10 Guidelines for Evaluating Financial Literacy Curriculum

by The Financial Literacy Teacher

The abysmal statistics don't lie. We are a nation of financial illiterates. If ever there were a subject begging to be taught in our schools, it would be financial literacy. In fact, state legislators and the federal government have begun to sound the alarm. The U.S. Department of the Treasury, through the Financial Literacy and Education Commission (FLEC), is heavily promoting financial education. Between 2014 and 2016, Hawaii, Illinois, New York, and Rhode Island added financial literacy to their academic standards. Seventeen states now require a financial literacy course be taught in high school. Several others require the subject to, at least, be offered.

SNAPSHOT OF
FINANCIAL LITERACY
IN THE U.S.

Better grab a hanky because the stats will make you weep. The 2016 National Capability Study conducted by the Financial Industry Regulatory Authority (FINRA) found that, in 2015:

- Two-thirds of Americans couldn't pass a basic financial literacy test
- 22% of Americans have been contacted by a debt collection agency in the last year
- 18% of Americans spend more than they make
- 50% of survey respondents had no emergency savings
- 32% of survey respondents paid only the minimum payment due on their credit cards

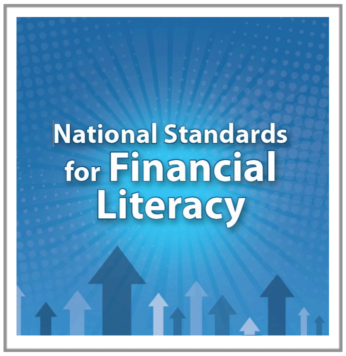
According to the Financial Educators Council, 1 in 4 people reported losses over $30,000 due to a lack of financial knowledge. Marketwatch estimates that, as a nation, our collective lack of financial knowledge costs us *$200 billion* annually!

As financial education gains ground around the country, principals and administrators are faced with the task of either designing a curriculum for their students or selecting a commercially available one. How can you separate a good financial education program from a not-so-good one? What are some guidelines for designing a financial literacy course, or evaluating a proposed curriculum? Here are ten guidelines to help you evaluate a financial education program and decide whether it's right for your students.

1. Is it a dedicated curriculum?

Personal finance isn't an economics course, nor is it an accounting or business course. For reasons of expediency however, personal finance is often wedged awkwardly into an econ, business, or accounting course between topics like LIFO and FIFO, LLCs, and balance sheets. The message to students? "It's better than nothing!" Not the message we should be sending about a subject that is absolutely essential to their ability to live and thrive in the modern world. Financial literacy is a unique subject so important to students' futures that it is deserving of its own academic identity, dedicated instructional time and materials. If your school or district's approach to financial education is to teach it as a unit within or appendage to another tangentially related subject, it may be time to rethink your goals.

2. Is the curriculum comprehensive?



Drafting your own program? The NSFL won't provide much guidance.

Essentially, a financial education course is a course in "adulting". To be effective, it should anticipate and cover as many encounters as possible that your students will have with money as adults. Adult encounters with money are far more than banking, credit, and insurance. Nevertheless, many financial literacy programs never move beyond these three topics, with the occasional budgeting dalliance. What should a comprehensive financial literacy curriculum include? Think about your own life as an adult. You've dealt with salary and compensation issues, income taxes, employee benefits, retirement projections, 401Ks, IRAs, saving and investing, renting a home, buying a home, and much more. These are precisely the kind of adult money issues your students will encounter in the not-too-distant future. A curriculum that overlooks these important topics won't get the job done. Beware of programs that devote an excessive amount of time and materials to student debt. An important topic, no doubt, but your students will have other and better opportunities to learn about student debt during the college application and financial aid process. If your school or district plans to design its own curriculum, you may be disappointed if you intend to look to the National Financial Literacy Standards for guidance. In spite of the immense talent and expertise behind their drafting, they are vague, redundant, and narrow. Don't expect much help there.

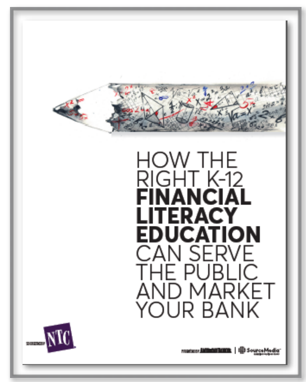
3. Are the objectives *21st century-relevant*?

