



2005-NFI-01
August 18, 2005

Financial Literacy: Indiana Activities Inventory

Martha Henn McCormick

Goals and Outcomes

Networks Financial Institute (NFI) believes that high school students, in order to be ready for a competitive world when they graduate, need to have a deep understanding of personal financial literacy. Skills involved in personal financial literacy include budgeting, saving, investing, filing taxes, using credit cards responsibly and purchasing insurance. A number of Indiana educators have identified the importance of financial literacy and are working towards implementing financial literacy curricula. The Financial Literacy Indiana Activities Inventory is a comprehensive study that looks at the financial literacy curricula and materials teachers are using within Indiana classrooms, the materials that are helping them implement financial literacy lessons, and the sources of those materials. NFI sampled a large statewide pool of kindergarten through high school teachers across the disciplines of business education, family and consumer sciences, economics, and mathematics. By obtaining direct feedback from teachers, NFI is better able to determine the barriers to implementation of financial literacy education that currently exist in their classrooms.

The research goals include:

- Assess what is taught by Indiana teachers about financial literacy topics;
- Understand the role of the Indiana Academic Standards in financial literacy education;
- Identify assessments of financial literacy learning;
- Identify materials used for financial literacy instruction and their sources;
- Identify perceived barriers to teaching financial literacy.

The views expressed are those of the individual author(s) and do not necessarily reflect official positions of Networks Financial Institute. Please address questions regarding content to Martha Henn McCormick at martha.mccormick@isunetworks.org. Any errors or omissions are the responsibility of the author(s).

NFI working papers and other publications are available on NFI's website (www.networksfinancialinstitute.org). Click "Research" and then "Publications." To receive updates about NFI news, events, and publications, sign up for NFI update emails at www.networksfinancialinstitute.org

Survey Instrument

The web-based survey solicits opinions and practices of teachers in Indiana, who may or may not provide financial literacy instruction to their students. The first six questions determine eligibility for participation in the survey. Qualifying teachers were passed on to the 53-question central questionnaire. The survey includes different types of questions, including:

- Questions asking users to choose one reply from a multiple choice list;
- Questions asking users to check all choices that apply;
- Questions involving choosing a rating on a 1 through 5 point scale;
- Questions allowing users to insert text answers; and
- Opportunities for additional comment.

Questions at both the front and back ends of the survey address teachers' personal familiarity with and knowledge of financial literacy (defined in the survey as "the ability to make informed judgments and effective decisions regarding the use and management of money) and then move into examining content, materials (print and electronic), and classroom practices and activities regarding the teaching of financial literacy skills to students on the elementary, middle, and high school levels in Indiana. Teachers are asked to judge the value of their chosen print and/or online materials.

The survey inquires as to whether teachers experience expectations in their school systems to teach more or less financial literacy content and what supports, roadblocks, or challenges they face. Teachers are also asked to identify how they assess student learning of financial literacy concepts.

Teachers who self-identify as not teaching financial literacy are asked why they do not teach it and if there are significant roadblocks or challenges they face that might deter them. Their willingness to consider teaching financial literacy is examined and what supports and materials they would anticipate encountering.

Several questions chart the relationship between Indiana Academic Standards and financial literacy education efforts. The survey examines placement of financial literacy content in core vs. elective courses.

The survey concludes with a few questions that locate teachers by region and determine the number of free lunch recipients in their schools. Teachers are also asked to self-identify their level of education, race or ethnicity, and gender.

Methodology and Sample

The survey's quantitative portion was conducted online. Teachers were sent postcard invitations by NFI to visit the survey website. A second postcard issued a follow-up reminder, to insure adequate participation. The survey was inaugurated in early March 2005 and concluded a month later. Incentives included enrolling participants in a drawing to win one of three \$500 gift cards. Teachers could self-select as interested in being part of a small qualitative follow-up. One-on-one phone interviews were subsequently conducted with 21 K-12 teachers.

The total sample size for this online survey project was 387 K-12 Indiana teachers. The population was comprised of several categories of teachers. K-5 public and private school teachers were invited to participate. On the middle school level, teachers of social studies, math, family and consumer sciences, and business education were asked to participate. On the high school level, economics, math, family and consumer sciences and business education teachers were invited into the survey population. All regions of the state are represented in the survey. Most of the teachers who participated are from schools in which less than 60% of students receive free lunches.

