

2009 HOUSE EDUCATION

HB 1564

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1564

House Education Committee

Check here for Conference Committee

Hearing Date: February 3, 2009

Recorder Job Number: 8472 and 8538

Committee Clerk Signature

Carmen Hart

Minutes:

Rep. Dave Weiler, District 30, Bismarck, appeared in support of the bill. I asked Dr. Paul Johnson, Superintendent of the Bismarck Public Schools, how much personal finance is taught in the Bismarck Public School system. His answer was that they don't teach personal finance.

With the financial situation that this country is in and the banks and credit card companies are in and the economy in general, it is amazing to me that we do not make it mandatory that kids in our schools in North Dakota take some kind of personal finance. My intention is to make it mandatory that schools teach it and make it mandatory that students take it. I did not know about Rep. Wolf's bill and she did not know about mine. My intention is not to make the school districts hire another teacher to be able to teach this course. My intentions are to somehow incorporate into what they are doing in the curriculum to get some type of personal finance taught into our schools.

Chairman Kelsch: The state of North Dakota has to comply with federal law about highly qualified teachers. Who is highly qualified to teach that personal finance class? Do we have qualified teachers in this state that can teach personal finance?

Rep. Weiler: I am going to let some others behind me answer those questions.

Rep. Lyle Hanson: The class you described in high school was probably business math. Most schools teach that now.

Rep. Weiler: That probably is right. I think about 20-25 schools teach some sort of personal finance in North Dakota. All I want to do is to make sure that all students in North Dakota graduate from high school and go on to college and the rest of their life knowing how to balance a checkbook and knowing certain things that they should know about personal finance.

Chairman Kelsch: This is not a new idea. This summer when working on what the new high school graduation diploma requirements would be, we were looking at some of the math requirements. We looked at personal finance. We looked at including language so that students would have personal finance. It is going to be interesting to hear what the school districts actually offer, because I know we had some issues with personal finance and some of it was highly qualified teachers.

Rep. Weiler: The bill as it stands in front of you I believe it takes into consideration that the Governor's commission on education's plan is going to pass.

Chairman Kelsch: This is verbatim so it is in 1400.

Rep. Weiler: Correct. It does not add any credits to math that are mandatory. All it takes a half credit and add it.

Chairman Kelsch: It adds it into your optional except you mandate it, but it adds it into the additional credit hours.

Rep. Lisa Wolf, District 3, Minot, appeared. In answer to the question you had earlier about highly qualified teachers, I can halfway answer that. I can tell you that personal decision making is a standard. It is in the current business education standards. It is also in the family and consumer science standards, and it is in the ag. ed. standards. Any teacher who teaches in the ag., family and consumer science, or business ed. would be highly qualified to teach this class.

Kelly Schmidt, ND State Treasurer, appeared in support of HB 1564. (See Attachment 1.)

Greg Tschider, Mid-America Credit Union Association, appeared. If there is ever a time that we seem to be blessed with this concept of financial literacy is when we send one of our children off to school. Wouldn't it be nice if they really did understand what a budget looked like and what it meant? The fascinating thing also is how many credit cards high school and college kids were preapproved for. These kids have no idea what interest rates are. They don't know how to calculate it. They don't know how they are going to pay for it. Generally the parents bail the kids out. What has the child learned from parents doing this? In the credit unions, we find that people don't understand loan terms. They don't understand and don't even look at truth and lending disclosure forms. I like the mandatory concept because then kids have to take it. I suppose we could say it is the parents' responsibility to teach the kids.

But obviously for those of you had teenagers, they are not real excited about listening to Mom and Dad sometimes.

Chairman Kelsch: This kind of reminds me of the bill in transportation where parents cannot say no, so we have to do it for them.

Julie Kubisiak, North Dakota Jump\$tart Coalition, appeared. (See Attachment 2.)

Rick Clayburgh, President/CEO, ND Bankers' Association, appeared. Our association and membership is in support of financial literacy and financial education for the school kids in the state of North Dakota. Is this something the parents should be involved with in helping teach financial literacy? The answer is yes. But not all parents in this state and nation understand financial issues and financial literacy themselves because they didn't receive it as they went through school. Many learned the hard way either through bankruptcy or get into issues on debt and bill collection. Bankers in North Dakota over the past eight years have provided more

than \$100 million in financial institutions past which help support our schools, our counties, and cities in the state of North Dakota.

Greg Gallagher, Director of Standards and Achievement, Dept. of Public Instruction, appeared. (See Attachment 3.) The department fully agrees with the comments made earlier on the importance of financial literacy. HB 1564 specifically addresses high school offering graduation requirements. The issue of personal financial literacy stands beyond high school setting. He is proposing some amendments. Consider the linkage of 1443, 1435, 1564, 1400 and a couple of resolutions that address these issues.

Chairman Kelsch: The superintendent sat on those interim committees and was a voting member of that commission and this was never addressed.

Greg Gallagher: The discussion on these aspects occurred more on the subcommittee structure and the accountability and assessments subcommittee. That is where these sorts of things were explored. They did not rise to the level to that of the larger table.

Chairman Kelsch: I am extremely disappointed in bringing all this information in now and trying to address 1400 which is not before us at this point and didn't do it during HB 1400 as well.

Rep. Lyle Hanson: On page 1 of your curriculum and testing, the definition of North Dakota studies there, I think that is a senior high elective, not for the fourth and eighth grade.

Greg Gallagher: I am in agreement with you.

Rep. Bob Hunsakor: We are talking about one or two additional courses potentially and the larger schools can incorporate that into their system. In the smaller schools, do you see this as being a problem with a limited number of folks doing the teaching and the facilities?

Greg Gallagher: It depends on the course vehicle you use to teach material. With a standards approach you can approach the standard of a variety of things through a historical

point of view or a government point of view based on the people you have qualified to teach it. You can incorporate elements of it and it happens from the course of instruction in the classroom.

Rep. Bob Hunsakor: If these courses are truly as important as what we hear, then it begs the question does the standards approach get the job done or does it have to be stated you will teach the course?

