

**Formal Written Testimony  
from  
Greater Washington Jump\$tart  
for  
DC Council Hearing on Financial Literacy**

***January 23, 2008***

Today, America's youth face an increasingly sophisticated and complex financial marketplace, with increased pressure from all sides to "buy" more and to use consumer credit to finance day-to-day expenditures. These forces promote a sense of financial insecurity and reinforce negative behaviors. Many young people have out-of-control spending problems and credit troubles even before graduating from college. They face financial pressures living on their own and uncertainty preparing for retirement that their parents didn't face as they were starting out. Now more than ever, young people need management to help them build a secure financial future.

There must be a sense of urgency to establish financial literacy programs integrated in the curriculum of all schools to effectively build awareness and skills, and influence positive consumer behavior that is so needed today. Children, as young as elementary and middle school age, witness economic hardships in their own families because adults in their lives face mounting debts, foreclosures, and bankruptcies. Young people need financial knowledge, tools, and hands-on, practical experience in wise money management to help them build a secure finance future.

Statistics and the media speak to the financial crises that exist among American adults: The Federal Reserve Board stated that consumer debt has exceeded \$2.4 trillion as of May 2007. According to the Bureau of Economic Analysis, personal savings for Americans in May 2007 was negative \$139.8 billion, a figure \$18 billion larger than the previous month. The Retirement Confidence Survey conducted by the Employee Benefit Research Institute showed that fewer than 50% of our nation's workers have retirement savings and investments over \$25,000. With companies shifting the responsibility of investing for retirement to the employees, it is critical that our youth will have the ability to make informed investment decisions along with starting a job or career.

The most practical solution for encouraging and equipping youth of the District of Columbia to make sound money management choices is through an established financial education program in the District's schools. Although many non-profit providers and other partners in the financial industry offer financial education or resources, our nation's schools are ultimately the best providers of financial literacy programs. The effect of financial education in the District's schools will be empowering our youth and improving our nation's economy.

Councilmember Mary Cheh's "The Financial Literacy Council Establishment Act of 2007" is a good first step toward providing the District's youth with the tools to understand and manage their financial resources wisely. We commend Councilmember Cheh for spearheading these efforts, with the recognition that the District's Public School system faces many challenges in providing a financial educational curriculum.

### **I. The Need for Financial Education**

Recently, many challenges facing the District of Columbia Public School system has been noted. We are aware of the work that needs to be done, and we encourage you to ensure that financial education is a crucial component of the improvement efforts that will be formulated in the coming months. Financial education needs to be considered of high importance to a well-rounded educational curriculum, with an emphasis on teaching students about savings, managing expenses, using credit responsibly, buying a home, and investing for their future.

The state of financial literacy among our youth nationally speaks directly to the need for financial education here in the District. The Jump\$tart Coalition for Personal Financial Literacy's 2006 survey shows that of the approximately 5,700 high school seniors tested nationwide, the participants scored slightly above 52% on a test of very basic financial literacy skills. Results from this survey also indicate that some populations are falling even further behind. The survey revealed at least a 10 percent gap in knowledge between white students (average score of 55 percent), African American students (average score of 44.7 percent) and Hispanic students (average score of 46.8 percent).

Compounding these problems, many states are not living up to what is needed in the realm of financial education. In 2007, the National Council on Economic Education released a survey of the states on Economic, Personal Finance and Entrepreneurship Education that points to the need for better progress, given the commitments made by the states to offer or require personal finance and economic education in our nation's schools. Personal Finance is now included, to at least some extent, in the educational standards of 40 states; 28 states require these standards to be implemented. Only seven (7) states require students to take a personal finance course as a high school graduation requirement and only nine (9) states require the testing of student knowledge in personal finance.

### **II. The Greater Washington Jump\$tart Coalition for Personal Financial Literacy**

The Greater Washington Jump\$tart (Jumpstart) Coalition is an inclusive, non-profit organization with over fifty individuals and organizations representing business, not-for-profit, government and education. We have joined forces to form a local coalition in an effort to coordinate and streamline the process of improving the personal financial

literacy of schoolchildren and young adults in the Greater Washington, D.C. region, particularly in the District. GWJ\$ seeks to encourage public awareness, enhance professional development, facilitate partnerships (business, government, schools, non-profits), and promote the resources and activities of member organizations.