A set of demographic questions directed at teachers concluded the survey. From this, NFI learned that most Indiana K-12 teachers are very confident in managing their own finances, with high school teachers reporting more confidence than middle school or K-5 teachers. Teachers largely classify themselves as thrifty rather than spending-oriented and

interested in saving money. The teachers surveyed overall report having earned Master's degrees or, in some cases, PhDs, and more were women than men.

Results

Six out of ten Indiana K-12 teachers report being at least somewhat familiar with the term "financial literacy." Male teachers indicate more familiarity than do female teachers, and middle and high school teachers similarly report more familiarity than K-5 teachers. At a rate of 50%, teachers' personal knowledge of financial literacy is somewhat adequate, with room for improvement. Again, middle and high school teachers report more personal confidence on this question than do K-5 teachers, and men report more confidence than do women.

Just over half of Indiana teachers report offering some type of financial literacy instruction in their classrooms. Within the K-5 grades, public schools offer less financial literacy instruction than do private schools, but both middle and high school teachers offer more financial literacy instruction than K-5 teachers. Within the high school realm, more financial literacy is taught by family and consumer science and business education teachers than by math teachers. Those who do teach financial literacy see more importance in the issue than those who do not. Overwhelmingly, however, K-12 teachers feel it is important to teach financial literacy; 80% of respondents answered that teaching financial literacy is important. Finding the time is the biggest obstacle to financial literacy instruction. Additionally, teachers report minimal school system support, throughout K-12, for financial literacy instruction.