Greg Gallagher: The approach to the standards is more valid in the identification of the course. You can integrate.

Rep. Karen Karls: How in the world do you teach personal finance to a five year old?

Greg Gallagher: It can be as straight forward as clarifying what money is, the value of money, what kind of money it takes to buy certain things. What does it mean to save for something that you like?

Rep. Karen Karls: I believe the parents should have that role.

Kelvin Hullet, Bismarck-Mandan Chamber of Commerce, appeared. This bill is a step in the right direction. As the private sector, we would like to be very engaged in this issue. We have the junior achievement program which we call the classroom in a bag. This is something done in the Bismarck Public Schools. We train volunteers and they go into the classrooms and teach the kids, in this case, personal finance.

Vice Chair Lisa Meier: After you do the personal finance teaching, do you actually issue a test to those students?

Kelvin Hullet: I don't know the answer to that. I do believe there is some sort of a testing procedure at the beginning and the end.

Rep. Lee Myxter: Is this five-week class a part of a regular class? Which class?

Kelvin Hullet: Yes. It is part of the Career Education class at the 9th grade level which is where they are learning about careers. The thing we like about the junior achievement curriculum is that it is accredited. It meets the standard required by North Dakota. There are longer classes that can be taught. We just utilize six weeks for a particular structure.

Chairman Kelsch: One of the concerns is we have small schools here. The fact that if it is mandated, then that means that those school districts have to have teachers that can teach us so it's possible that we may not be able to achieve this go around. Do you have any thoughts about that?

Kelvin Hullet: How do you move forward this and do it in such a way that you can get it out there in Steele and all of those? I think that is one of the unique things about the junior achievement program. You utilize volunteers. What we have found is that when you take this forward, you see a lot of support out of the private sector. Our program is entirely funded by the private sector. Capital Credit Union is the prime sponsor of our junior achievement program specifically to personal finance at the ninth grade level.

Larry Maslowski, Senior Analyst, ND Insurance Department, appeared. We are also a member of Jump\$tart North Dakota Coalition, and we think there is a very significant need for our youth and the knowledge or lack thereof of finances and that type of thing. We are very much interested in working and seeing that we can get some education out to kids. Our focus in our agency is generally the high school and college age. We are dealing with things like credit scores and use of credit cards and how that impacts them.

RECONVENED AT 2:30 WITH THE OPPOSITION. (8538)

Bev Nielson, North Dakota School Board Association, appeared. She expressed her concerns as to how we fit this into 1400 and who may or may not be able to teach. We have to decide what the priority is for your schools. We have to decide if the priority is going to be to

add additional core courses which are tested for AYP, to increase graduation requirements of those core courses, or whether our priority is going to be personal development courses. All the topics that people bring up are very important in a student's life and in an adult's life, but there are only six periods in a day and only so many teachers to go around. I think it expects a lot in the same session to add a considerable number of required core courses for graduation which schools then have to offer and in large schools will be adding additional sections of those courses.

Chairman Kelsch: This bill calls for one half unit of personal finance which is a semester. Is there enough personal finance to be taught for a half year? Do you know how many of your schools have the junior achievement program? We are maybe looking at junior achievement, a public private partnership because there certainly are banks in many of the communities.

Bev Nielson: I was very interested in the junior achievement component. I think the banks, credit unions, and the credit card people who have created this problem by giving credit where they ought not to--that type of partnership is excellent.

Rep. Lyle Hanson: Could you get us a copy of a business math text?

Bev Nielson: You mean consumer math which is not the same as this? I don't have access to texts. I could ask one of the principals.

Rep. Lyle Hanson: I think some of the things that we want in personal finance are covered in business math.

Dr. Doug Johnson, NDCEL, appeared. Ms. Nielson covered most of the issues they had as well. Their concern is the increase financially on school districts because it would be a required course. More importantly it is going to detract from the ability of a student to take an elective. Personal finance cannot be a consumer math class because that is taught by a math teacher, and a math teacher can't teach personal finance.

Kurt Hayes, Principal, Munich High School, appeared. He teaches 5 out of 9 periods of mathematics at Munich. He likes the content and idea of personal finance. The potential reality of that being in the high school is going to put on undue pressure on principals especially in small schools. There are not that many business teachers graduating. He can't teach personal finance as a math major. Business math has to be taught through a business teacher. It would be a business credit. The consumer math can be taught by a math teacher for the math credit. At his school scheduling gets to be very hard. There are a very small amount of electives that the students can take at the present time. If this becomes a mandate, now there are going to be more choices taken away from them. It has been suggested to go through distance learning to do this. Try and set up time schedules. It is difficult to arrange time schedules between schools. It had been talked about doing this through independent study. Some of the students he would encourage to take a finance class do not have the skills or mindset to do an independent study. They generally are the ones that need constant supervision to keep them on task. Some finance topics are being taught in a roundabout way. At Munich managing the checkbook is taught as a part of the family and consumer science class.

The hearing was closed.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1564

House Education Committee

Check here for Conference Committee

Hearing Date: February 5, 2009

Recorder Job Number: 8883

Committee Clerk Signature *Carmen Hart*

Minutes:

Vice Chair Lisa Meier thanked the committee for putting this as part of HB 1400 and made a motion to **Do Not Pass** HB 1564. The motion was seconded by **Rep. Phillip Mueller**.

Rep. David Rust: In Rep. Weiler's it was "shall offer" and "shall take." In the amendments here it is "make available."

Chairman Kelsch: That is correct.

DO NOT PASS, 12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING.

Rep. Karen Karls is the carrier of the bill.