A good curriculum highlights the unique 21st century challenges facing GenZ

Your GenZ students' financial futures are, well, futuristic. They include things like online-only banks, virtual currency, round up apps, the gig economy, freelancing, non-spousal joint debt, and working for a multinational company. They also face financial challenges unique to the 21st century. These include an unstable Social Security fund, high levels of student debt, low homeownership levels, and longer life expectancies requiring additional retirement savings. In other words, keep in mind that financial education is age-sensitive. GenZ students need authentic objectives designed to meet their 21st century personal finance and money management needs. As an instructional designer, I have come across financial literacy programs with painfully irrelevant objectives. How about a program designed by a bank (which shall go unnamed) that had students reconciling a teller's end-of-the-day cash drawer? I have encountered programs that spend a full class period teaching students how to write a check. Does the fact that less than 3% of consumers (mostly seniors) pay by check, convince you that this objective is a waste of time?[1] The minute you have students writing a check or engaging in mastering an obsolete skill, is the minute their eyes glaze over. A program that teaches dated skills, or one carved out of a program for mid-career workers or retirees is not going to work without massive revisions. When evaluating financial education objectives, think *age appropriate* and *future forward*.

4. Is there a hidden agenda?

There has been a surge in free financial literacy programs provided or sponsored by financial institutions. Ironically, even Visa and Mastercard, leading peddlers of consumer credit, have gotten into the free financial literacy program game. We all love free stuff, but banks, credit unions, credit card companies, and other financial institutions are not charities or benevolent organizations. Allowing a bank or credit card company to teach your students financial literacy can be a little like following a diet plan from a donut shop. In fact, even the American Banker (*How the Right K-12 Financial Literacy Education Can Serve the Public and Market Your Bank)* admits that 14 of 17 of the top benefits of bank-provided financial literacy programs go to the institution, not the student. What to watch for when evaluating curriculum created or sponsored by a financial institution? Subtle product marketing, company branding, and content that promotes customer development or loyalty. Annamaria Lusardi, George Washington University professor of economics and author, cautions that skepticism of the financial industry and their products is always warranted. Students should know, for example, that banks are profit-seeking institutions which make plenty of money, much of which is derived from fees and penalties charged to clients -- which can be exorbitant. Students should also know that some financial institutions offer credit like candy with sweet promotional deals to lure customers into debt. They should know that financial institutions are partly responsible for the record levels of consumer debt in the U.S. and own a share of the blame for the near Armageddon-level meltdown of the global economy in 2008. Free is great, but free programs may come with conflicts of interest, credibility issues, and a lack of skepticism. Evaluate accordingly.



Caution! Free programs may come with credibility issues and conflicts of interest.

5. Is the curriculum light on the fundamentals?

Financial literacy is a life skill. A criticism I've long held about life skills programs is that, for fear of losing students' interest, they often move too quickly to the "fun" practice activity, shorting students on instruction. Jumping into the activity may be an effective instructional method for some subjects, but it is not a good way to teach financial literacy. For students to fully reap the

[1] "Do Only Old People Write Checks? The Effect of Age On Payments Habits." *Digital Check*. Digitalcheck.com, 01 Dec. 2016. Web. 11 June 2017

Hit fundamental financial terms and concepts hard before jumping into the activity.

benefits of the practice activity, they must have a solid foundation in the personal finance terms and concepts tied to the objectives of the activity. Students must also have an opportunity to reflect on how this new knowledge connects to their futures. For example, many programs pivot directly to a stock market game, overlooking the importance of knowing a little about the history of the stock market, how and why stock is issued, what an IPO is, the differences between common and preferred shares, how securities markets fit into the global financial scheme, and why stocks are part of a balanced investment portfolio, etc. Without an understanding of the basic terms and concepts, students may enjoy the activity, but they won't learn much, and what they do learn, they probably won't remember. A financial literacy curriculum should have an effective balance between instruction, practice, and reflection.