Figure1: Teach Financial Literacy – School Segments

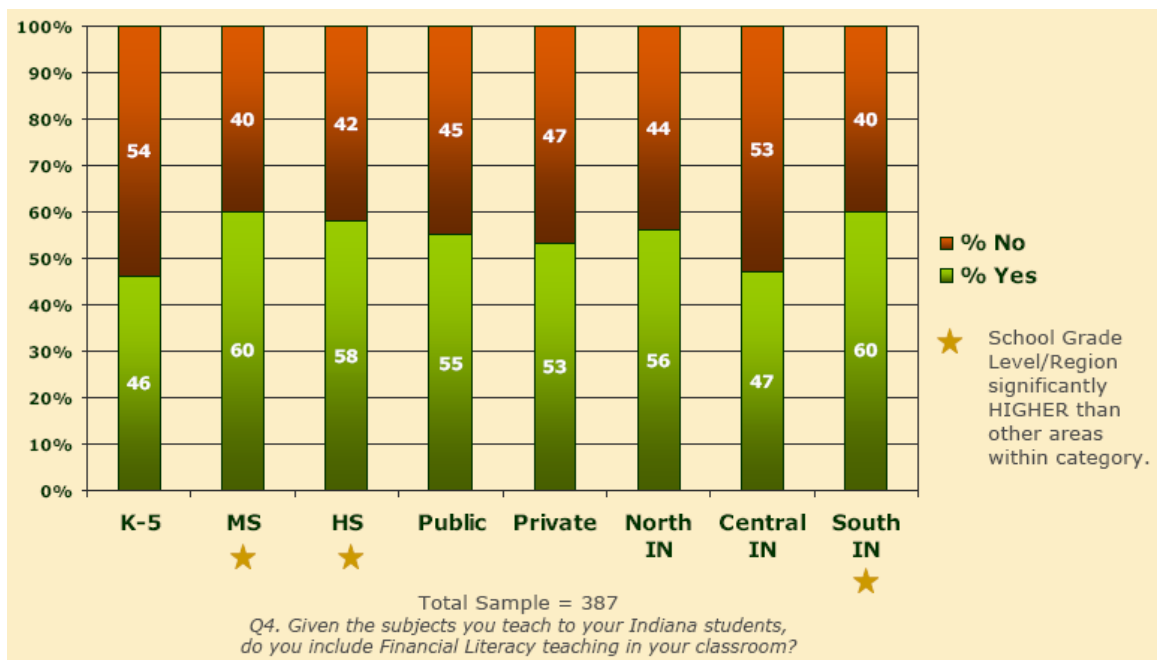
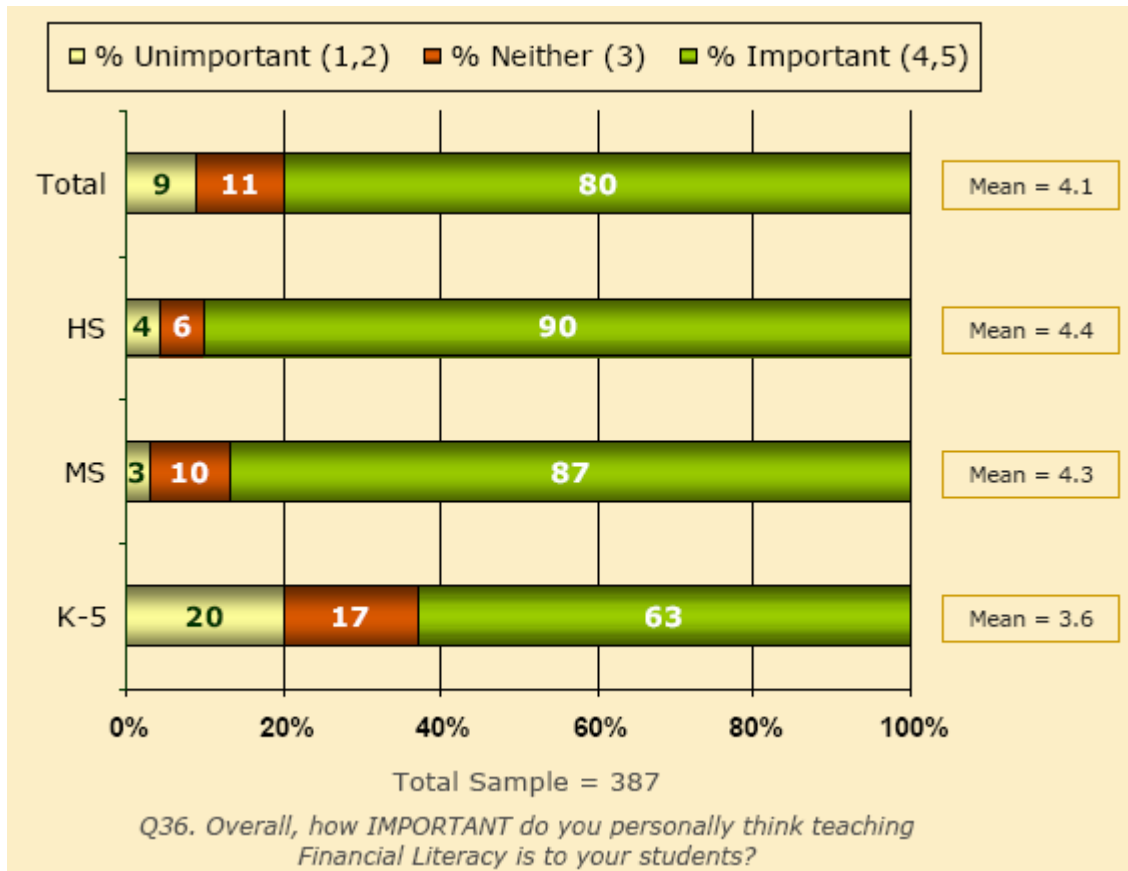


