

# Building an Effective Financial Literacy Program

# 1

*“Like all learning, financial education is a process that should begin at an early age and continue throughout life. This cumulative process builds the skills necessary for making critical financial decisions that affect one’s ability to attain the assets, such as education, property, and savings, that improve economic well-being.”*

Alan Greenspan  
Former Federal Reserve Chairman

## Chapter Overview

There is no one prescribed avenue for teaching *Wisconsin’s Model Academic Standards for Personal Financial Literacy*. This curriculum guide is intended to assist school districts in determining the best way to develop a comprehensive K-12 financial literacy program for their students.

School districts are already teaching many of the standards. The challenge is to achieve full implementation of *Wisconsin’s Model Academic Standards for Personal Financial Literacy* across the grade levels, thus moving to a well-planned, comprehensive program resulting in financial literacy for all of our students.

## Where Are Financial Literacy Standards Currently Being Taught?

Throughout Wisconsin, many high schools have stand-alone financial literacy classes. For example, economics classes, usually found in the social studies departments, incorporate financial literacy concepts. Business education departments offer courses in personal finance or financial management. Family and consumer education departments offer consumer economics or independent living courses. Marketing departments teach financial literacy concepts in entrepreneurship. Mathematics departments teach financial literacy in consumer mathematics. Financial literacy is also a critical component of many courses in agriculture departments.

In the middle schools, financial literacy concepts are usually covered in the business education department and the family and consumer sciences education department. At the elementary level, the mathematics and social studies curriculums are the most likely places to find financial literacy concepts. Special education, gifted and talented or after school programs may deliver personal financial literacy instruction. Many schools implement the personal financial

*“Financial literacy is the ability to make informed judgments and to make effective decisions regarding the use and management of money.”*

National Foundation for  
Educational Research

*“Modern life is such that almost from the get-go, as people enter into the job market, they have to make economic decisions and financial decisions.”*

Dwight Jaffee, Professor of  
Banking, Finance

literacy concepts through projects and outside resources. Junior Achievement (JA) programs are available for PK-12 classrooms.

Financial literacy standards may also be addressed through student organizations like Future Business Leaders of America (FBLA), Family, Career and Community Leaders of America (FCCLA), Future Farmers of America (FFA), SkillsUSA, DECA, and Health Occupation Students of America (HOSA). Students in these Career and Technical Student Organizations (CTSOs) may demonstrate their knowledge of financial literacy through projects or competitive events designed to test financial literacy. Peer Education programs are another avenue for delivering these standards.

Some school districts in Wisconsin address financial literacy concepts through events, such as a “Reality Store.” Financial institutions may offer financial seminar events for students and parents.

## **What Are the Key Characteristics of an Effective Financial Literacy Program?**

A formula for success for any financial literacy program includes a motivated teacher, ample resources, relevant curriculum, and community involvement. *Planning A Connected Curriculum* (DPI 2003) has some guidelines that may assist you in starting a program (page 28). There are some additional key characteristics or principles to keep in mind when developing an effective financial literacy program:

- Clear mission and vision
- Connected to the standards
- Relevant
- Community-focused
- Integrated with other curricular areas
- Supported with adequate resources
- Continuous evaluation for effectiveness
- Learner-centered
- Effective delivery

## **Clear Mission and Vision**

All effective curricular programs begin with a clear mission and vision. The vision should clearly articulate specific goals for the financial literacy program. Districts should create a team to research how other districts are addressing the standards. They should then bring the research to the table and discuss what fits with their district mission. This will help in developing a clear vision for financial literacy.

