

Meeting a Critical Need:  
How a Blended Learning  
Financial Literacy Program  
Transforms Student Attitudes  
Toward Money Management



Why a Knowledge of Personal Finance  
Is Essential

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U.S. Students Rank Below Average  
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A Brighter Future



## Meeting a Critical Need: Financial Literacy Program Transforms Student Attitudes Toward Money Management

There is an urgent need for financial literacy education in the nation's high schools.

If students want to have a future that is financially secure, in which they are making smart decisions with their money and are able to achieve their goals, they must learn basic financial literacy skills.

Yet, according to the Organization for Economic Cooperation and Development (OECD), 73 percent of young adults in the United States don't know about concepts such as inflation or risk diversification and can't do simple interest calculations.<sup>1</sup> The Council for Economic Education has found that only 22 U.S. states currently require high school students to take a course in economics, and just 17 states require a course in personal finance.<sup>2</sup>

*JA Personal Finance*® Blended Model is a financial literacy curriculum that aims to help fill this void. Created by the nonprofit Junior Achievement with funding from American Honda Finance—making it free to schools—the curriculum is intended to be delivered through a blended-learning model using both online and face-to-face instruction.

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<sup>1</sup> OECD, *Financial Education in Schools* (2012). Retrieved from [https://www.oecd.org/finance/financial-education/FinEdSchool\\_web.pdf](https://www.oecd.org/finance/financial-education/FinEdSchool_web.pdf).

<sup>2</sup> Council for Economic Education, *Survey of the States* (2018). Retrieved from <https://www.councilforeconed.org/wp-content/uploads/2018/02/2018-SOS-Layout-18.pdf>.



Research on the effectiveness of financial literacy education has shown mixed results overall, but one analysis found that if a rigorous financial education program is carefully implemented, it can improve young adults' credit scores and lower their chances of delinquency.<sup>3</sup> And indeed, a scientific evaluation of the *JA Personal Finance* Blended Model curriculum in action revealed that students not only learn important concepts, but they are more likely to change their behavior after experiencing the program.

This white paper will examine the need for financial literacy education in more detail. It will discuss how *JA Personal Finance* Blended Model meets this vital need, and it will look at how research indicates the program is giving young people the knowledge and skills they need to take ownership of their economic success.

## Why a Knowledge of Personal Finance Is Essential

You don't have to look very far to find news reports about the alarming number of people who have racked up huge debt, who are living beyond their means, or who are failing to save enough money even for basic emergencies.

For instance, 40 percent of American adults don't have enough savings to cover an unexpected \$400 expense such as a medical bill or car repair—and 22 percent aren't able to pay all of their bills every month. Only 38 percent of non-retired Americans think their retirement savings are “on track.”<sup>4</sup>

U.S. credit card debt continues to rise, growing from \$857 billion in 2013 to \$1.03 trillion by the end of 2017.<sup>5</sup> Meanwhile, Americans are graduating from college with more student loan debt than ever before. The average student loan debt for those graduating from college in 2017 was \$39,400, up 6 percent from the previous year. An estimated 44.2 million Americans have student loan debt totaling \$1.48 trillion, and 11 percent of college graduates are delinquent on their student loans.<sup>6</sup>

### Report on Americans' Financial Health

**40%** can't cover an unexpected \$400 expense

**22%** can't pay all monthly bills

**Only 38%** feel retirement savings are “on track”

<sup>3</sup> Urban, C., Schmeiser, M., Collins, J.M., and Brown, A. “State Financial Education Mandates: It's All in the Implementation.” *Insights: Financial Capability*, Jan. 2015. Retrieved from <http://www.finra.org/sites/default/files/investoreducationfoundation.pdf>.

<sup>4</sup> Long, Heather. “The alarming statistics that show the U.S. economy isn't as good as it seems.” *The Washington Post*, May 25, 2018. Retrieved from <https://www.councilforeconed.org/wp-content/uploads/2018/02/2018-SOS-Layout-18.pdf>.

<sup>5</sup> Student Loan Hero, “Credit Card and Household Debt Statistics—the Latest for 2018.” Retrieved from <https://studentloanhero.com/average-credit-card-household-debt-statistics/>.

<sup>6</sup> Student Loan Hero, “A Look at the Shocking Student Loan Debt Statistics for 2018.” Retrieved from <https://studentloanhero.com/student-loan-debt-statistics/>.