FISCAL NOTE
Requested by Legislative Council
01/20/2009

Bill/Resolution No.: HB 1564

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$1,250,000	\$0		\$2,500,000

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill requires districts to offer Personal Finance, requires students to take a ½ unit of Personal Finance in order to graduate, and requires 22 units of high school coursework for graduation.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

This bill would require students to graduate with 22 units. Currently 68 districts require less than 22 credits to graduate. Based on student course enrollment in these 68 districts, approximately 3,745 students would need to take an additional course to graduate. The cost for 1 credit through the ND Center for Distance Education is \$336. Based on these assumptions, the additional annual cost would be \$1,250,000 or \$2,500,000 per biennium. The bill would become effective July 1, 2010.

The cost of requiring an additional half unit of personal finance would be included in the above estimate.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

There was no appropriation identified for this bill.

Name:	Linda Paluck	Agency:	Public Instruction
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Phone Number: 328-1718

Date Prepared: 01/23/2009

Date: 2-5-09
Roll Call Vote #: _____

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1564

House Education Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass Do Not Pass Amended

Motion Made By Rep Meier Seconded By Rep. Mueller

Representatives	Yes	No	Representatives	Yes	No
Chairman RaeAnn Kelsch	✓		Rep. Lyle Hanson	✓	
Vice Chairman Lisa Meier	✓		Rep. Bob Hunsakor	✓	
Rep. Brenda Heller	✓		Rep. Jerry Kelsh		
Rep. Dennis Johnson	✓		Rep. Corey Mock		
Rep. Karen Karls	✓		Rep. Phillip Mueller	✓	
Rep. Mike Schatz	✓		Rep. Lee Myxter	✓	
Rep. John D. Wall	✓				
Rep. David Rust	✓				

Total (Yes) 12 No 0

Absent 2

Floor Assignment Rep Karls

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1564: Education Committee (Rep. R. Kelsch, Chairman) recommends DO NOT PASS
(12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1564 was placed on the
Eleventh order on the calendar.

2009 TESTIMONY

HB 1564

Attachment 1
HB 1564

**Testimony
In Support of
HB 1564**

**House Education Committee
February 3, 2009**

**Kelly Schmidt
ND State Treasurer**

A life of financial success and security begins with a strong education. Every generation is introduced to the reality of spending, saving and finance at a younger age than the last. Yet for years, our nation's financial literacy has not kept pace.

We live in a nation where nearly one-third of high school seniors have credit cards, even more have debit cards, and an average of 1.5 million families file for personal bankruptcy each year. The need for personal financial literacy couldn't ring more loud or clear.

While the national savings rate has hovered around zero for years, consumer debt has soared by 24 percent since 2002 (Source: Federal Reserve). It's as easy to get a credit card today as it is to consume calories. Last year, the typical household received 68 credit card offers – 46 percent more than in 1998 and carried an average balance of \$9,200 (Source: TransUnion, December 2008) 40% more students drop out of college due to money issues including student loan debt and credit card debt than academic failure. (Source: Pratt Financial Group Study)

In 2007, a Charles Schwab survey on teens and money reported that only 45% of teens know how to use a credit card, while just 26% understood credit-card interest and fees. Only 1 in 3 knows how to read a bank statement, balance a checkbook and pay bills. Barely 1 in 5 had an idea how to invest.

More than ever, the financial decisions we make today have a direct effect on the opportunities available to us tomorrow. Our credit score determines the interest rates we pay on our mortgages, the rate of our insurance premiums as well as our ability to get a job. Yes, employers are now checking credit scores when evaluating their applicants.

Financial literacy is an essential life-skill that when instilled at an early age help our youth develop the foundation for making wise financial decisions and becoming financially secure later. Studies reveal that financial education programs taught in schools help young learners know more, save more, and

substantially increase personal confidence with money. Yet, financial education is currently only required learning in twenty states.

Of the 170 public high schools in North Dakota, 49 are offering either Business Math or Consumer Education. These 49 districts have a current enrollment of 963 students in either offering. Though it is offered, our students are not taking the opportunity.

Business math and consumer education courses are considered the non-college bound curriculum. It doesn't make any difference if you strive to be a doctor or a laborer, your need to balance a checkbook and understand the fundamentals of our money- drive society remain the same.

The fundamentals of financial literacy are just as vital to the successful future of North Dakota students as the education of ethics, values and the basic skills of reading, writing and simple arithmetic.

I strong support the advancement of financial education in our schools and hope you will support HB 1564.

TESTIMONY TO THE HOUSE EDUCATION COMMITTEE

FEBRUARY 3, 2009

HOUSE BILL 1564

Attachment 2
HB 1564

Good Morning Madam Chair and members of the Education Committee. My name is Julie Kubisiak and I represent the North Dakota Jump\$tart Coalition as current president. I am appearing today in support of HB 1564 relating to adding a personal finance course as a required high school unit.

Jump\$tart

In August 2006, a group of organizations came together to form the North Dakota Jump\$tart Coalition affiliating with the National Jump\$tart Coalition housed in Washington, D.C. North Dakota was one of two states without a coalition at that point in time. Since that time, our coalition has grown to 35 organizations representing business, government, and education with a mission of improving the financial literacy of all North Dakotans. The Coalition participates in Marketplace for Kids, provides numerous financial presentations, sponsors an annual financial literacy workshop, and members provide a "Financial Friday" segment on the local NBC affiliate's morning program which airs throughout western North Dakota on the last Friday of every month. Last fall, the Coalition teamed up with the University of Mary to help create and present financial literacy information for freshmen students as part of an ongoing project for the school through a national grant. We do not endorse a particular curriculum. Anyone can be a partner in the Coalition – anyone having an interest in financial literacy. There are no dues for membership.

On a biennium basis, the National Coalition provides a survey to randomly selected high schools that have a Jump\$tart Coalition in their state. The survey is both a survey and a test. Comprised of 31 questions, it is completely anonymous – Jump\$tart does not record the identities of the students nor the participating schools. A classroom teacher in a course not related to finance, economics, consumer science, consumer math, or business is the test administer. There are no fees charged to the teacher or the school to participate. The survey and postage are all supplied by the National Coalition. As a token of Jump\$tart's appreciation, a nominal gift card is awarded to the teacher for administering the survey/test. At least 10 schools must participate in a state in order to obtain state specific data relating to the scores of the tested students. 2008 was the first year that ND became eligible to participate in the survey. Six North Dakota schools participated; therefore, ND did not receive state specific data relating to test scores.