## Connected to the Standards

Wisconsin's Model Academic Standards for Personal Financial Literacy should be the guideline for a comprehensive PK-12 financial literacy program. Wisconsin's Model Academic Standards for Personal Financial Literacy have a different structure than most DPI standard documents. There are **content standards** which describe what students will know and be able to do. Within each content standard there are **core performance standards**—the big ideas—which are similar at grades 4, 8, and 12. Each core performance standard is followed by **grade level performance standard**—what it should “look like” at grade 4, 8, or 12. See Figure 1.1:

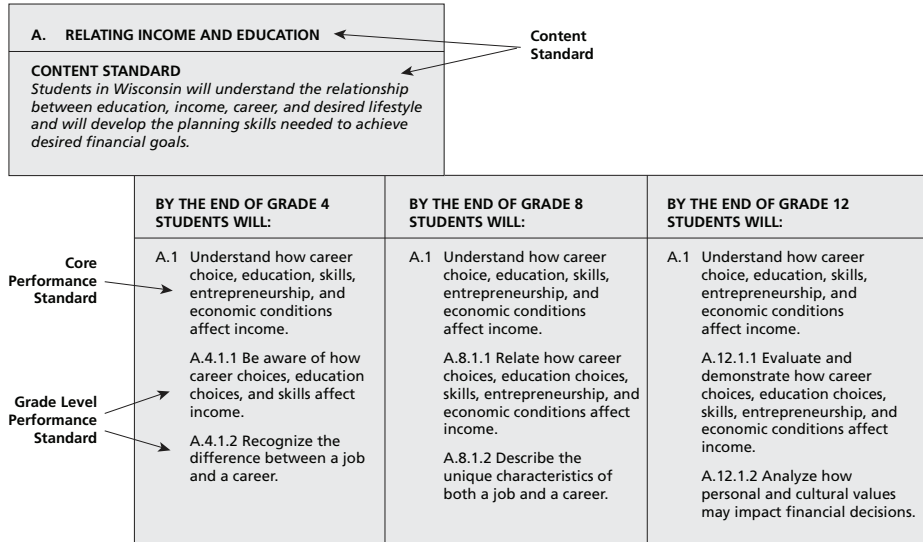


Figure 1.1

The task force formed the content standards as the essential ideas students need to know and be able to do. Then specific concepts were spiraled through grade levels in the performance standards. For example, performance standard A.3 states that students will “Explain how income affects lifestyle choices and spending decisions.” To ensure that students walk away with a deep understanding of this content standard, a real-world concept was chosen and spiraled through the grade levels using the framework. The concept is studied in an increasingly sophisticated manner using both Bloom’s Taxonomy and the application model as the grade level increases. This is what the concept looks like:

*4th Grade*— Explain how income affects spending.

*8th Grade*— Examine how income affects choices and spending decisions.

*12th Grade*— Develop a plan to designate how income affects decisions to purchase and spend.

*“I am one who believes that all 10-year-olds should have the competencies in reading and writing and computation, which give them the potential to be lifetime learners. And I see financial education as an important part of that foundation of learning that children need to have in a world that is ever more complicated and requires that all of us understand computation and finance, and the implication of savings, because they are key to participating fully in what life has to offer in the United States.”*

Treasury Secretary  
Paul H. O’Neill,  
Office of Financial Education  
Panel Discussion, May 16, 2002

## Relevant

All curricular programs should be relevant. Programs focusing on personal financial literacy should be no different. *Wisconsin’s Model Academic Standards for Personal Financial Literacy* are similar to previously established model academic standards that set forth the knowledge and skills students need to acquire. The personal financial literacy standards include a rigor and relevance framework to illustrate how knowledge grows/spirals with experience and practice.

The rigor and relevance framework is a tool developed at the International Center for Leadership in Education. The framework uses a knowledge taxonomy, often referred to as Bloom’s Taxonomy, (Bloom, B.S., Mesia, B.B., and D.R. Krathwohl, 1964, *Taxonomy of Educational Objectives*) and the application model to determine rigor and relevance. First is the knowledge taxonomy, a continuum based on the six levels of Bloom’s Taxonomy. The first level involves acquiring knowledge and being able to recall or locate that knowledge. The higher levels identify the more complex ways in which individuals use knowledge. For example, students who use several pieces of knowledge and combine them in both logical and creative ways are exhibiting a high level of rigor in learning.