6. Is the curriculum blended?

In case you haven't noticed, our world is all about money: making it, owing it, saving it, owing it, investing it, owing it, spending it, owing it... Thanks to that general obsession with the green stuff, there is an abundance of online resources to supplement students' learning. This is wonderful because a unique challenge of a financial literacy curriculum is that it must work on two levels: it must teach students the principles and skills of personal finance *and* inspire them to carry the knowledge and skills into their future. Online resources can both teach and inspire. When evaluating a curriculum, look for it to connect your students' learning experiences with effective digital resources that help them master personal finance concepts and inspire them to stay on the path to financial security for their lifetime. For example, a lesson on credit should include an exploration of credit scores and credit gardening with fico.com. A lesson about credit cards and managing credit card debt should include an exploration of creditcard.com. An entrepreneurship and innovation curriculum that doesn't require some screen time with Bloomberg West or the Consumer Electronics Show, may not be worth the bandwidth or paper it's occupying.

7. Does the curriculum introduce students to monetary policy issues and institutions?

Financial literacy is more than personal finance and money management. To be truly financially literate, students should have some familiarity with issues that drive monetary policy and the institutions that shape domestic and global commerce and economics. A good financial literacy program will provide students with opportunities and activities to learn about the basic roles and goals of the Federal Reserve Bank, International Monetary Fund, World Bank, World Trade Organization, Securities and Exchange Commission, United States Patent and

Students should gain familiarity with the institutions of global commerce and monetary policy.

Trademark Office, G7, G20, and Eurozone, just to name a few. It is equally important to introduce students to some of the economic issues and controversies that are likely to shape their financial futures, such as the Social Security controversy, identity theft and cyber-security, the gender pay gap, the Balanced Budget Amendment, virtual currency, and wealth inequality, just to point out a few. These kinds of issues are likely to stick around for many years, impacting their economic futures, so having at least a cocktail party conversation level of familiarity is important.

8. Does the curriculum convert students into true believers?

Students often start a personal finance course with a fixed financial mindset. Personal finance and money management are subjects for "rich people"! Why should they learn about money when they're young, still in school, and not yet earning a pay check? A good curriculum dispels these mindsets and converts students into true believers in the purpose and value of understanding how money works. Students should come away from a financial literacy course convinced that *everyone, from every walk of life, needs and deserves to be financially literate.* They should believe that they are, in fact, entitled to this knowledge. Everyone has the right to know how to make informed financial decisions. Everyone has the right to be able to protect themselves from soul-crushing debt. Everyone has the right to know how to create a path to financial stability. If a financial education program does not create true believers in the relevance and value of financial literacy, and the right of all people to be financially literate, it comes up short.

9. Does the curriculum articulate the deeper value of wealth?

The opposite of poverty is not wealth. It is justice.

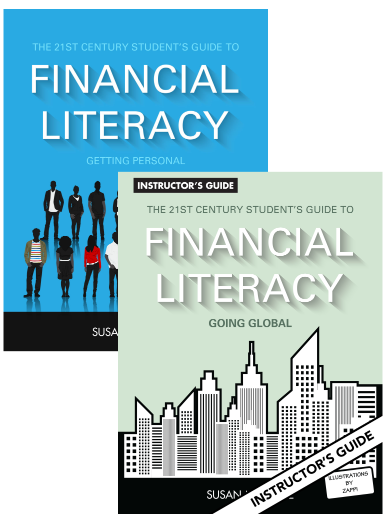
-- Leonardo Boff, Brazilian theologian and writer

Wealth is power, access and justice.

Ask students what *wealth* means, and they might say something like "owning a nice home" or "having lots of money in the bank." Wealth, however, is far more than the ownership of assets. There are other less tangible but perhaps even more important aspects of wealth. As we all know, wealth is power. It is the ability to be heard. It is the ability to influence. No one understands this better than someone living the isolating and powerless life of poverty. Wealth is access. We're not talking about access to private jets or exclusive clubs. Wealth is the ticket to *social mobility* which means the ability to move up to a better, safer neighborhood, get a good education, health care, and other quality of life items. Wealth is the ability to sleep at night not worried that an even minor financial crisis could spell disaster for you or your family. And sadly, in the last few years we've all come to recognize that in the U.S., disparities in wealth can lead to vastly different outcomes in the justice system. So yes, wealth is justice. A good financial literacy program changes students' relationship with money and their perceptions of wealth. A financial literacy curriculum that is too "income-centric" misses communicating to students the deeper value and meaning of wealth.

