s through direct teaching and teacher in-service trainings. The program is offered by NEFE in partnership with the U.S. Department

of Agriculture-Cooperative State Research, Education, and Extension Service and participating Land-Grant University Cooperative Extension Services; and with the Credit Union National Association, Inc., and America's Credit Unions.

AgriLife Extension educators can play an important role in helping teachers and school administrators to implement the Texas personal finance education requirements of H.B. 492 by providing schools with the free HSFP curriculum that is designed to meet the learning needs of 10th to 12th grade youth.

The latest version of HSFP is a seven-unit program that provides teens with a greater understanding of and ability to manage their personal finances in the areas of goal setting, budgeting, and saving. The program uses unique games, simulations, case studies, and interactive exercises to provide hands-on experience for students to test and apply the financial principles and concepts being taught.

The program has three main purposes:

- to teach students about the financial planning process – what it is and what it can do for them;
- to give students the opportunity to apply the process through assignments they will complete that relate to their experiences with money; and
- to teach students to take control of their finances, starting today.

Results

- To date, the program has been taught to over three million students in all 50 states.
- Since 2001, over 450,000 students in Texas have been impacted by the material covered in the High School Financial Planning Program.
- This program is the only financial education curriculum that has demonstrated its effectiveness through two national impact evaluations whose results indicate that the curriculum is effective.

Immediately after studying the curriculum, it was found that:

- Students showed statistically significant increases in all financial knowledge, behavior, and confidence questions.
- About 60 percent of the students increased their knowledge about the cost of credit, auto insurance, and investments.
- About 40 percent of the students began to write goals for managing their money, to save money for their needs and wants, and to track their expenses.
- 41 percent of the students increased their confidence in making financial decisions.

The results are based on survey responses from 202 teachers and 5,329 high school students across the country. A smaller sampling of students surveyed three months later showed that the positive impact of HSFP continued and even increased over time. The evaluation demonstrated that as little as 10 hours of instruction can lead to significant outcomes. The national study will be repeated in 2009.

Individual Texas Success Stories

“The workbook and activities are extremely helpful. They help me to understand how to plan financially for the rest of my life.” – Trapper, Senior CHS

“This book has enabled me to learn more about smart investing and what I need to do with my money in the future. Because of this book, I feel more prepared and secure with my money as I go off to college.” – Brittany, Senior CHS

“This class was very beneficial being that I am about to go off to college and be out on my own. It has taught me how to better manage my money.” – Senior SHS

“The content of each lesson and the abundance of resources make this curriculum a very beneficial tool for teachers and students. This program truly prepares kids for the important financial decisions they will face in the future.” – Adam, Teacher CHS

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