The second continuum, known as the application model, is one of action. Its six levels describe putting knowledge to use. While the beginning level is about the acquisition of knowledge for its own sake, the more sophisticated end of the continuum signifies use of that knowledge to solve complex real-world problems and to create unique projects, designs and other works for use in real-world situations.

### Rigor and Relevance Framework

<b>Bloom’s Knowledge Taxonomy</b>	<b>Application Model</b>
1. Awareness	1. Knowledge in one discipline.
2. Comprehension	2. Apply knowledge in discipline.
3. Application	3. Apply knowledge across disciplines.
4. Analysis	4. Apply knowledge to real-world predictable situations.
5. Synthesis	5. Apply knowledge to real-world unpredictable situations.
6. Evaluation	6. Authentic assessment demonstrating application to real-world tasks.

Figure 1.2

## Community–Focused

The community is an essential component of a quality program. Community members can help design the courses, identify experts to speak, suggest ways for students to apply knowledge and skills and provide other resources to the program. In addition, they serve as a valuable source of communication to parents and community members about the importance of the personal financial literacy program.

## Integrated with Other Curricular Areas

A quality financial literacy program connects all curricular areas. Educators can use the financial literacy standards to align curriculum and to create activities designed to increase knowledge and skills. A comprehensive, developmentally appropriate program should promote financial literacy through numerous curricular areas throughout a student’s educational experience. Consequently, *Wisconsin’s Model Academic Standards* developed for other subjects will serve as an important resource. Because of the cross-curricular nature of *Wisconsin’s Model Academic Standards for Personal Financial Literacy*, there are many possible connections. See Appendix A for just a few examples of how to make connections.

## Supported with Adequate Resources

A plethora of quality, research-based resources exist to teach financial literacy. Units, lessons, books, CDs, and DVDs have been created through a variety of organizations. Teachers need to evaluate the resources to determine which will make the best fit to what they are teaching. Working with a library media specialist to develop a web resource list would be beneficial.

## Continually Evaluated for Effectiveness

All programs should be continually evaluated for effectiveness. Evaluations can consist of student performance on common summative assessments, formative assessments, needs assessments, and graduate follow-up studies. The evaluations should be connected back to the original mission and vision of your program. Teachers can use professional learning communities to discuss the data and to determine the changes that need to take place based on the data received. Program analysis could be one component of a summer data retreat.

## Learner-Centered

The curriculum must be flexible to meet the needs of all students. Teachers should give pre-tests to determine the students’ knowledge levels when entering the program. Students will come to class with varying background knowledge and ideas regarding many of the financial literacy concepts. Concepts of financial literacy also have cultural implications. Teachers need to be aware of how students may look at individual concepts differently due to their varied

experiences. A quality financial literacy program needs to be flexible enough to address all the students' individual backgrounds and experiences.

## **Delivered Effectively**

A quality program involves a variety of teaching strategies. Through quality professional development, teachers learn the best strategies to teach financial literacy concepts within different curricular areas. This is discussed further in the chapter on professional development.

## **What Are the Steps in Building an Effective Program?**

Once a program is being developed you may be asking, “Now what? How do we go about making it happen?” There are some common steps to take when building an effective financial literacy program:

- Create a common understanding of the standards (with a cross section of the district and community).
- Identify the gaps and overlaps in terms of what is currently being taught.
- Hold vertical conversations within and across grade levels and departments (including members of the community) to focus on gaps and overlaps. Ask, “How does this fit into our department/grade level/school mission and vision—what can we do to move forward?”
- Research best practices already occurring in schools and districts.
- Create a plan to move forward.
- Design program.
- Implement program.

## **Create a common understanding of the standards (with a cross section of the entire district and community)**

The first step in building a financial literacy program is to look at *Wisconsin's Model Academic Standards for Personal Financial Literacy*. Everyone involved should become familiar with the financial literacy academic standards to ensure that the school board, administration, and teaching staff all have a thorough understanding of the personal financial literacy standards. Look through the standards together and make notes of some personal thoughts regarding the standards in terms of your individual contexts. Share your thoughts and ideas regarding the standards. Include all stakeholders, including community members, in this discussion.