Jump\$start believes that personal finance needs to be part of every student's education in Kindergarten through college. We believe standards-based classroom education is important. Jump\$start currently maintains the National Standards in K-12 Personal Finance Education and believes it's important to have benchmarks wherewith to track the progress that is made. There is already a plethora of personal finance curriculum that already exists; therefore, we encourage efforts that concentrate on implementation and distribution, rather than the creation of new materials. Jump\$start operates an online clearinghouse to help parents and educators find these existing resources.

### **III. Members of the Commission**

We highly recommend that the Advisory Council be inclusive of individuals with a background in financial education and practical experience teaching and delivering financial topics to both students & adults. To best serve the diverse needs of the District's population, ideally Advisory Council members should be drawn from the many sectors engaged in financial education delivery and dissemination, including non-profits (NGOs), corporations, associations, and government entities. This diversity of opinions will strengthen and enhance the individual(s) charged with advising and implementing financial education for the District of Columbia.

### **IV. Coordination & Communication**

As the commission is formed and begins, it is imperative that there is coordination and communication with all of the various groups, entities, DCPS, the DC Council and all others that are involved. We would encourage the Council to appoint a coordinator within the DC government to serve as point person for all of the District's financial education communication and coordination. It is probably most reasonable to assign a current employee who already has a passion for financial literacy, and therefore, this person would also have the most interest and ability in coordinating and communicating the information between all of the involved parties.

Best practices can be taken from states that have begun the process of integrating financial education. For example, Pennsylvania has an office of financial education housed in the state government under the direction of the governor. There is one person charged with the task of providing, implementing, and monitoring the progress of financial education within the state. Another example, Virginia, is working to include financial education as a standard of learning so that teachers have the opportunity and incentive to teach this vital information in the classroom. By discovering and sharing best practices from other states that are already working on increasing financial literacy, the District will be able to piece together a program that will be unique for the District of Columbia, but that builds on the successes, failures, and lessons learned through other financial education efforts. For more information on best practices, go to

[www.qwjumpstart.org](http://www.qwjumpstart.org)

### **V. Plans with Benchmarks & Actions**

While attention is now being paid to the lack of financial proficiency among today's young people, the problem will not resolve itself. In order to determine and implement practical solutions that will teach and help prepare D.C.'s youngest citizens for financial success in life, we must determine where our students fall in the continuum of knowledge related to personal finance skills. What better way than taking advantage of an unbiased, proven method of measurement that would cost little to no real money for the District's public schools or the D.C. government?

The Jump\$tart Coalition for Personal Financial Literacy's 2008 survey is available for all school districts across the United States to test their students' financial literacy aptitude. We encourage and would support the District in the testing of students' for this vital information. The test is free of charge and is offered once every two years. This testing sets an important foundation and benchmark as the commission embarks on its financial literacy campaign. We have provided copies of the Jump\$tart Coalition® Standards for Personal Finance and will be pleased to provide and support the commission with any further information that is needed.

We, as the collective body of Greater Washington Jump\$tart, applaud the DC Council for taking the first steps toward increasing financial literacy in the Washington, DC area. We encourage the Council to designate a point person within the D.C. government who will spearhead these important financial education initiatives and ensure communication and cooperation among DCPS, the public, and supporting organizations. Given finite District resources, it makes sense to focus financial education in the high schools. These young people will benefit most immediately. As soon as possible, we believe the initiative must expand into all grades, Kindergarten through 12<sup>th</sup> grade. It is vitally important that Washington, D.C. schools begin teaching students about finances and help prepare them for their future. Thank you for addressing this important concern. I would be happy to answer any questions.

## Addendum

### **I. Greater Washington Jump\$tart Coalition Spokespersons**

- Mary Bell, Board Member (Financial Planning Association)
- Susie Irvine, Board Member (American Financial Services Association)
- Sharon Jones, Board Member (Citibank, N.A.)
- Peter Thomson, Board Chair (Citi Smith Barney)

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### **Attachments:**

1. National Jump\$tart Letter to US Financial Literacy & Education Commission (FLEC)
2. Standards by National Jump\$tart for Financial Education
3. Calendar by National Jump\$tart for 2008 Survey of Financial Literacy