



The Our American States podcast—produced by the National Conference of State Legislatures—is where you hear compelling conversations that tell the story of America’s state legislatures, the people in them, the politics that compel them, and the important work of democracy.

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Financial Literacy | OAS Episode 65

Welcome to “Our American States,” a podcast of meaningful conversations that tell the story of America’s state legislatures, the people in them, the politics that compel them, and the important work of democracy. For the National Conference of State Legislatures, I’m your host, Gene Rose.

Our topic today is financial literacy and this episode of “Our American States” is being sponsored by the American Bankers Association. We have two guests who are working to help Americans understand personal finances, investing, planning and other related issues. They are working together to support financial literacy programs across the nation.

We are joined by Laura Levine. She is president for the Jump\$tart Coalition for Personal Financial Literacy. Jump\$tart is a partnership of national organizations that conduct or support financial education.

Corey Carlisle is a senior vice president at the American Bankers Association, as well as the Executive Director of the American Bankers Association Foundation. He oversees the organization’s philanthropic efforts as well as programs that support the industry’s efforts around financial education, affordable housing and other community development activities.

Thank you both for being on the program today.

Time Marker (TM): 1:26

Gene: Laura, let’s start with you. To provide some context to our listeners, what is financial literacy? How do you define it?

Laura: Yeah, that’s a good question, Gene, and I think that we define it as both financial knowledge and ability – financial information, but the ability to use that knowledge and information to make sound money management decisions really throughout your lifetime as a consumer.

We think that financial literacy is one component, probably the key component of financial capability, and we hope that financial capability in turn leads to a person's financial wellbeing.

TM: 2:06

Gene: And Corey, you've created this partnership with Laura. Can you tell us what the American Bankers Association is trying to accomplish here?

Corey: Yeah, sure. As you said in your lead-in, Gene, Jump\$tart is really where the financial education community comes together. And the American Bankers Association is a longstanding partner of the Jump\$tart Coalition. As you mentioned, the coalition consists of more than 100 national organizations that are all in the business of promoting financial knowledge and financial capability.

All the federal regulators, agencies, nonprofits, educators, researchers, scholars – all come together under the Jump\$tart umbrella, including a network of over 51 independent affiliate state coalitions that share a commitment to advancing youth financial literacy together. So Jump\$tart is both national, but local in its reach across the country.

Laura: And I would add that American Bankers Association not only is a very long-time partner of the Jump\$tart Coalition, but Corey is presently Vice Chairman of our national board. So we get a lot of opportunities to work closely together.

TM: 3:08

Gene: Do you have a goal in mind of what you'd like to accomplish with this partnership?

Laura: With regard to our CheckYourSchool campaign, the overall goal is for us to increase financial education in our nation's schools by 25% by 2025. And of course we're not going to stop there. We want all kids in the United States to get a sufficient and effective financial education during their school years.

But our immediate goal is 25% growth in schools across the country, and that is public, private and charter schools at the elementary, middle and high school level. So we'd like growth really across the board.

TM: 3:51

Gene: So why are you targeting school children for this project?

Laura: So we're looking to increase financial education in schools because, you know, the financial world has become a lot more complex and also a lot more self-directed. And so people need to know the basics about how to manage their money.

The thing is, is that when adults learn by trial and error, it can be really costly. And so we believe that by introducing financial concepts to kids at an early age, first of all we are helping to shape their way of thinking while they're still developing their way of thinking; and then secondly

we're helping them to learn some of the important elements of managing money before they make costly mistakes.

Corey: Yeah, Gene, as Laura mentioned, less than 50% of Americans have tried to figure out how much they need for retirement, have an emergency fund or have any savings for their kid's education. And we know that by having financial education in the schools early and reinforcing these concepts, research and our own evidence we see every day is that people are more likely to save, they're more likely to pay off credit cards in full or even have higher credit scores, they're less likely to be compulsive buyers, and they're less likely to take on unreasonable financial risk later in life by having these skills.

So we just feel this is a really important thing to promote early in the schools and be reinforced throughout.