National Jump\$tart Survey 2008 Results

The national scores indicated that the 2008 high school senior class ranked lower than their 2006 peers. High school students answered only 48.3 percent of the questions, a decrease from the seniors in 2006 which correctly answered 52.4 percent of the questions. Among high school students, those who scored 27 and above on their ACT college entrance exam correctly answered 59 percent of the questions, while seniors with ACT scores 20 and above answered just 43 percent of the questions correctly. In 40 states, 6,586 high school seniors participated.

2008 was also the first year that college students participated in the survey. The results indicated higher scores than their high school counterparts with 62 percent of the questions answered correctly. Scores among college students increased with their rank in school – college freshman scored a 59 percent score, while college seniors correctly answered 65 percent of the questions. Participation consisted of 1,030 full-time college students.

What does this information mean? To me, it means more preparation needs to be provided to increase the financial knowledge of our residents. An early and repeated investment in financial education lays a solid foundation for individuals. It is even more critical in tough economic times. Requiring a ½ unit of personal finance will benefit high school students as they plan for their future. Let's ensure that they learn financial literacy information in a classroom versus learning money management the hard way.

I would be happy to respond to any questions that the committee may have at this time.

2008 Survey of Personal Financial Literacy Among College Students
1,030 Full-time College Students; Mean Score 62.2%

Part 1 - 31 JumpStart Questions

Numbers to the Left of Answers are Proportion Giving Response

1. Inflation can cause difficulty in many ways. Which group would have the greatest problem during periods of high inflation that last several years?
8.2 a.) Older, working couples saving for retirement.
5.7 b.) Older people living on fixed retirement income.*
50.1 c.) Young couples with no children who both work.
36.0 d.) Young working couples with children.

2. Which of the following is true about sales taxes?
28.2 a.) The national sales tax percentage rate is 6%.
12.7 b.) The federal government will deduct it from your paycheck.
3.2 c.) You don't have to pay the tax if your income is very low.
55.9 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?
2.7 a.) Locked in her closet at home.
2.3 b.) Stocks.
5.3 c.) Corporate bonds.
89.6 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?
12.0 a.) A 10-year bond issued by a corporation.
37.0 b.) A certificate of deposit at a bank.
11.1 c.) A twenty-five year corporate bond.
39.9 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?
74.6 a.) When you need to buy a car to get a much better paying job.*
3.8 b.) When you really need a week vacation.
2.8 c.) When some clothes you like go on sale.
18.8 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?
74.2 a.) Your credit record can be checked once a year for free.*
3.7 b.) You cannot see your credit record.
5.0 c.) All credit records are the property of the U.S. Government and access is only available to the FBI and Lenders.
17.1 d.) You can only check your record for free if you are turned down for credit based on a credit report.

1 – 31: *indicates correct answer

32 – 56: Numbers in **bold** are mean scores; *numbers not in bold are percent in sample*; *** scores for groups under 3% of sample are not reported.

2008 Survey of Personal Financial Literacy Among College Students
1,030 Full-time College Students; Mean Score 62.2%

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?
- 4.8** a.) Social security and Medicare contributions.
 - 12.5** b.) Federal income tax, property tax, and Medicare and Social Security contributions.
 - 74.2** c.) Federal income tax, social security and Medicare contributions.*
 - 8.6** d.) Federal income tax, sales tax, and social security contribution.
8. Retirement income paid by a company is called:
- 46.4** a.) 401 (k).
 - 44.2** b.) Pension.*
 - 1.3** c.) Rents and profits.
 - 8.1** 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?
- 64.0** a.) Invested in a down payment on the house.*
 - 6.5** b.) Checking account.
 - 22.9** c.) Stocks.
 - 6.5** 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.
- 11.2** a.) 3 months.
 - 77.8** b.) 4 months.*
 - 3.6** c.) 1 month.
 - 7.3** 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?
- 2.0** a.) A checking account.
 - 19.2** b.) Stocks.*
 - 61.9** c.) A U.S. Govt. savings bond.
 - 17.0** d.) A savings account.

1 – 31: *indicates correct answer

32 – 56: Numbers in **bold** are mean scores; *numbers not in bold are percent in sample*; *** scores for groups under 3% of sample are not reported.

2008 Survey of Personal Financial Literacy Among College Students

1,030 Full-time College Students; Mean Score 62.2%

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?

- 2.5 a.) It will make Barbara's parents pledge their home to repay Karen's credit card debt.
- 23.5 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.
- 58.8 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.*
- 43.2 b.) Go up a little from when she was in college.
- 7.0 c.) Stay the same as when she was in college.
- 2.7 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?

- 2.0 a.) Dividends and interest.
- 92.6 b.) Salaries, wages, tips.*
- 3.9 c.) Profits from business.
- 1.6 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?

- 2.5 a.) They can cancel and cut up all of your credit cards without your permission.
- 9.0 b.) They can get the federal government to apply your income taxes to pay off your debts.
- 86.3 c.) They can work with those who loaned you money to set up a payment schedule that you can meet.*
- 2.1 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?

- 22.9 a.) They would each have the same amount because they put away exactly the same
- 6.1 b.) Rob, because he saved more each year
- 9.5 c.) Mary, because she has put away more money
- 61.6 d.) Mary, because her money has grown for a longer time at compound interest*

1 – 31: *indicates correct answer

32 – 56: Numbers in **bold** are mean scores; *numbers not in bold are percent in sample*; *** scores for groups under 3% of sample are not reported.

2008 Survey of Personal Financial Literacy Among College Students

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

- 10.4 a.) You are covered by your parents' insurance until you marry, regardless of your age.
- 69.5 b.) If your parents become unemployed, your insurance coverage may stop, regardless of your age. *
- 3.3 c.) Young people don't need health insurance because they are so healthy.
- 16.8 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?

