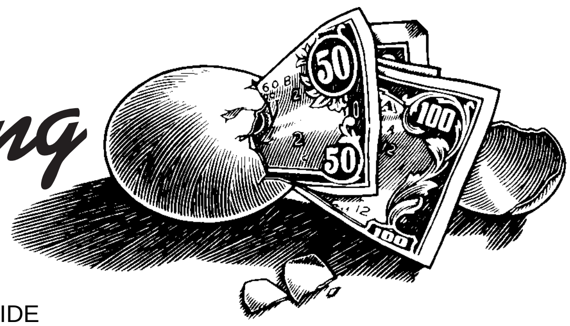
High School Financial Planning Program



STATEWIDE NEWSBITS

Spring 2003

Prom night: Just how much is it worth?

Students spent as much as $875 on prom expenses in 2002, according to Debra Pankow, North Dakota State University family economics specialist. This figure is not indicative of the average prom night; however, it does provide valuable insight on just how far some students are willing to go.

Based on a survey of 105 boys and 150 girls who attended prom last year, the average total cost was $235.29 and $298.89, respectively. Although this is a far cry from $875, it is nevertheless a considerable amount of money that must be properly budgeted to prevent financial burden.

Young men and women can learn a valuable financial life lesson by budgeting and planning for prom expenses. The following tips can prevent overspending:

- Plan in advance.
- Be selective when choosing the prom activities in which you wish to participate.
- Have a meeting with your parents and date to decide on a reasonable spending limit.
- Discuss who is responsible for each expense.

Who was responsible for paying prom bills in 2002? According to the survey, if you were female, your parents were more likely to foot the bill than if you were male. Parents paid total costs for 28.4 percent of girls, whereas only 12.7 percent of boys shared the same luxury. Nearly half (46.1 percent) of the boys paid for expenses by themselves.

Expenses for females consisted primarily of clothes, appearance, flowers and extras at an average of $249.25, and for males, $172.09. Males did, however, pay more for actual prom costs (tickets, transportation, eating out) at $55.95 in comparison to females at $44.46. Likewise, post-prom expenses were slightly higher for males than females.

For more details about the NDSU Extension Prom Costs Survey, contact your local extension agent or Pankow at (701) 231-8593. Teachers who would like to use prom expense planning to teach basic money management concepts may wish to request the prom spending lesson plans.

Financial champions: Building future financial capacity for youth

The declining financial literacy among teen-agers is now well-documented (Teenage Research Unlimited, 2002; Jump$tart Coalition, 1997 and 2002; Americans for Consumer Education Competition (ACE), 2001). However, hope is not lost as efforts are being made to ensure that financial education programs are established or funded to fill the educational gap on financial literacy.

Several methods have been used to provide educational resources for schools to teach finance skills. The Jump$tart coalition Web site at *www.jumpstartcoalition.org* has over 350 listings on teaching resources. The education bill signed by President Bush Jan, 8, 2002, established funds which will benefit consumer, economic and personal finance education topics. The Office of Financial Education (OFE), created May 7, 2002, by the U.S. Treasury Department, is charged with developing and implementing a financial education policy, which is another boost to financial education.

Financial Champions is an experiential curriculum that uses two youth guides, a helper's guide and an interactive Web game in formal and informal educational settings. The guides include Money Fundamentals, Money Moves and the Helper's Guide.

NDSU EXTENSION SERVICE

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Money Fundamentals helps youth identify their money personalities and what they think about money. Money Moves offers activities on banking and investing, credits, advertising, handling money and how to be an effective consumer. The Helper's Guide gives ideas and activities that support information learned from the youth guides. **Financial Champions** is available from the Cooperative Curriculum System Web site *www.n4hccs.ort* . The interactive Web game may be accessed at *http://pa4h.cas.psu.edu/FinancialChampions/* .

Positive experience through teen-age employment

Teen-agers often work in part-time employment during the school year and during the holidays. Patten (2001) reports that 34 percent of 14- to 17-year-olds are employed at least for some time during the year. For example, 27 percent work 10 or fewer weeks in a year; 39 percent work more than 10 weeks per year and fewer than 20 hours per week; and 34 percent work more than 10 weeks per year and more than 20 hours per week.

What is the value of employment to teen-agers? Patten (2001) indicates that part-time jobs for high school students can encourage independence, responsibility and good work habits. Some jobs can help students discover their interests and develop knowledge and skills for future careers. Jobs may also expose students to positive role models.

