

**President's Advisory Council on Financial Capability
Youth Subcommittee
November 28, 2012**

Recommendation

The President's Advisory Council on Financial Capability calls for a new initiative – *Money as You Learn* -- to integrate important aspects personal finance into English Language Arts and mathematics teaching as well as into other classes and afterschool programs, in order to reach more students throughout their schooling. This approach can strengthen learning of those subjects as well as expose students to knowledge and skills they need to become financially capable young adults. The following actions are needed to make this *Money as You Learn* recommendation a reality: (1) map where essential personal finance knowledge and skills can be integrated into the Common Core State Standards; (2) develop tools for educators to integrate personal finance into teaching of the Common Core State Standards; (3) align existing personal finance programs with the Common Core State Standards; and (4) invest in research and evaluation on effective teaching and learning of personal finance.

The Council recommends that the President champion this *Money as You Learn* approach and instruct the Financial Literacy and Education Commission, and its member agencies, to take all possible steps to advance it. The Council also calls on national financial literacy organizations and their state and local partners to embrace *Money as You Learn* and to build an enduring initiative that will improve the financial capability of our young people for years to come.

Background

The President's Council calls for a new initiative, *Money as You Learn*, to integrate essentials of personal finance into elementary and secondary classrooms. This call is timely. Forty-five states and the District of Columbia have recently adopted the Common Core State Standards in mathematics and English Language Arts. These new standards, whose development was led by the States, provide a consistent, clear understanding of the academic knowledge and skills students are expected to learn in order to be prepared for success in college and careers. The transition to the Common Core State Standards provides a once-in-a-generation opportunity to effectively integrate personal finance into the K-12 curriculum in ways that provide students with essential personal finance understandings and skills. In addition, teaching of the Common Core is strengthened by providing real-world, practical contexts and applications that are relevant, engaging and meaningful to students.

Educators across the nation are eager for Common Core-aligned curriculum materials that capture the key shifts embedded in the standards. The time is therefore ripe for identifying texts, creating mathematical tasks, and designing lessons that inform students at all grade levels about key ideas regarding personal finance that are grounded in the Common Core standards. There is also the opportunity for states to model the value of this approach by routinely including items in their assessments that take advantage of core personal finance concepts and contexts.

Supporting educators in making this a reality requires:

Mapping how essential personal finance knowledge and skills can be integrated into the Common Core State Standards

The President's Council has catalyzed a mapping between essential personal finance concepts and skills and the Common Core State Standards that will show where personal finance can provide appropriate context and content for mathematics and English language arts teaching. The Council urges the financial literacy field to look towards this mapping, once it is completed, as a resource for action.

Of course, not all important personal finance content can be appropriately integrated into the Common Core, and vice versa. Thus, this mapping will not cover the full scope of existing personal finance standards and the President's Council continues to urge states and school districts to also provide high quality personal finance classes for their students.

Moreover, as the President's Council considered the important personal finance concepts that can be integrated into the Common Core, the effort has revealed an underlying challenge – the multiple personal finance standards that have been promulgated by national organizations as well as by various states. Developing high quality programs and curriculum materials, engaging teachers in professional learning to enhance the teaching of personal finance, and evaluating the effectiveness of financial literacy initiatives are all more difficult when there are multiple sets of standards with differences in content, terminology, sequencing and focus. The field will benefit from personal finance experts coalescing around one set of standards grounded in the best available evidence on what young adults need to know to be able to effectively manage their own financial lives. The President's Council urges leaders in the financial literacy field to take the necessary steps in this direction.

Tools for Educators

Educators will benefit from concrete guidance and tools to support their work of appropriately integrating financial literacy and the Common Core. The President's Council has encouraged the development of mathematics tasks and identification of non-fiction texts that enhance the teaching of the Common Core through important, real-world personal finance applications, skills and issues. Collaboration among developers and leaders of the Common Core State Standards, Jump\$tart, Council for Economic Education, and *Money as You Grow*, as well as classroom teachers and other experts from around the nation, will ensure that these instructional materials reflect the rigor and important shifts of the new standards as well as financial literacy content that all students should master. For example, mathematical tasks may call for students to apply their mathematical knowledge in important, real world contexts such as budgeting, understanding compound interest, or assessing risk. Similarly, non-fiction texts on topics such as the value of setting financial goals or the roots of the mortgage crisis can be tools for deepening student ability to understand and use complex texts in English Language Arts lessons.