- 4.7 a.) Don will make more because he is more social.
- 4.0 b.) Don will make more because Bill is likely to be laid off.
- 83.2 c.) Bill will make more money because he is more valuable to his company. *
- 8.1 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?

- 13.8 a.) \$500
- 16.2 b.) \$1000
- 58.9 c.) Nothing.
- 11.0 d.) \$50*

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

- 2.5 a.) You can generally get cash 24 hours-a-day.
- 5.7 b.) You can generally obtain information concerning your bank balance at an ATM machine.
- 86.6 c.) You can get cash anywhere in the world with no fee.*
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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?

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- 3.7 d.) He is likely to get a large raise to offset the effect of higher taxes.

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2008 Survey of Personal Financial Literacy Among College Students

1,030 Full-time College Students; Mean Score 62.2%

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

20.3 a.) Comprehensive.

31.6 b.) Liability.

5.4 c.) Term.

42.7 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?

61.5 a.) Eric will pay less because the car is collateral for the loan. *

11.3 b.) They will both pay the same because the rate is set by law.

6.5 c.) Scott will pay less because people who travel overseas are better risks.

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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?

17.6 a.) About 10 times as much.

5.3 b.) No more; I would make about the same either way.

24.1 c.) A little more; about 20% more.

53.0 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?

6.2 a.) A U. S. Savings Bond.

48.2 b.) A certificate of deposit at the bank.

37.4 c.) A bond issued by one of the 50 States.*

8.2 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?

28.8 a.) An elderly retired man, with a wife who is also retired.

6.6 b.) A young married man without children.

61.4 c.) A young single woman with two young children.*

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

2.0 a.) Debit card.

93.0 b.) Certificate of deposit.*

3.9 c.) Cash.

1.1 d.) Credit card.

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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?
- 8.4 a.) Jessica, who pays at least the minimum amount each month and more, when she has the money.
 - 5.5 b.) Vera, who generally pays off her credit card in full but, occasionally, will pay the minimum when she is short of cash
 - 8.2 c.) Megan, who always pays off her credit card bill in full shortly after she receives it.
 - 77.9 d.) Erin, who only pays the minimum amount each month.*
29. Which of the following statements is true?
- 75.5 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.*
 - 6.9 b.) People have so many loans it is very unlikely that one bank will know your history with another bank
 - 8.7 c.) Your bad loan payment record with one bank will not be considered if you apply to another bank for a loan.
 - 8.9 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?
- 42.7 a.) If he went to a state college rather than a private college. *
 - 10.5 b.) If his parents cosigned the loan.
 - 34.3 c.) If his parents took out an additional mortgage on their house for the loan.
 - 12.5 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?
- 47.1 a.) Earnings from savings account interest may not be taxed.
 - 39.0 b.) Income tax may be charged on the interest if your income is high enough.*
 - 10.4 c.) Sales tax may be charged on the interest that you earn.
 - 3.4 d.) You cannot earn interest until you pass your 18th 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

*** Scores for Groups Under 3% of Sample are not Reported

32. What is your gender?

Score %

59.6 23.1 Male

62.6 76.9 Female

1 – 31: *indicates correct answer

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2008 Survey of Personal Financial Literacy Among College Students
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33. What is the highest level of education you expect to achieve?
Score %
54.6 9.6 Associate degree (two-year).
61.2 46.4 Bachelor degree (four-year).
63.6 27.1 Master's degree.
65.9 16.9 Doctorate, law or professional (six year or more)
34. What is your best estimate of your parents' total income last year? Consider annual income from all sources before taxes.
51.9 11.2 Less than \$20,000.
62.2 14.4 \$20,000 to \$39,999.
63.8 29.8 \$40,000 to \$79,999.
64.6 31.9 \$80,000 or more.
59.7 12.7 Don't know.
35. What is the highest level of schooling your father or mother completed?
******* 2.1 Neither completed high school.
62.5 16.3 Completed high school.
58.2 28.1 Some college.
64.1 52.6 College graduate or more than college.
******* 0.9 Don't know.
36. How do you describe yourself?
63.3 75.4 White or Caucasian.
55.3 8.5 Black or African-American.
59.8 5.9 Hispanic American.
57.1 6.6 Asian-American.
******* .7 American Indian, Alaska Native, or Native Hawaiian
60.8 2.9 Other
37. 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?
56.3 16.5 Under \$30,000.
62.8 30.4 \$30,000 to \$39,999.
63.7 21.2 \$40,000 to \$49,999
62.9 32.0 \$50,000 or more
38. How many credit cards do you use, including store credit cards?
61.1 33.4 None.
61.8 31.2 One.
61.9 19.3 Two.
63.2 8.8 Three.
68.3 3.2 Four.
63.4 4.1 Five or more.

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39. Which of the following statements best describes the way in which you make payments on your credit cards?

Score %

- 62.7** 46.7 I always pay off the total balance each month.
- 62.9** 16.9 I occasionally do not pay off the balance for a month or so when I am short on funds.
- 58.9** 12.9 I generally have an outstanding balance but occasionally am able to pay it off.
- 63.9** 15.8 I seldom, if ever, pay off all my balances, but try to pay them down when I can.
- 63.8** 7.7 I generally pay only the minimum required payment each month.