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Students who learn financial literacy are less likely to make poor or risky choices that could get them into trouble with their finances. In contrast, those with low financial literacy are more likely to overextend themselves and carry a credit card balance, and so they end up spending more in interest. They also tend to save or invest less frequently, and they are more likely to have poor credit scores. As a result, they have a harder time achieving their financial goals.

Making matters worse is that financial decisions are becoming more complicated. Consumers today have many choices for borrowing, investing, and saving their money, and these offerings are becoming increasingly sophisticated. What's more, the financial landscape is growing more volatile, with global participants, electronic trading, and many factors that can influence the markets. For these reasons, it can be challenging to create and implement a sensible personal finance plan.

When students have a solid understanding of personal finance principles, they are better equipped to navigate these complex decisions, which sets them up for future success.



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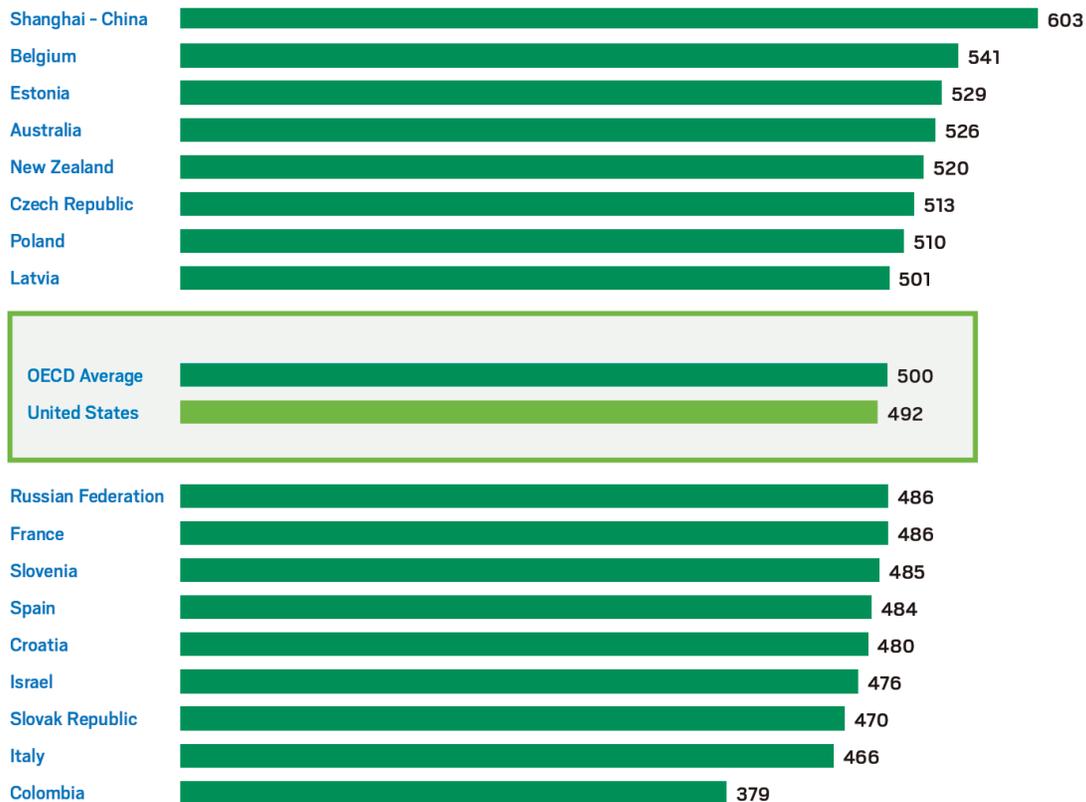
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## U.S. Students Rank Below Average in Financial Literacy

In 2012, nearly 30,000 15-year-olds from 18 countries took part in the first large-scale global assessment of students' financial literacy. More than one in six students in the United States failed to reach the baseline level of proficiency in the exam. Overall, U.S. students fell among the middle of the pack worldwide.