Table 1.1 **Tool to Get to Know the Personal Financial Literacy Standards**

<i>Content Standard</i>	<i>Wisconsin's Academic Standards</i>	<i>Personal Notes</i>
<b>Relating Income and Education</b>		
Students in Wisconsin will understand the relationship between education, income, career, and desired lifestyle and will develop the planning skills needed to achieve desired financial goals.	<p>A.1 Understand how career choice, education, skills, entrepreneurship, and economic conditions affect income.</p> <p>A.2 Understand the sources of income and alternative resources.</p> <p>A.3 Explain how income affects lifestyle choices and spending decisions.</p> <p>A.4 Explain how taxes and employee benefits relate to disposable income.</p>	
<b>Money Management</b>		
Students in Wisconsin will manage money effectively by understanding and developing financial goals and budgets.	<p>B.1 Demonstrate ability to use money management skills and strategies.</p> <p>B.2 Understand the purposes and services of financial institutions.</p> <p>B.3 Develop a financial vision based on an examination of personal values.</p> <p>B.4 Understand the history, purposes, roles, and responsibilities related to taxation.</p>	
<b>Credit and Debt Management</b>		
Students in Wisconsin will make informed decisions about incurring debt and will manage indebtedness to remain both credit worthy and financially secure.	<p>C.1 Identify and evaluate credit products and services.</p> <p>C.2 Identify and compare sources of credit.</p> <p>C.3 Identify and evaluate interest rates, fees and other charges.</p> <p>C.4 Interpret credit sources and reports.</p> <p>C.5 Calculate the cost of borrowing.</p> <p>C.6 Explain the rights and responsibilities of buyers and sellers under consumer protection laws.</p>	



Table 1.1 **Tool to Get to Know the Personal Financial Literacy Standards**

<i>Content Standard</i>	<i>Wisconsin's Academic Standards</i>	<i>Personal Notes</i>
<b>Credit and Debt Management (con't.)</b>		
	C.7 Understand how to leverage debt.	
	C.8 Describe the implications of bankruptcy.	
	C.9 Analyze the pros and cons of high cost alternative financial services.	
<b>Planning, Saving, and Investing</b>		
Students in Wisconsin will understand the value, features, and planning processes associated with saving and investing and be able to apply this knowledge to long term financial security and wealth.	D.1 Apply strategies for creating wealth/building assets.	
	D.2 Match appropriate financial services and products with specified goals.	
	D.3 Describe the relationships between saving and investing.	
	D.4 Apply the concepts of supply and demand to stock market price changes.	
	D.5 Demonstrate ability to use decision-making processes in making financial decisions related to planning, saving, and investing.	
<b>Becoming a Critical Consumer</b>		
Students in Wisconsin will know and use available consumer resources and make responsible choices by applying economic principles in their consumer decisions.	E.1 Understand the impact of contextual factors associated with consumer decision making.	
	E.2 Investigate the purposes, strategies, and effects of various business practices, including sales schemes or scams.	
	E.3 Understand the cost of interest rates and fees associated with financial services.	
	E.4 Understand that verbal contracts are as binding as written agreements.	



Table 1.1 **Tool to Get to Know the Personal Financial Literacy Standards**

<i>Content Standard</i>	<i>Wisconsin's Academic Standards</i>	<i>Personal Notes</i>
<b>Becoming a Critical Consumer (cont.)</b>		
	E.5 Identify sources of consumer protection and assistance including public institutions and private organizations.	
	E.6 Examine critically the impact of socio-cultural norms and demographics related to money, savings, and spending.	
<b>Community and Financial Responsibility</b>		
Students in Wisconsin will understand the personal and social impact of their own financial decisions within the family, the local community, and the global community, as well as understand the ethical and legal issues related to income, profit, and personal wealth.	F.1 Understand factors that affect citizen financial decisions and actions.	
	F.2 Practice skills related to fiscal responsibility and personal decision making.	
	F.3 Integrate and apply financial knowledge, attitudes, and skills.	
	F.4 Understand the interdependent role of government, business, consumer, and personal finance in the economy.	
	F.5 Examine the impact that government, business, and consumer financial decisions and actions have on the individual, family, community, society, and the world.	
<b>Risk Management</b>		
Students in Wisconsin will understand the role of insurance in financial planning and be able to analyze and balance risk against benefits in financial planning.	G.1 Understand the nature of personal financial risk and the importance of protecting against financial loss.	
	G.2 Examine the need for and value of various types of insurance within the life cycle.	
	G.3 Integrate and apply concepts related to personal financial risk, protection from loss, and financial planning.	