40. What is the outstanding balance on all of your credit cards?

- 63.4** 69.1 Under \$1,000
- 61.7** 15.4 \$1,000 to \$2,499
- 60.7** 8.9 \$2,500 to \$4,999
- 55.4** 5.0 \$5,000 to \$9,999
- ***** 1.6 More than \$10,000

41. When did you get your first credit card?

- 64.0** 20.1 Before graduating high school
- 62.7** 21.5 When I graduated from high school
- 59.8** 26.8 When I started college
- 64.9** 14.2 During my first year in college
- 62.2** 17.4 After completing my first year of college

42. How often are you late paying your credit card bills?

- 63.5** 64.8 Never
- 63.0** 24.4 Once or twice since I've had credit cards
- 51.0** 5.2 Once or twice per year
- 59.7** 5.6 More than two times per year

43. When you finish your undergraduate education, how much do you expect to owe in student loans?

- 61.3** 34.7 Nothing
- 59.5** 7.2 Less than \$5,000
- 59.4** 11.1 \$5,000 to \$9,999
- 62.9** 14.7 \$10,000 to \$19,999
- 64.2** 12.7 \$20,000 to \$29,999
- 63.4** 8.7 \$30,000 to \$49,999
- 65.0** 8.3 \$50,000 or more

44. Aside from any credit card debt or student loans you might have, what other types of debt do you have? (check ALL that apply)

- 60.8** 12.5 Auto loans
- 50.5** 2.7 Home Mortgage
- 56.6** 20.9 Personal debt or other debt

1 – 31: *indicates correct answer

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2008 Survey of Personal Financial Literacy Among College Students
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45. Do you have a checking account?

Score %

62.6 91.1 Yes

54.3 8.9 No

46. How often have you bounced a check (had it returned for insufficient funds)?

63.0 70.9 Never

62.1 20.8 Once or twice in my lifetime

64.8 5.7 Once or twice per year

50.0 2.6 More than twice per year

47. How often do you balance your checkbook?

63.0 23.3 After every check, deposit and ATM withdrawal

62.2 17.1 About once a week

62.8 17.4 About once a month

62.0 5.0 Several times per year

64.2 4.3 Once or twice per year

62.3 32.8 Never

48. In what form do you hold for your savings and investments? (Check ALL that apply)

62.6 80.9 Savings account.

63.5 13.7 Certificates of deposit.

61.3 18.3 U. S. Savings Bonds.

60.5 10.9 Stocks.

68.5 8.9 Mutual funds.

******* 2.3 Bonds other than U. S. Savings Bonds.

65.8 6.9 Retirement accounts such as 401k's and IRAs.

49. How would you rate the savings and investments that you have?

61.3 40.6 Adequate for my needs right now

62.1 32.4 Slightly less than I should have right now

63.6 27.0 Much less than I should have right now

50. How much do you worry about your debts?

60.1 26.8 Never

61.7 25.5 A little

64.4 22.1 Sometimes

64.2 15.7 Often

60.4 9.8 Nearly all the time

51. Who prepares your income taxes?

63.8 12.4 I do it myself by hand

65.0 19.7 I do it myself using a computer program

62.0 21.3 A tax preparer

60.6 46.5 My parents

1 – 31: *indicates correct answer

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2008 Survey of Personal Financial Literacy Among College Students
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52. Which of the following classes did you have in high school? (Check ALL that apply)

Score %

- 59.3** 12.0 An entire course in personal money management or personal finance.
- 62.1** 24.7 A portion of a course where at least a week was focused on personal money management or personal finance.
- 62.7** 48.1 An entire course in economics.
- 62.2** 15.5 A portion of a course where at least a week was focused on economics.
- 65.6** 29.5 A course in which we played a stock market game.

53. Which of the following classes have you had in college? (Check ALL that apply)

- 60.1** 9.6 A semester-length course in personal money management or personal finance
- 58.2** 13.7 Coverage of money management or personal finance (including part of freshman orientation)
- 63.2** 36.1 Economics
- 64.6** 10.2 Finance
- 65.4** 19.0 Accounting

54. Which of the following best describes your status as a student?

- 62.6** 81.0 I am a full time undergraduate student at a Four-year college or university
- 58.7** 19.0 I am a full time undergraduate student at a Two-Year college or university

55. What is your class standing?

- 59.3** 21.9 Freshman
- 61.0** 29.3 Sophomore
- 62.1** 23.7 Junior
- 64.8** 25.2 Senior

56. Which of the following best describes your major or area of interest in college?

- 59.4** 10.7 Arts
- 62.4** 18.7 Business or economics
- 63.2** 5.2 Engineering
- 62.1** 7.3 Humanities
- 57.1** 5.7 Nursing
- 63.4** 14.9 Science
- 64.0** 15.3 Social Science
- 60.9** 22.1 Other

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2008 JUMPSTART HIGH SCHOOL SENIOR QUESTIONNAIRE (version 2)

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

Part 1 - 31 JumpStart 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.
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- 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.
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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?

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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

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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 18th 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

**TESTIMONY on HB 1564
By Greg Gallagher
Department of Public Instruction
February 3, 2009**

*Attachment 3
HB 1564*

Madam Chairman and Members of the House Education Committee,

I am Greg Gallagher, Director of Standards and Achievement, within the Department of Public Instruction. I am here to provide information on HB 1564, to propose a consolidation among related bills introduced this session concerning the general high school coursework requirements within NDCC 15.1-21-02 and high school graduation requirements within NDCC 15.1-21.02.2, and to provide an amendment.

HB 1564 provides for the addition of a one-half unit course offering of personal finance within NDCC 15.1-21-02 and makes such an offering a requirement of any approved high school. A course offering requires that a school allow students to select certain course units over the course of their high school career, unless a course unit offering is specified (e.g., one-half credit physical education annually with at least one concept-based fitness course quadrennially), and for a school to provide that course unit through a variety of delivery methods. A course offering does not require that any students actually take the course, aside from those who specifically request the course. It is possible for a course offering to never actually be taught if students were not to specifically request it. NDCC 15.1-21-02.2 specifies what types of course units a high school graduate must actually complete, and HB 1564 provides for the inclusion of a one-half unit personal finance requirement.

HB 1564 is one of several bills and resolutions that attempt to update NDCC 15.1-21-02 regarding required course offerings at the high school level. HB 1564 adds a one-half unit course in personal finance, among other changes to the high school diploma requirements (NDCC 15.1-21-02.2). HB 1443 adds a one-half unit course in consumer finance. HCR 3016 urges local school districts to offer students a course in financial literacy. These bills and resolutions express a clear concern that all students acquire financial literacy.