Laura: I think I would add, Gene, that, you know, we think that learning about finance is really something important for parents to do at home, but we recognize that a lot of parents either aren't able or just aren't familiar enough with their own finances to be a guide for their own kids no matter how much they think that's important.

And so by introducing a sufficient amount of financial education in schools, we're also reaching the kids who may not be getting enough guidance from their own families.

TM: 5:53

Gene: Laura, is there a way to quantify what the level of financial literacy is in the United States right now?

Laura: Yeah. So there are a number of organizations that are attempting to do this. One is the FINRA Investor Foundation does its National Financial Capabilities Study. And then another that we look at is PISA, the Program for International Student Achievement, which tests 15-year-olds around the world, and financial literacy is one of the topics that they test students on.

So there are those and perhaps other assessment initiatives that are measuring the level of financial literacy not only among kids, but among adult consumers. And if I were to summarize it all, I would say that the findings are: people don't know enough about money management. And the results on these studies as well as others are just sort of okay; not terrible...

With PISA, for example, of the 15 countries that participated, the U.S. is right about in the middle... so not doing particularly badly, but really not doing as well as we should be.

Corey: To piggyback off of Laura's comments, it is just vitally important to have kids be able to discern the difference between simple and compound interest, know how to understand annual percentage rate when they're viewing a barrage of credit card offers later on in life.

These challenges are getting more and more complex and, as Laura mentioned, as a country, our kids are unfortunately falling woefully behind, and that's really setting them up for failure later in life. And so we really think that this is something we need to move forward and get the baseline and grounding of this understanding promoted from a lot of different directions.

Gene: And we'll be back for more on our discussion on financial literacy right after this short break.

MUSIC and Female VO:

This NCSL podcast is brought to you by the American Bankers Association. America's banks are committed to helping their customers achieve their financial goals, whether buying a home or saving for retirement, and they know that success begins with financial education. That's why thousands of banker volunteers dedicated their time last year to teaching more than 650,000 consumers the fundamentals of sound money management.

Strong personal finance skills from budgeting, saving and using credit wisely, to spotting and preventing fraud, are essential for a lifetime of financial wellbeing. They're also the key to growing strong, vibrant communities. Learn more about how America's banks are turning consumers into savvy money managers. Visit ABA.com/financialeducation.

MUSIC and Female VO:

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And did we mention Dolly Parton will be kicking us off! Register now for savings and your choice of hotels at www.ncsl.org. See ya'll in Nashville.

TM: 9:22

Gene: Laura, I'd like to follow up on something you mentioned earlier about the state of financial education in America today. What do you see as the goals and challenges for the Jump\$tart project in terms of classrooms?

Laura: Sure. One of our partners, the Council for Economic Education, and that's an organization that's been around for a long time, is a Jump\$tart partner and the ABA Foundation works with them also. They publish a biannual survey of the states that outlines financial education and economics education requirements state-by-state across the country.

And as of the last publication in 2018, only 17 states require high school students to take a course in personal finance in order to graduate. There are other states I think and I would say virtually every state, there are schools teaching personal finance, but we know we're still not getting to all of the kids. And we also know that in some cases, of the financial education that is being offered, it might not be substantial enough to be making enough of a difference.

And so what we would like to see is financial education certainly required in all the states, and offered at all the levels: elementary, middle and high school.

TM: 10:39

Gene: What role do you see legislators playing in helping to improve financial literacy in the schools?

Laura: Well, state legislatures are really where this is happening because educational requirements are mostly set at the state level, sometimes at the more local level; but this is certainly a more local issue than a national one in terms of how we address it.

Many state legislators have introduced bills to require personal finance education and we certainly are excited to see that and would like to see more of it. And we would love to see legislators help us and get involved in the conversation that we're trying to start, to ask the school districts in their jurisdictions, you know: Are you teaching personal finance and, if not, why not?

TM: 11:27

Gene: And Corey, tell us why banks are involved in this project. What do you see as the benefit of promoting financial education?