## Identify the gaps and overlaps in terms of what is currently being taught

Next, determine if and where personal financial literacy standards are being addressed. Start with where your district is right now. As you analyze your current curriculum, consider separating your evaluation into the elementary, middle, and secondary levels. A tool to accomplish this evaluation is a gap analysis matrix. A simple matrix that could be used is shown below.

Table 1.2

Gap Analysis Matrix

Standard	Income and Education	Money Management	Credit and Debt	Planning, Saving, Investing	Critical Consumer	Community and Financial	Risk Management
Agriculture							
Art							
Business Education							
English Language Arts							
Family and Consumer Education							
Health							
Marketing							
Mathematics							
Music							
Physical Education							
Science							
Social Studies							
Technology Education							
World Languages							

Another example of a tool for gap analysis can be found in Appendix B. After completing a gap analysis, determine which content standards are not being covered, where there is overlap, and where there are gaps. Now consider where and how you can spiral and incorporate the standards that are not being addressed.

## Hold horizontal and vertical conversations

Vertical and horizontal teaming can be key in building an effective program. These conversations can help to ensure all students have access to the knowledge and skills needed to become financially literate. The process can begin with mixed grade level teams or vertical teams. They can look at the **content standards** and make lists of the content, concepts and skills students need to accomplish the standard. They can then get into horizontal or grade level and subject area teams and use the standards and the gap analysis matrix to foster K-12 discussions around where and when financial literacy instruction is already taking place and where it is happening in required courses. The horizontal teams can then discuss where this is currently happening and where it can be put into existing curricula. The horizontal grade level teams can then discuss what else they can do in their particular subject areas and grade levels to further implement the standards. They can then get back into vertical teams to discuss what key concepts and skills are missing and determine which ones each grade and content area can focus on and how they can ensure all students get access to the content and skills of financial literacy.

The next step would be to have horizontal conversations. Grade level discussions can take place K-12 across disciplines discussing where there are connections, where there can be connections and how they can work together to make this happen. Each subject area team can share the concepts and skills they are going to work on through their particular content. Grade level teams can then discuss where the commonalities may lie and how they can work together to teach the content to the students, making interdisciplinary connections. This can be very powerful for teachers and will guarantee clear learning connections for students.

## Research what already exists

Do some research with other districts to see how they are addressing the standards. Work with higher education and CESAs to help find what is happening in your area. Some are requiring courses in high school, some are developing kits for elementary teachers to use in their classrooms, some are having students create financial literacy portfolios. There are many ways to address this. By asking those who have already implemented you can come to the table knowing what will work and won't.

## Create a plan to move forward

There are a variety of options to move forward. Once the gaps are identified, teams need to develop a plan to move forward. They need to identify the next steps to help fill the gaps and to ensure all students have access to the knowledge and skills across all grade levels. The plan to move forward should be

*“When President Bush took office, he made it his mission to foster an environment toward upward mobility for all Americans—an environment where each citizen has an opportunity to learn to save, and to invest, and to pursue their own American dream. Education is where it all starts.”*

Education Secretary  
Roderick Paige,  
Office of Financial Education  
Panel Discussion, May 16, 2002  
National Foundation for  
Educational Research

developed directly from the vision and the gap analysis. The vision presents the direction a district wants to go and the gap analysis should identify what the gaps currently are. The plan can be based on the gaps. Once these are determined then a planning team needs to decide who will be the lead in moving forward to address a particular area of concern. Leaders can then put together work groups that can develop strategies and timelines to address the gaps. Once you determine how to move forward use the chart in appendix C to find examples of how others have chosen to address their gaps.