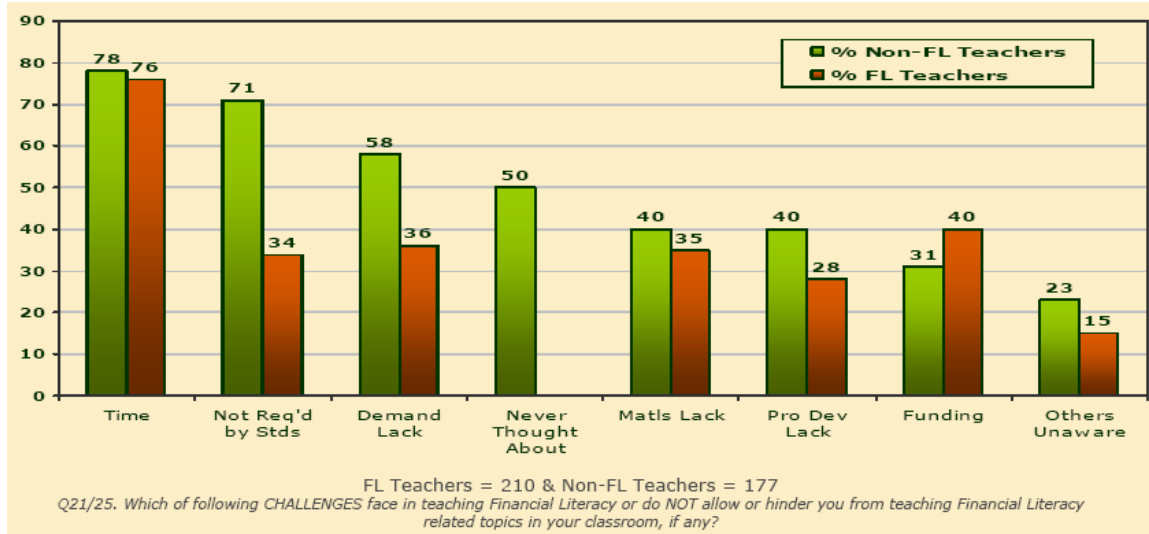
Figure2: Importance to Teach Financial Literacy



The second ranking obstacle is the lack of overt Indiana Academic Standards mandating classroom emphasis on financial literacy, though six of ten Indiana K-12 teachers believe there are academic standards pertaining to financial literacy. K-12 teachers do show a strong consensus that it is important to have academic standards for financial literacy instruction and would teach more, or at least as much, on this topic were the standards in place. The research indicates that there remains a need for grade level and subject appropriate professional development and training opportunities for teachers to feel fully comfortable with the topic.

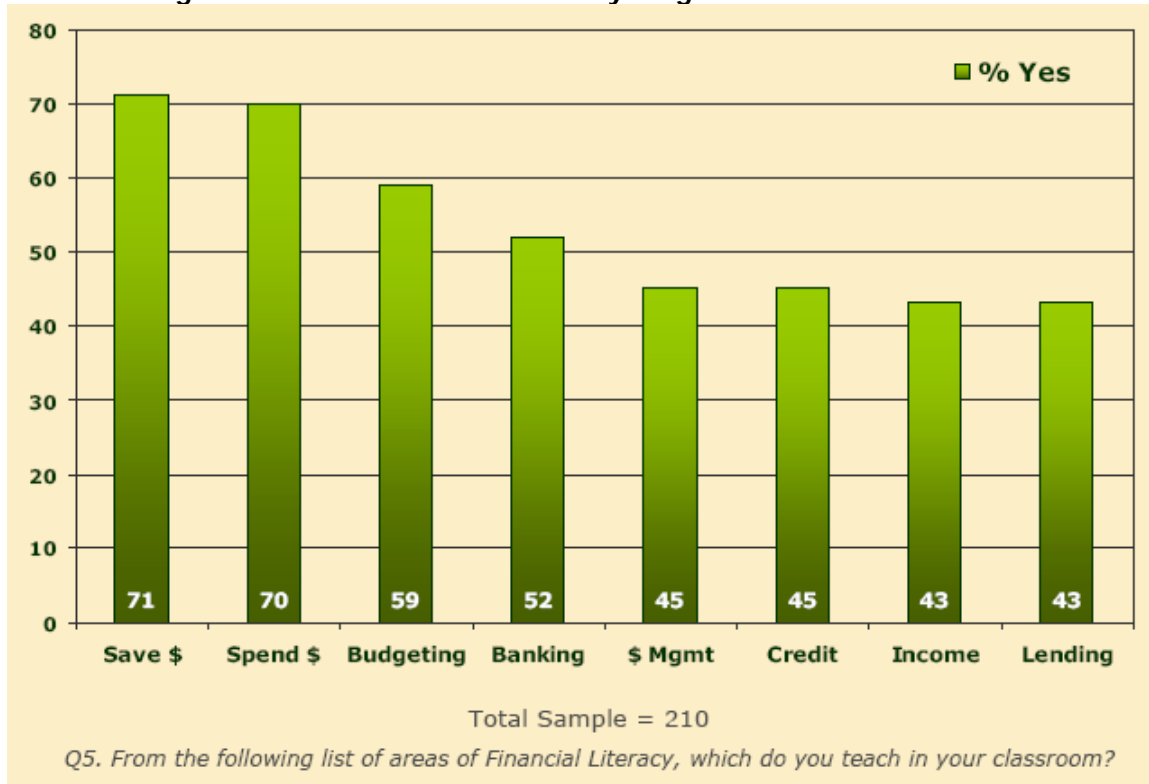
Remaining reported obstacles to and challenges of teaching financial literacy include lack of demand, lack of access to materials, and lack of professional development opportunities. Some teachers who do not teach financial literacy do report that they have never even thought about teaching the topic.

