

Basic economic skills sorely lacking among U.S. students

Ignorant of Life 101 skills, teenagers remain vulnerable to opportunistic marketers

Financial literacy is the most vital overlooked skill in today's schools, according to economic and education experts. Educators and businesspeople alike gathered Thursday at the National Council on Economic Education's annual summit in Washington, D.C., to discuss the state of economics and finance education and its effect on America's future economic stability. "How can we be the largest capitalist country in the world and no one is teaching our children Life 101 skills?" asked John Bryant, chairman and CEO of Operation HOPE, the country's first nonprofit social investment firm.

Reps. Judy Biggert, R-Ill., and Rubèn Hinojosa, D-Texas, last month launched the Congressional Caucus on Financial and Economic Literacy, building on a commission of the same name established in 2003 under the Fair and Accurate Credit Transactions Act. "If I had my best wish, it would go even further," to promote state and local community workshops and mentor programs between businesspeople and schools, Biggert said. "Together I think we are going to improve the economic attitudes of Americans of all ages," she added.

Ownership society?

The financial literacy of students will drive some of today's most high-profile political issues, from home ownership to revamping Social Security, according to Operation HOPE's Bryant. "You can put someone in a home, as the president wants to do ... but you cannot keep them in a home if they are not financially literate," he said. "How can we ask someone to manage their own Social Security accounts if they cannot manage their own checking accounts?"

According to the Pew Trust, the net worth of a black middle-class person is \$8,000, but the net worth of a white person of the same income is \$88,000. "The difference is financial literacy," Bryant said, noting the white counterpart is more likely to own a home, savings and investment accounts. "We have stopped calling these people low income. It's not about making more money, it's about making better decisions with the money you have," he said.

High school students represent one of the largest and most sought-after consumer groups in the nation - and one of the least knowledgeable about how the market and their own finances work, panelists said.

Rep. Earl Pomeroy, D-N.D., said the fastest growing group filing bankruptcy was high school to college-aged young people, with 83 percent holding credit-card debt. "I think of young people graduating with no idea of personal finance, showered with credit card applications in their first week of college," he said. "We need economic education to be mandatory. It's a long push, but we've got to start somewhere."

To make students truly money-wise, economics must be more than a dry academic discussion or a single required high school credit, according to Stephanie Sanford, education senior policy officer for the Bill & Melinda Gates Foundation.

"We need to get away from notions of curriculum and arguments over what goes in and what goes out," Sanford said. "Ultimately, we are going to have to integrate financial literacy across all disciplines."

For more information, see the National Council on Economic Education Web site at www.ncee.net.

-Sarah Sparks Sorry state

Schools are just beginning to take financial education more seriously, according to the National Council on Economic Education's annual State Report Cards, released Thursday. Only about one in three high school students

takes an economics course before graduation, though 49 states and Washington, D.C., include economics in their education requirements (see chart, p. 5). Thirtyeight states include personal finance in their education standards; up from 31 states in 2002, yet only eight require schools to include finance in their curriculum. The survey builds upon the NCEE's 1999 public survey, which found that less than half of American high school students show a basic understanding of economic concepts such as inflation, gross domestic product or the national budget deficit. "We must teach the skills that every young person needs to make good economic choices," said Sen. Daniel Akaka, D-Hawaii. However, the four states with the largest public school populations - California, Texas, New York and Florida - all now require students to take an economics course before graduating. Alabama requires a

personal finance course to be taught in middle school.

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