10. Is the curriculum easy to teach?

In a 2016 survey by Price Waterhouse Cooper, 92 percent of K-12 teachers surveyed said they believed financial education should be taught in school. What the survey also revealed, was that one of the primary reasons financial literacy is not as embraced as it should be in our schools is because teachers feel they lack competency in the subject. Anand Marri, an associate professor of social studies and education at Teachers College, Columbia University and Vice President at the Federal Reserve Bank of New York, believes that much of their reluctance is based on a fear and misconception that teaching financial literacy is about numeracy and economics. [2]A good financial literacy curriculum focuses on real life scenarios, not formulas and economic projections. A good program can be easily mastered by the instructor and communicated to students in the classroom.



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For a free rubric to use when evaluating curriculum, go to www.financialliteracylessons.com

[2] Zubrzycki, Jackie. "When It Comes to Financial Literacy Curricula, Buyer Beware." *Education Week - Curriculum Matters*. N.p., 27 Apr. 2016. Web. 11 June 2017.

Use the **rubric** below to help you evaluate and assess a proposed financial literacy curriculum or to guide you in creating your own. For additional resources for teaching financial literacy go to www.financialliteracylessons.com

Components of a Quality Financial Literacy Curriculum	Details	Does Not Meet	Partially Meets	Meets
Is it a dedicated curriculum?	Is it a standalone program? Does it have it's own: •academic identity •dedicated instructional time •instructional materials			
Is the curriculum comprehensive?	Does the curriculum anticipate and include a broad array of students' adult interactions with money, not limited to banking, credit, and insurance? Lesson topics should include budgeting, salary, compensation, income taxes, employee benefits, retirement, 401Ks, IRAs, saving, investing, renting a home, homeownership and more.			
Are the curriculum's objectives 21st century-relevant?	•Are course and lesson objectives GenZ appropriate? •Is the program future forward, anticipating skills students will need to in 10, 20, 25 years, and avoiding obsolete or dated skills?			
Is the curriculum free from hidden agendas?	If the curriculum is provided or sponsored by a financial institution, is there subtle or obvious: •product marketing? •company branding? •content that promotes customer development or loyalty? Does the financial institution-sponsored curriculum convey an appropriate level of skepticism of financial institutions and their products (ie. credit cards)? Does the curriculum include personal finance and money management topics which are not related to financial institution products or services?			

Components of a Quality Financial Literacy Curriculum	Details	Does Not Meet	Partially Meets	Meets
Does the curriculum provide sufficient instruction in the fundamentals of financial literacy, including terms and concepts?	•Does the curriculum include direct instruction about financial literacy terms and concepts? •Does the curriculum provide students with an opportunity to reflect on how the new knowledge connects to their personal financial futures? •Does the curriculum devote excessive instructional time or resources to student debt? •Is there an effective balance between instruction, practice, and reflection?			
Is the curriculum blended with digital resources that will teach and inspire?	•Does the curriculum identify supplemental digital resources to help students understand and master the content? •Does the curriculum identify supplemental digital resources to inspire students to further develop their financial literacy and remain on the path to financial success for their lifetime?			
Does the curriculum introduce students to key monetary policy issues and institutions?	•Does the curriculum introduce students to contemporary issues and controversies that impact monetary and political policy, such as income and wealth inequality, fair trade, gender pay gap, consumer debt, flat tax vs. progressive tax, identity theft, and more? •Does the curriculum introduce students to the institutions that shape domestic and global commerce and economics including the Federal Reserve Bank, USPTO, SEC, WTO, securities markets, Eurozone, and others?			
Does the curriculum convert students into true believers in the right to be financially literate?	•Will students complete the course with an understanding that financial literacy is a universally important 21st century skill, and that everyone, from every walk of life, needs and deserves to be financially literate? •When students complete the course, will they believe that they entitled to the knowledge and skills that make them financially literate?			

Components of a Quality Financial Literacy Curriculum	**Details**	**Does Not Meet**	**Partially Meets**	**Meets**
Does the curriculum articulate the deeper value of wealth?	When students complete the course, will they understand that *wealth* is more than money? Will they understand that wealth provides financial security and enables access to such intangible quality of life benefits such as social mobility, security, health care?			
Is the curriculum easy to teach?	•Does the curriculum focus on real life skills, strategies and scenarios instead of numbers and formulas? • Are the lesson plans complete, including instructional content, clear and concise objectives, practice activities, PBL ideas, worksheets, and assessments? •Does the curriculum provide professional and instructional support for teachers including a dedicated website with podcasts, instructional slides, and e-flashcards? •Can the curriculum be easily mastered by teachers and moved into the classroom to teach?			