Figure3: Challenges to Teaching Financial Literacy – Teachers vs. Non-Teachers:



Typically, K-12 teachers most often teach about saving and spending. Additionally, some teachers cover budgeting, banking, money management, credit, income, and/or lending. The least taught topics are financial planning, consumer rights, insurance, investing, and income taxes. K-5 teachers concentrate on saving and spending topics. In middle schools, social studies teachers tend more toward coverage of income, taxation, and consumer rights, and math teachers toward lending and borrowing concepts. On the high school level, more business education and family and consumer sciences teachers, and fewer math teachers, tackle financial literacy by focusing on higher level financial concepts.

Figure4: Areas of Financial Literacy taught most



Overall, teachers who teach financial literacy concepts mainly use pre-developed materials such as handouts, books, exercises and lesson plans, though some devise their own materials. Fewer teachers use printed resources, while about half use online resources, especially on the middle and high school levels. Teachers report placing more value on materials available online. The post-survey phone interviews indicate that teachers generally must tweak the pre-developed materials to meet their own classroom needs. About half of teachers do not use any formal assessment of student learning and retention of financial literacy concepts. If they do assess, teachers tend to use tests and quizzes.

Teachers cite the following gaps in materials available to them:

- Materials targeted to specific grade levels;
- Visually stimulating materials;
- Hands-on activities and exercises;
- Interactive or computer-based games and activities;
- Materials related to Indiana Academic Standards (including a unit on financial literacy);
- Real-life simulation experiences;
- Case studies and market simulation; and
- Lesson plans and assessment tools.

Teachers who report that they currently do not teach financial literacy rate time as the biggest obstacle and also the fact that Indiana Academic Standards fail to require financial literacy instruction as part of the curriculum. Some teachers also believe the topic is not suitable either to the grade level or subject they teach or the type of students they teach. Some teachers cite their own knowledge level as an impediment to them teaching financial literacy. Were materials and training provided, teachers may consider teaching financial literacy concepts. The survey did examine the placement of financial literacy instruction in core vs. elective courses on the high school level. Electives teachers would be extremely likely to include financial literacy topics in their elective courses if Indiana Academic Standards for financial literacy were in place.

Conclusion

Networks Financial Institute is pleased to share this overview of The Financial Literacy Indiana Activities Inventory. It is the hope of NFI that the survey results paint a comprehensive and current picture of the status of financial literacy education in the state of Indiana. The inventory helps us to know what Indiana teachers teach regarding financial literacy, when they teach it, what materials they use, and how they do or do not assess student learning. The inventory highlights the importance of academic standards in teaching Indiana youth about money management and provides advocates of financial literacy in Indiana with reliable data and a sense of the impediments that must be overcome to move the state of Indiana towards a more financially literate citizenry.

NFI has also published the results of the Indiana Financial Literacy Report Card, an analysis of the financial literacy levels of high school seniors from across the state. For additional information on this study or for a copy of the Indiana Financial Literacy Report Card, contact Networks Financial Institute at 317-536-0281, or toll-free at 800-603-7113, or visit the NFI website at www.networksfinancialinstitute.org.

Networks Financial Institute was founded at Indiana State University in 2003 through a grant from Lilly Endowment, Inc. As an outreach initiative of Indiana State University's College of Business, NFI facilitates broad and collaborative thinking, dialogue, and public policy progress in the evolving financial services marketplace. NFI's three areas of focus are education, outreach and research.