Additionally, HB 1435 defines a one-half unit on United States government with a requirement to cover specific public documents. Sections 9 and 10 of HB 1400 establish additional foreign or native language offerings and new graduation diploma requirements for all students. Finally, SB 2398 amends the school calendar law regarding student

fitness activities. Although these bills do not address personal financial literacy, they do address specific curricular offerings and graduation expectation that contribute to the broad policy concerns of what students should know and be able to do.

In light of the recent efforts of the Commission on Education Improvement to address the issue of broad educational adequacy within the state's education system, some which have bedeviled education improvement efforts for years, the Department proposes that the House Education Committee consolidate HB 1564, HB1443, HB 1435, Sections 9 and 10 of HB 1400, and HCR 3016 to provide a unified, integrated remedy to NDCC 15.1-21-02 regarding course unit offerings and NDCC 15.1-21.02.2 regarding high school graduation requirements.

The following comments specifically address HB 1564.

Course instructional unit offerings

The Department of Public Instruction supports the inclusion of personal financial literacy to all students across the curriculum. The Department believes that this aim can best be achieved by generalizing personal financial instruction across all grades, K-12, thereby instilling a long-term exposure and acquired proficiency in this important life skill. The Department believes that personal financial literacy is of sufficient importance as to incorporate its study across all grades. To accomplish such an aim, the Department recommends that personal financial literacy content standards be developed and incorporated within the state's social studies content standards, either within the economics strand or as a separate strand. Although any number of solutions might be proffered, incorporating personal financial literacy within the state's economics standards, which apply to all grade levels, would be a sufficient and comprehensive resolution.

The Department explored the possibility of incorporating personal financial literacy skills within the now-current state social studies content standards, during its 2005-2007 development cycle. Despite their best efforts to address this concern, the committee of statewide educators eventually abandoned the effort, because it would have undesirably delayed the social studies development schedule and expanded the complexity of their charge. The Department reluctantly accepted this recommendation. The Department did release the final state social studies content standards, which include North Dakota studies content standards, in 2007. Since that time, the Department has lost its ability to fund the development of certain subject content standards, including personal finance literacy standards, since the federal funding of

Title V Innovative Grants under the Elementary and Secondary Education Act have been eliminated by Congress. The Department has no funding to advance such an effort.

The Department believes it may be in the state's best interest to provide funding language within HB 1013, the Department's budget bill, to fund the development of personal financial literacy content standards for inclusion as a strand of the state's social studies content standards, specifically its economic standards strand. The Department anticipates that the development of state personal literacy content standards will require an approximate \$235,000 biennial allocation and approximately 18 months to complete, based on previous content standards development activities.

If the state were to conduct this development activity and personal finance literacy skills were to be incorporated within the state's social studies content standards, then there would exist sufficient authority for personal financial literacy to be a state requirement. NDCC 15.1-21-02 (3) states, "Each unit which must be made available under this section must meet or exceed the state content standards." The policy aim of including personal financial literacy would be achieved.

The Department recommends that the House Education Committee consider removing extraneous language from the current NDCC to better underscore the relevance and importance of NDCC 15.1-21-02(3). If all course unit offerings are to meet or exceed the state content standards, which include the broad and specific elements of a rigorous and well-rounded education, then there exists no reason for additional restrictive language to obfuscate the impact of the state's content standards.

The Department recommends amending the current NDCC 15.1-21-02 to remove restrictive language. For instance, the Department recommends removing any specific type of history classes (i.e., world history or United States history) within the social studies course requirements. These historical references are already present within the state's social studies content standards and, given the impact of NDCC 15.1-21-02 (3), they are extraneous, restrictive, and perhaps misdirect the balance of the state's content standards. The Department recommends further expanding this principle to the elementary and secondary schools' instructional offerings within NDCC 15.1-21-01. The state's content standards already define and detail the broad subject instructional units listed in statute. NDCC should set broad instructional unit policy aims and affirm the paramount importance of the state's content standards to define curricular objectives, without emphasizing selective course units which introduce confusion or

conflict into the balance of the curriculum established within the state's content standards. The Department provides amendments to achieve these policy aims.

High school graduation requirements

NDCC 15.1-21-02.2 specifies the state's high school coursework or graduation requirements. As outlined in the above section regarding elementary, middle, and high school instructional course offerings, it is critical that the state simplify its high school graduation course requirements to reflect the integrity and rigor of the state's academic content standards. This section of code should be amended to reflect a unity of purpose and design with NDCC 15.1-21-01 regarding elementary and middle instructional units and NDCC 15.1-21.02 regarding high school course offerings. The state's content standards already define and detail the broad subject instructional units listed in statute. NDCC should set broad instructional unit policy aims and affirm the paramount importance of the state's content standards to define curricular objectives, without emphasizing selective course units which introduce confusion or conflict into the balance of the curriculum established within the state's content standards. The Department provides amendments to achieve these policy aims. These principles should be applied to Section 9 and 10 of HB 1400 accordingly.

As a final note, any possible consideration of elementary, middle, and high school instructional units must be mindful of their foundation on the state's content and achievement standards. Our state's standards-based assessments allow some means for us to measure true student performance in English language arts, mathematics, and science. For high schools, the state's graduation requirements establish the ultimate expectations for what students should know and be able to do. However, without any true student assessments in our last two years of instruction, we are woefully blind to what students really know or are able to do upon exiting high school. The state should embrace its emerging policy goal of educational adequacy by measuring true student achievement, not by measuring instructional seat time. For the additional funds being invested into the state's educational system, student achievement in terms of our standards is our ultimate measure, not the provision of instructional units or time on task.

Madam, Chairman, this concludes my testimony. I am available to answer any questions from the Committee. Thank you.