## Implement the Program

Once you determine how to move forward, develop an implementation plan. Prioritize the needs, develop an action plan and then determine who should be the lead person for each component. A simple chart can help.

GOAL			
Steps to accomplish	Timeline	Person(s) Responsible (be sure to include community members)	Evidence of completion
1.			
2.			

A key component in implementation is ensuring community members are involved in the entire process.

## Getting Administration Interested

A first step would be to use the information provided in this curriculum guide to show administrators the value of incorporating personal financial literacy into the school and district curriculum.

If it is possible for teachers or departments to complete the gap analysis tool, this information could be very valuable to help show administrators what is missing in the school. Testimonials from local businesses and parents could also show the importance of adding a personal financial literacy course to the K-12 curriculum.

## Getting School Boards Interested

Presentations at local school board meetings will be necessary to ensure that your board of education will adopt *Wisconsin's Model Academic Standards for Personal Financial Literacy*. Presenters should take care to give information on the importance of personal finance education in the schools.

In addition, it is suggested that the school or district-wide gap analysis tool has been completed, to show your school board the condition of personal finance instruction in your district. Most school districts will find that personal finance is being taught in classes at all levels in some form, but perhaps needs to be better organized. A tentative plan formed from the gap analysis will be helpful for showing intended direction with the information gathered.

Local businesses, banks, Rotary Club, and Chamber of Commerce members could be encouraged to attend the local board of education meeting to assist in testimonials as to the importance of teaching personal financial literacy in the schools.

## Making Community Connections

Each community contains a wealth of resources to assist in delivering financial literacy content to students. Making a community connection is a vital link to teaching students the importance to be financially responsible citizens. These community connections can include people who can teach the financial literacy standards and their application in the classroom.

Community connections range from financial literacy curriculum publications, guest speakers who could provide relevant examples, job shadow experiences for students, mock investment simulations as well as hands-on experiences for your students. Think of the many business, civic, and community groups in your area. Is there an organization in your community whose mission is to partner with schools? Is there a business in your community whose mission is to provide financial services to individuals? Is there a civic group in your community who would be willing to mentor students to become responsible citizens or provide resources to use to teach financial literacy? Many community members can offer that “outside” aspect that helps students to transfer their knowledge and skills. Community connections are easy to do and are essential to the success of the program and the success of students.

There are numerous community resources available to obtain financial literacy curriculum and resources for your classroom. Organizations like Junior Achievement and Economics Wisconsin provide mentors from the community to deliver lessons to your classroom. Such organizations have multiple programs devoted to financial literacy for elementary, middle level and high school students. With a wide variety of programs, partnering with these outside organizations is an excellent community connection to make.

A natural community connection for financial literacy is the local banks and credit unions. Connecting with your financial community is a key to gain access to a wide variety of resources developed by the industry including a curriculum prepared by the National Endowment for Financial Education (NEFE). Other examples of this may be the educational materials offered by Wells Fargo and Chase

*“Financial literacy is not an end in itself, but a step-by-step process. It begins in childhood and continues throughout a person’s life all the way to retirement. Instilling the financial-literacy message in children is especially important, because they will carry it for the rest of their lives. The results of the survey are very encouraging, and we want to do our part to make sure all children develop and strengthen their financial-literacy skills.”*

George Carl,  
Chairman of the National CPA  
Financial Literacy Commission

banks, as well as Community First and Cuna Credit Union. Again, more of these valuable resources can be found in the resource section of this guide. Also, consider connecting with accounting firms, retail stores, financial planners and other businesses. There are many facets of financial literacy that can be made relevant through a community connection. Engaging with the people who make up that community can only enhance the partnerships schools need in order to provide a variety of resources for students of today.