When students work in jobs similar to official school programs (work-based learning programs), they are provided with opportunities for increasing knowledge and skills for employment in particular future occupations. Such work programs overcome the negative impact that working long hours may have on academic achievement. It is also noted that students who take part in work-based programs have higher college entrance rates compared to students who do not participate in such programs.

Teen-age employment provides opportunity to develop good work habits early in life, gain experience for future jobs and develop self reliance (Simpson, 2002). High school students are increasingly seeking jobs and work that will provide experience to work in the real world. Internships and mentoring programs, for instance, provide work experience and skills that teen-agers need in real life work environments. High school students can gain from part-time employment but may need guidance to seek working opportunities that provide positive work experience.

Sources: Patten, Peggy (2001). Teenagers: Employment and Money Management. Retrieved from http:///npin.org/pnews/2001/pnew1101/int1101chtml

Simpson, M. New Trends in Teen Employment. http://pihraonline.org/pihrascope/0302feeat3.html *(Penn State)*

Financial literacy: Teen spending rises as money management skills decline

Teen-age spending is on the increase, according to a study conducted by Teenage Research Unlimited (TRU). In 2002, U.S. teens will have spent an estimated $17 billion more than in the year 2000. The results from the study also reveal that teen consumers spend, on average, $104 per week.

While teens have access to more money, they are reported to lack knowledge and skills to spend their money wisely. High school students, according to Jump$tart Coalition for Personal Financial Literacy, have little knowledge on financial aspects such as credit cards, insurance and personal financial information. A 2002 survey by Jump$tart Coalition on 12th graders in 183 schools in the U.S. further indicates that only 50.2 percent of the students answered questions on financial literacy correctly compared to 51.9 percent in 2000 and 57.3 percent in 1997.

This decline in financial literacy is a challenge to all educators in high school to provide more time and activities that will equip teens with skills and knowledge on personal finance and money management. Mandell (2001) suggests that interactive and reality-based courses on money management provide intensive and applied learning in personal finance and are effective means of developing financially savvy teen-agers. Mandell further recommends that high school is the most appropriate time and place for meaningful teaching of personal fiancé to young people. Effective instruction in schools may be the only way to counteract low financial literacy and to provide students with skills that will enable them to survive in the economy.

Sources: www.uaex.edu/Other_Areas/news/April2000/0426jump.asp

Mandell (2001). Improving Financial Literacy

Thanks to Penn State Cooperative Extension

Multiple intelligences: learn by doing

From the 1980s, a decade of research about how the brain learns shows us quite clearly that students learn in a variety of ways. Researchers have discovered that we all possess at least eight different types of intelligences.

The challenge for the classroom teacher is to deliver learning experiences about financial planning that touch as many of these intelligences as possible in a 60- to 120- minute time period.

To address as many of the different learning styles as possible, each unit of the HSFPP *Instructor's Manual* includes a section entitled "Learn by Doing." Each of these sections has at least two lesson plans aimed at heavily involving students in the learning process. This approach relieves the instructor of the burden of being the content "expert."

Each lesson is broken into four phases: inquire, gather, process and apply.

- **INQUIRE:** Students share and communicate what they already know about a topic.
- **GATHER**: Students investigate and discover new information about the topic. In essence, this is the time when students put their research skills to work just as they will later in life when they face problems as adults.
- **PROCESS**: Students learn to make sense of all the information from the

inquire and *gather* phases by using it or acting upon it.

- **APPLY**: Students transfer what they have learned about the topic to real life outside the four walls of the classroom.

What kids want to know about financial management

Teens have access to, and are spending, about $141 billion each year. Yet, research indicates that their financial literacy is low. A California survey administered to 323 teens from four communities included probationary or juvenile hall teens; teens participating in migrant education or pregnant and parenting programs; teens in public high schools; and teens participating in youth groups. The survey asked how they use their money, what types of financial information they would like to receive and how they would like to receive that information.

Results of the survey suggest that teens were satisfied with the way they were spending their money, with 59 percent indicating they had enough money to cover their needs. While a majority (64 percent) indicated that using their money to buy the things they need made money important to them, there were differences among the groups (93 percent of pregnant teens vs. only 44 percent of youth group teens, 57 percent public school teens and 61 percent of migrant teens). Other differences between the groups were identified as well.