The President's Council calls on leaders of the financial literacy community -- including but not limited to Jump\$tart, Council for Economic Education, and members of the Financial Literacy

and Education Commission -- to expand on this *Money as You Learn* effort and develop effective guidance and instructional materials, and an easy-to-use, high quality national website for personal finance resources linked to the Common Core that is shared with educators nationwide.

Align existing personal finance programs with the demands of Common Core State Standards

Leaders in the financial literacy field will benefit from moving quickly to review and where appropriate revise existing personal finance programs so that they are consistent with and support attainment of the Common Core. This review should be done by state and local education leaders responsible for personal finance programs, financial literacy organizations that implement programs, and by the federal agencies and Departments that compose the Financial Literacy and Education Commission and provide financial literacy resources. This review and appropriate updating of programs and curriculum should be done for personal finance and entrepreneurship classes, for other classes such as economics, social studies, career and technical education, and for after-school programs.

Given the distance many of our nation's students need to travel to be fully prepared for college and careers, it is critically important that every minute of instruction is well used. The more personal finance programs can demonstrably support students attaining the mathematical and literacy competencies called for in the Common Core, as well as the skills of problem-solving, research and careful reading and analysis that cut across all subject areas, the more likely it is that there will be time in the school day and after-school for students to have access to high quality personal finance content – as well as the quantitative and literacy skills they will need to be financially capable adults.

Investment in research and evaluation

The President's Council, consistent with our previous recommendations, urges the President to direct federal investment in research and evaluation in order to identify the most effective ways to help young people build the knowledge, skills and dispositions needed to be financially capable adults. While it is essential to act now based on what we know today, it is also essential to invest more in research on financial education to better understand instructional approaches that have impact on student's personal finance knowledge and behaviors.

Several types of research are needed. First, using insights developed in the field of behavioral economics, more basic research needs to be done to identify the types of school-based learning experiences that impact later financial decisions, and then work needs to be done to embed those findings into school programs and test out their efficacy. Second, the work described above to integrate the teaching of personal finance into the Common Core should be tested and evaluated and improved over time. Third, more evaluations of existing, large-scale personal finance programs should be conducted and the results made widely accessible. Most importantly, those who develop personal finance programs and those who carry them out in schools should demand and hold themselves accountable to evidence – independent evaluations of what works, program data on growth in student knowledge and skills, and longitudinal data on student financial decision-making.

Doing high quality research and evaluation and building the capacity of organizations to better use evidence and data, requires resources of many sorts, including significant funding. Private and non-profit organizations supporting personal finance should increase their investment in research and use of evidence. However, it is critical that the federal government commit to a significant and long-term program of funding in this area that allows for the development and aggregation of knowledge over multiple studies, in multiple contexts, in multiple areas of research and evaluation. The federal government is best positioned to make this essential sustained investment and this is a high leverage role for the federal government since increased knowledge about what works can inform and enrich the future actions of all those who seek to increase our young people's financial capability. Research on financial literacy proposed by the Financial Literacy and Education Commission should reflect the funding and research recommendations of the President's Council.

Additional Information

In its first year, one of the President's Council's accomplishments was the development, with extensive expert input, of Money As You Grow. Money as You Grow distills the multitude of financial guidelines that currently exist for children into essential, age-appropriate concepts. Jargon-free and written in clear, accessible language, Money As You Grow is designed to help families by providing parents with the financial knowledge children should be expected to master as they grow. Since the President's Council launched this initiative to help reduce clutter and serve as a rallying point for families and educators interested in youth financial capability, Money As You Grow has been embraced by parents and professionals. To date, 446,267 people have visited MoneyAsYouGrow.org, the American Library Association chose Money as You Grow as one of the nation's best websites for young people, and it has been referenced by press around the nation. This new recommendation builds on this work.