### Programme for International Student Assessment (PISA) Results Mean Financial Literacy Score of 15-year-olds



Source: Council for Economic Education, *2016 Survey of the States*:  
<https://www.councilforeconed.org/wp-content/uploads/2016/02/sos-16-final.pdf>



## Understanding Financial Literacy through Experiential Learning

Through *JA Personal Finance* Blended Model, students learn how the financial decisions they make affect their economic well-being. They learn sound money management strategies, and they develop a strong foundation of knowledge about earning, employment, and income; how to budget and save; what it means to manage their credit and debt; consumer protection measures and how to safeguard their identity; smart shopping; risk management; and investing. After experiencing the program, students understand how their personal finances affect their quality of life.



The program consists of eight 45-minute sessions. Instruction is delivered by a JA volunteer in cooperation with a classroom teacher. The lessons correlate with state standards in social studies, English, and math.

Each class begins with an icebreaker activity, such as a short video clip introducing the lesson. Then, there is a group discussion to get students thinking about the topic. The volunteer presents information to the whole class, and then the session moves into experiential learning, with students working through online activities either one-on-one or in small groups.

When students are learning about credit and debt, for example, there is an online activity in which they assume the role of a bank executive. Students are given profiles of fictional people, and they must decide whether they would approve or turn down each person for a loan. Within small groups, students must explain their decisions.



# Meeting a Critical Need: Financial Literacy Program Transforms Student Attitudes Toward Money Management



“We try to get students to think like lenders: What does it mean to be credit-worthy?” says Beth Zemble, who helped develop the program for JA. “In the process, students learn what banks are looking for—and how they should manage their own personal finances in turn.”

Schools can implement the program in any grade from 9-12, in a manner that fits in within their local curriculum.

## The Role of Volunteers

What makes *JA Personal Finance* Blended Model unique is the use of JA volunteers to deliver instruction.

**“I try to stress to students that they are making a series of decisions that will affect the rest of their lives.”**

“Our volunteers are community members, many of whom have experience in business or finance. They are able to share their authentic, real-world experiences as they guide students through the curriculum,” says Mary Catherine (“MC”) Desrosiers, senior vice president of education and learning technologies for JA.

Junior Achievement has 107 area offices serving all 50 states, and these offices match JA’s 237,000-plus volunteers with local schools that are interested in implementing the curriculum.

Rick Coleman is a JA volunteer in Tampa, Florida. He received his bachelor’s degree in accounting and worked for a large CPA firm and a natural gas company before spending the bulk of his career as the chief financial officer for a major supermarket chain. Coleman retired from this position six years ago, and he has been a JA volunteer ever since.

“I was reading horror stories about millennials getting into trouble with their finances, and so I contacted the local JA office to see how I could help,” he says. “When you’re in high school, you tend to think that you’re bulletproof. I try to stress to students that they are making a series of decisions that will affect the rest of their lives.”

Like all of JA’s volunteers, Coleman shares stories from his own experiences in the world of finance—and he tries to connect with students using language they can relate to.

“I’ll tell students: When you graduate, you’re getting a \$2.6 million lottery ticket. That’s the average earnings of someone in the United States over their lifetime,” he says. “You can either invest this money and use it wisely, or waste it and end up broke.”

Coleman sees great value in providing these lessons to students. “When I attended high school, I didn’t get any of this information,” he observes. “No one ever discussed personal finance with me. It’s really a life skill that has been largely ignored by society.”



## Evidence of Success

An independent evaluation of *JA Personal Finance* Blended Model confirms that the program is making a difference. Students not only learn important content by participating in the program, but their attitudes toward personal finance evolve as well, indicating a lasting change in behavior.