Corey: We believe financial education is an integral part of preparing young people for their academic and professional futures, as we've talked about in this podcast. To that end, thousands and thousands of banker volunteers canvass classrooms across the country every year to reinforce these values, and we know that we live, as Laura said, in an increasingly complex financial world where individuals are responsible for their own retirement savings, investing, where opportunities to borrow are only increasing, and unfortunately where fraudsters prey on people's vulnerabilities.

So knowledge is really your best friend and the lack there really makes you vulnerable to problems later on. We as bankers see those mistakes day after day and bankers make a committed effort... I don't know a bank in this country that doesn't have a financial education program within their community outreach area. This is one of the highest areas of corporate social responsibility for bankers across the country. And so every year we reaffirm that commitment through all kinds of campaigns.

The ABA runs several, like Teach Children to Save, Get Smart About Credit and others, and there are so many wonderful ways to get involved. We're just one of many.

Laura: But I think an important role for banks and other financial institutions is the educational effort loves to approach this as a partnership. So if we are going to teach about using the financial systems, why not have banks as partners with us in that effort?

Corey: I think that's absolutely right. I think one of the problems we see in getting this education taught in the schools, financial education, is often the teachers or even parents aren't prepared to effectively teach the subject. And bankers, of course, live this subject on a day-to-day basis in their professional lives. So be able to impart and come into the school and be a hands-on representation of the importance of knowing this subject, it's really a valuable experience for the banker and the educator alike in promoting financial education.

TM: 13:27

Gene: Laura, tell us how people can get involved in the CheckYourSchool campaign.

Laura: Oh, what a wonderful question. CheckYourSchool is a public engagement campaign that is designed to make it easy for virtually anyone to get involved and help us start a national conversation about the need for financial education.

And it's really as simple as the CheckYourSchool website, which is just checkyourschool.org, or by following us on social media on Twitter, on Facebook at [checkyourschool](https://www.facebook.com/checkyourschool) and learning about some of the rules and resources we have for starting this conversation.

Corey: She said it so wonderfully, but really formal education programs are important, but really financial education can also be organic. We can all be a part of the process. The beauty of this CheckYourSchool campaign is it offers the ability for all different partners from parents, teachers, people who just care about the issue, professionals, businesses who want to make sure they have an educated workforce can all get involved to understand and know what is being taught at the local level.

I think a lot of people falsely assume what is being taught in the schools and they don't know, and this really is a way to connect you both with the awareness of what is being taught in the schools, but also how to act if you want to change things locally.

Laura: And I think that for the legislators, this is an initiative that we think is complementary to what they're doing. So for those states and other jurisdictions that are passing requirements, we think that if we get their constituents talking about this, thinking about it, asking about it, that may perhaps support what they're doing on the other end.

TM: 15:09

Gene: Okay, so what haven't we asked you about in terms of financial literacy that you believe it's important for state legislators and staff to know about?

Laura: Well, I think one thing we would say is for any of those states that are newer to this effort, any of the legislatures that are maybe just getting started in looking at financial education, that there are states and state initiatives like state Jump\$start coalitions and state bankers associations that have already accomplished a lot. And so we hope that some of the states that maybe are just getting started would learn from some of the ones that have led the way.

Corey: Yeah, we know that legislators are talking with parents and teachers and are parents themselves; some of them are even teachers. And I've never met a legislator who doesn't think that this concept is important, but may struggle with ways on how to implement and increase the standards in their own jurisdictions.

And so, again, this campaign really tightens that up and helps prepare and arm them with the information they need without being too prescriptive and allowing them to create local solutions.

Laura: Right.

Gene: We've been talking with Laura Levine, President of the Jump\$tart Coalition for Personal Financial Literacy, and Corey Carlisle, a Senior Vice President at the American Bankers Association. Thank you both for sharing information about this program.

Corey: Thank you, Gene.

Laura: Thank you, Gene. We appreciate you taking this topic on.

Music and Gene VO:

And that concludes this edition of "Our American States." This episode was sponsored by the American Bankers Association. For the National Conference of State Legislatures, this is Gene Rose. Thanks for listening.