Most teens (56 percent) agreed that school is the best setting for learning about money topics, with migrant teens indicating a preference for learning from groups outside of school. Magazines or newsletters delivered at home (41 percent) and Web pages (20 percent) were less desirable delivery methods. The authors (K. Varcoe, S. Peterson, C. Garrett, A. Martin, P. Rene and C. Costello) conclude that it's important to determine the most appealing or appropriate method for delivery of educational material as teens in differing circumstances have different interests.

Source: Journal of Family and Consumer Sciences, Volume 93, #2, "What Teens Want to Know About Financial Management," pp. 30-34.

The importance of financial education and literacy

Federal Reserve Board Chairman Alan Greenspan addressed the National Council on Economic Education (via videoconference) Oct. 26, 2001. Greenspan pointed out that data to measure the efficacy of financial education are not plentiful, but the limited research that is available is encouraging. He mentioned the National Endowment for Financial Education High School Financial Planning Program. The HSFPP has documented improved student knowledge, behavior and confidence with respect to personal finance and has resulted in increased savings. Improving basic financial education at the elementary and secondary school levels can provide a foundation for financial literacy, and help younger people avoid poor financial decisions that can take years to overcome.

Source: Rutgers Cooperative Extension

Creating an interest in interest

The TIAA-CREF Institute has released "Creating an Interest in Interest," a four-page parent guide to teach teens (ages 14-17) about compound interest. The guide includes lessons and activities to introduce and reinforce the concept of compounding interest. Learning objectives: define and explain the concept of compound interest; understand that investing or saving helps you to stay ahead of inflation; and recognize that saving and investing can help you reach financial goals.

In addition to "Creating an Interest in Interest," the Web site *www.tiaacrefinstitute.org/Data/surveys/ps_docpg.htm* also includes an interactive savings goal calculator and information about the 2001 Parents and Money Survey.

Source: Family Economic News November 2001

Thanks to: Rutgers Cooperative Extension of Sussex County, 3 High Street First Floor, Newton, NJ 07860

Invest North Dakota Teacher Seminar

July 14-18, 2003, University of Mary, Bismarck

INVEST NORTH DAKOTA is a valuable seminar for all North Dakota teachers from elementary through high school.

This seminar is designed to assist teachers in presenting personal financial planning and management topics to their students. In addition to presentations by business, education and professional leaders, teachers will receive valuable resources and training for curriculum strategies.

The INVEST NORTH DAKOTA teacher seminar will begin at 1 p.m. Monday, July 14, and conclude at noon Friday, July 18. This 30-hour program will allow teachers to receive two graduate credits (S/U grading) through NDSU, UND or MiSU. The seminar will be held on the campus of the University of Mary in Bismarck.

The North Dakota Securities Department sponsors INVEST NORTH DAKOTA. Teachers will be asked to submit a $50 non-refundable reservation fee. All other expenses, including tuition costs, seminar materials, dormitory lodging and some meals for the four days are FREE to teachers who complete the seminar. THE SEMINAR IS LIMITIED TO 150 PARTICIPANTS.

For registration information, contact the North Dakota Securities Department at (701) 328-2910 or 1-800-297-5124 or e-mail *seccom@state.nd.us* . A schedule of the program and registration form is also available on the Web site of the North Dakota Securities Department at *www.ndsecurities.com* (go into Education link). Deadline for registration is July 2, 2003.

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Does education pay off?

Source: HSFPP Newsletter, "Financial Focus," Joyce Jones, Oklahoma Cooperative Extension Service Does going to school pay off? A recent Census Bureau report indicates that yes, more education tends to equate with higher average annual earnings.

Using data for 1997 through 1999, average annual earnings for all workers age 25 to 64 ranged from $18,900 for high school dropouts to $99,300 for the holders of professional degrees (medical doctors, dentists, veterinarians and lawyers).

Work experience also influences earnings. Average earnings for people who worked full-time, year-round were somewhat higher than those for all workers (which include people who work part time or part of the year).

It's important to remember that commitment to working full-time, year-round varied by demographic factors such as educational attainment, sex and age. For instance, high school dropouts are less likely than those with bachelor's degrees to work full time and year-round (65 percent and 77 percent, respectively). However, regardless of work experience, the education advantage seems to remain.