Proposed Amendments to HB 1564

1. Page 1, line 12: after "studies" insert ";"
delete ", including one of world history and one of United States history;"
2. Page 1, line 14: delete "One-half unit of personal finance;"
3. Page 1, line 16: after "year" insert ";"
delete ", provided that once every four years the unit must be a concept-based fitness class that includes instruction in the assessment, improvement, and maintenance of personal fitness;"
4. Page 1, line 20: after "arts," delete "at least one of which must be music;"
5. Page 1, following line 22:
insert "2. In addition to the requirements of subsection 1, each public and nonpublic high school shall make available to each student, at least once every two years, one-half unit of North Dakota studies, with an emphasis on the geography, history, and agriculture of this state."
6. Amend 15.1-21-01 as follows:

15.1-21-01. Elementary and middle schools – Required instruction.

In order to be approved by the superintendent of public instruction, each public and nonpublic elementary and middle school shall provide to student instruction in:

1. English language arts, ~~including reading, composition, creative writing, English grammar and spelling.~~
2. Mathematics.
3. Social studies, ~~including:~~
 - ~~a. The United States Constitution;~~
 - ~~b. United States history;~~
 - ~~c. Geography;~~
 - ~~d. Government; and~~
 - ~~e. North Dakota studies, with an emphasis on the geography, history, and agriculture of this state, in the fourth and eighth grades.~~
4. Science, ~~including agriculture.~~
5. Physical education.
6. Health, ~~including physiology, hygiene, disease control, and the nature and effects of alcohol, tobacco, and narcotics.~~

Each instructional unit must meet or exceed the state content standards.

7. Page 2, line 9: after "arts" delete "from a sequence that includes literature, composition, and speech;"
8. Page 2, line 12 after "science," delete "including"
9. Page 2 delete lines 13-16
10. Page 2, line 17 after "studies," delete "including"
11. Page 2 delete lines 19-24
12. Page 2, line 27 after "of" delete ":",
insert "foreign or Native American languages, fine arts, or career and technical education courses;"
13. Page 3, line 1 delete "7. One half unit of personal finance; and"
14. Page 3, line 2 after "units."

Insert a return and "Each instructional course unit must meet or exceed the state content standards."

Renumber sections and pages accordingly.

CHAPTER 15.1-21 CURRICULUM AND TESTING

15.1-21-01. Elementary and middle schools - Required instruction. In order to be approved by the superintendent of public instruction, each public and nonpublic elementary and middle school shall provide to students instruction in:

1. English language arts, including reading, composition, creative writing, English grammar, and spelling.
2. Mathematics.
3. Social studies, including:
 - a. The United States Constitution;
 - b. United States history;
 - c. Geography;
 - d. Government; and
 - e. North Dakota studies, with an emphasis on the geography, history, and agriculture of this state, in the fourth and eighth grades.
4. Science, including agriculture.
5. Physical education.
6. Health, including physiology, hygiene, disease control, and the nature and effects of alcohol, tobacco, and narcotics.

15.1-21-02. High schools - Required units.

1. In order to be approved by the superintendent of public instruction, each public and nonpublic high school shall make available to each student:
 - a. Four units of English language arts;
 - b. Four units of mathematics;
 - c. Four units of science;
 - d. Four units of social studies, including one of world history and one of United States history;
 - e. One-half unit of health;
 - f. One-half unit of physical education during each school year, provided that once every four years the unit must be a concept-based fitness class that includes instruction in the assessment, improvement, and maintenance of personal fitness;
 - g. Two units of fine arts, at least one of which must be music;
 - h. Two units of the same foreign language; and
 - i. Two units of career and technical education.

2. In addition to the requirements of subsection 1, each public and nonpublic high school shall make available to each student, at least once every two years, one-half unit of North Dakota studies, with an emphasis on the geography, history, and agriculture of this state.
3. Each unit which must be made available under this section must meet or exceed the state content standards.
4. For purposes of this section, unless the context otherwise requires, "make available" means that:
 - a. Each public high school and nonpublic high school shall allow students to select units over the course of a high school career from a list that includes at least those required by this section;
 - b. If a student selects a unit from the list required by this section, the public high school or the nonpublic high school shall provide the unit to the student; and
 - c. The unit may be provided to the student through any delivery method not contrary to state law and may include classroom or individual instruction and distance learning options, including interactive video, computer instruction, correspondence courses, and postsecondary enrollment under chapter 15.1-25.
5. The board of a school district may not impose any fees or charges upon a student for the provision of or participation in units as provided in this section, other than the fees permitted by section 15.1-09-36.
6. If in order to meet the minimum requirements of this section a school district includes academic courses offered by a postsecondary institution under chapter 15.1-25, the school district shall:
 - a. Pay all costs of the student's attendance, except those fees that are permissible under section 15.1-09-36; and
 - b. Transport the student to and from the location at which the course is offered or provide mileage reimbursement to the student if transportation is provided by the student or the student's family.
7. The requirements of this section do not apply to alternative high schools or alternative high school education programs.
8. The requirements of subdivisions g and h of subsection 1 do not apply to the North Dakota youth correctional center.

15.1-21-02.1. High school graduation requirements. Before a school district, a nonpublic high school, or the center for distance education issues a high school diploma to a student, the student must have successfully completed at least twenty-one units of high school coursework from the minimum required curriculum offerings established by section 15.1-21-02. Beginning with the 2009-10 school year, the number of units required by this section increases to twenty-two and beginning with the 2011-12 school year, the number of units required by this section increases to twenty-four.

15.1-21-02.2. High school coursework requirements.

1. Beginning with the 2008-09 school year, no student may graduate from a high school in this state unless the student demonstrates successful completion of the following:

- a. Four units of English language arts;
 - b. Two units of mathematics;
 - c. Two units of science;
 - d. Three units of social studies, which may include one-half unit of North Dakota studies and one-half unit of multicultural studies;
 - e. One unit of physical education, which may include up to one-half unit of health; and
 - f. One unit of a foreign or native American language, fine arts, or career and technical education.
2. The superintendent of public instruction shall work with each school district to identify course offerings that meet the requirements of subdivisions a through f of subsection 1.
 3. Before September first of each year, each school district shall file a copy of its graduation requirements with the superintendent of public instruction.
 4. A school district may not reduce its graduation requirements below those in existence on June 30, 2007.