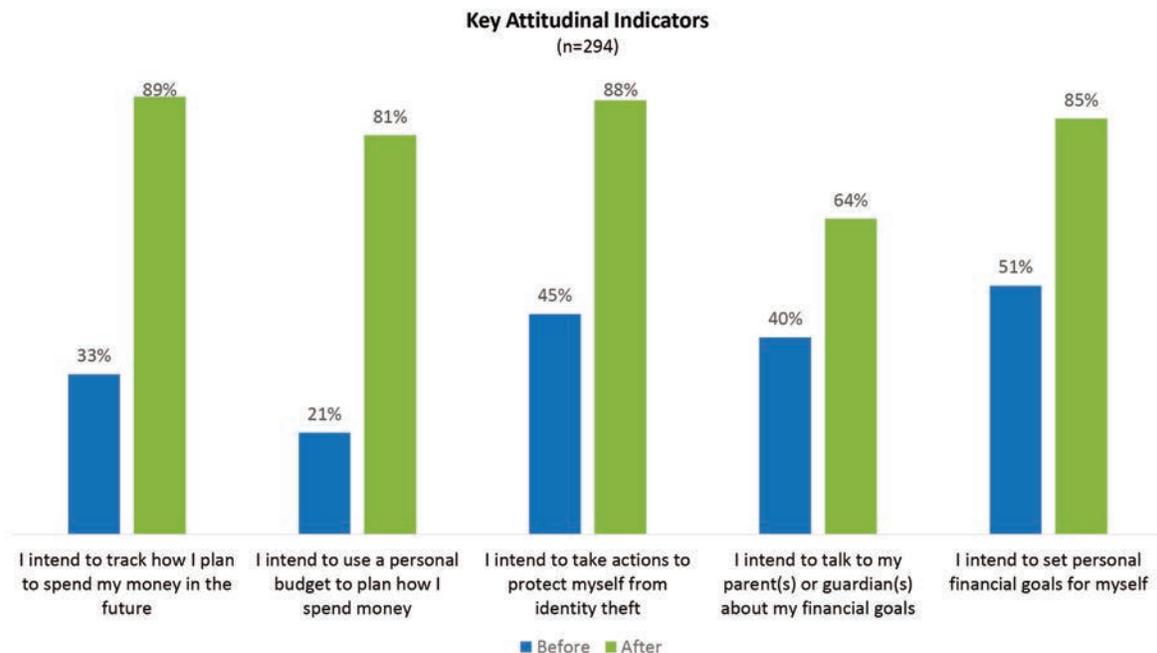
Conducted by Cicero Social Impact, the study examined survey and interview data from students, teachers, volunteers, and local JA staff from five geographic areas.

According to evaluators, teachers and volunteers overwhelmingly agree (93 percent) that the program has a positive impact on students. Eighty-seven percent of teachers and volunteers say the program increases students’ financial knowledge, and the same percentage agrees that it helps prepare students to make good decisions about their futures.

These findings were confirmed by examining the effect of the program on students’ knowledge and attitudes. The study reveals that 82 percent of students experienced an increase in knowledge over the course of the program, and 89 percent had a more positive attitude about personal finance after completing it.

For example, here is how students’ attitudes toward budgeting changed after they took part in the program:

### Impact on Students: Attitudes





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Surveys and interviews with teachers and volunteers suggest that the program's blended format helps drive student interest and engagement in the content. "You have to incorporate the technology [that students] utilize to be as effective as you want to be," one volunteer said. "I think it's critical to involve the interactive component in education."

### Other statements that teachers and volunteers made about the program include:

*"Student knowledge increased noticeably. [One] student said that she could save money over time and buy a car instead of getting her nails done all the time."*

*"[Students like] the real-world application. They like the parts about making smart decisions about their future."*

*"It was gratifying to see the students engage with the program content meaningfully. For instance, a couple of students said that they spoke to their parents and shared what they would do about their personal finances."*

*"Most kids don't understand how credit card debt works. Taking them through what it takes to pay off \$10,000 over 30 years was fascinating. It was like a light bulb went off."*

## A Brighter Future

Financial literacy is a key that unlocks a brighter future for all students. Personal finance education gives students the information they need to make better decisions about their finances, allowing them to reach their goals more effectively. But numerous sources indicate that many students aren't learning these critical skills before they graduate.

*JA Personal Finance* Blended Model is helping to fill this need in schools nationwide. The program uses a blend of online and face-to-face instruction, supported by opportunities for experiential learning and aided by volunteers who share their own personal finance stories. An independent evaluation shows the program has a positive effect on students' behavior, leading them to make more informed choices with their money.



## About Junior Achievement

Junior Achievement's mission is to inspire and prepare young people to succeed in a global economy. JA is the world's largest organization dedicated to giving young people the knowledge and skills they need to plan for their futures and make smart academic and economic choices.

JA programs are delivered by corporate and community volunteers, and they provide relevant, hands-on experiences that give students from kindergarten through high school knowledge and skills in financial literacy, work readiness, and entrepreneurship. Today, JA reaches 4.8 million students per year in more than 100 markets across the United States, with an additional 5.6 million students served by operations across 100 other countries worldwide.

Explore the [JA Personal Finance Blended Model Program Overview](#).

Visit [www.ja.org](http://www.ja.org) for more information.

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