March 22, 2011

Dear Senate Committee on Education,

I speak in favor of SB 290, and I will address the component of the bill that deals with the personal financial literacy (PFL) requirement that math classes in grades K to 8 as well as at least one or more high school required courses for graduation provide instruction in PFL.

I do applaud the steps that the state legislature has taken in requiring that all seniors have both economics and personal financial literacy before they graduate from high school. As you know, last May the State Board of Education affixed the PFL standards to the senior level economics course. While I believe those standards need to remain in that course, as one who taught seniors economics for 20 years, I have found that is too late to initiate their learning financial literacy concepts. Their senior year should be a time of enrichment of prior learning rather than the first and last steps to learning these important concepts. They have been active consumers for as long as they could walk into a store and use their allowance money to make purchases. They can still have a credit card in their name if co-sponsored by an adult and make very bad economic decisions, as well. The recent financial crisis has shown that Americans could benefit from increased financial knowledge and education. According to the National Foundation for Credit Counseling’s 2009 Consumer Financial Literacy Survey, 41 percent of respondents gave themselves a grade C, D, or F on their knowledge of personal finance.¹ The National Financial Capability Study, conducted by the FINRA Foundation, found that younger adults struggle with basic personal finance concepts and overestimate their ability to perform simple financial calculations.²

The state legislature has shown a strong understanding of the need to spiral curriculum from kindergarten through grade 12. In other words, you do not require the teaching of reading, math, social studies and science from kindergarten through grade 3 and stop. You know that the concepts and skills learned at earlier ages must be the scaffolding for ever more rigorous depth and breadth of understanding as students grow older. The same is true of financial literacy. The skills cannot be taught in one semester but must bridge the years so that our Internet and social media savvy youth understand how to make prudent economic decisions that are not always overseen by an adult.

Math is a natural place for these Texas Essential Knowledge and Skills (TEKS) to reside. In looking at the TEKS statements for Kindergarten through grade 8 math, please see attached, one can see that once a student has learned each step of the basic content for math, the students are expected to use these skills in solving relevant and every-day problems in the world in an age appropriate manner. In fact, the math Texas Assessment of Knowledge and Skills (TAKS test) and now the State of Texas Assessments of Academic Readiness (STAAR) tests require that students demonstrate their abilities to problem solve. The personal financial literacy concepts provide the real world relevance and 21st century skills that fit well within all levels of the math standards. While some may say that this is just one more thing for teachers to have to teach, in actuality, this provides teachers with additional strategies to make their teaching the math standards easier.

¹The TCEE vision is that the U. S. be a nation of citizens possessing the knowledge and skills to make informed economic decisions.

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Email: tcee@economicstexas.org * www.economicstexas.org
Recently I asked an elementary math curriculum coordinator her thoughts on affixing the financial literacy standards to the elementary math TEKS. She provided an interesting answer. “I do know that kids have even fewer experiences with money now than ever before. The days of sending lunch money and ice cream money are gone. Everything is put into an account for the kids at school. Then all they see is their parents using plastic even to pay for a drink at Sonic! Children truly don’t have a sense of money and using it wisely for their needs.”

The idea of initiating PFL at the elementary grades, enhancing the learning experience of the concepts and skills at the middle school grades, and enriching student knowledge at the high school level before sending them out into the 21st century world is so important that the Texas Council on Economic Education, Opportunity Texas and the Council for Economic Education have embarked on a pilot program in the Houston area to do just that. The goal of a Smarter Texas is to continue the program across the state. However, requiring that all children have the learning experiences to develop financial capability by the passage of this bill will provide an equal opportunity to develop financial assets for ALL students rather than just those we can reach.

The logo for our national council is “teaching opportunity” and SB 290 will truly do just that for all Texas students.

Sincerely,

Laura Ewing
President

Attachments:
Excerpts from the Mathematics Texas Essential Knowledge and Skills, Kindergarten through Grade 8

NEFE (National Endowment for Financial Education) MAKING THE CASE FOR FINANCIAL LITERACY—2008:
A collection of personal finance statistics gathered from other sources


2 This is the National Financial Literacy Survey.” FINRA Foundation.http://www.finrafoundation.org/resources/research/p120478.

The TCEE vision is that the U. S. be a nation of citizens possessing the knowledge and skills to make informed economic decisions.
# Texas Council on Economic Education

## Upcoming Events

<table>
<thead>
<tr>
<th>Event</th>
<th>Dates 2010-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The Stock Market Game</strong> Program for Students</td>
<td>10 week Student Session</td>
</tr>
<tr>
<td>Personal Finance Simulation/Competition</td>
<td>Spring: 2/7/2011 to 4/15/2011</td>
</tr>
<tr>
<td>Open to all TX students in Grades 4 to 12. For more information click here:</td>
<td>Summer and Fall 2011</td>
</tr>
<tr>
<td>(smg.economicstexas.org)</td>
<td></td>
</tr>
<tr>
<td><strong>The Stock Market Game</strong> Teacher Training</td>
<td></td>
</tr>
<tr>
<td><strong>Focus Globalization:</strong> Visit <a href="http://www.economicstexas.org">www.economicstexas.org</a> to access an online training that will provide participating teachers with this valuable resource of lessons.</td>
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<tr>
<td>Globalization and International Showcase workshops throughout state:</td>
<td></td>
</tr>
<tr>
<td>Spring 2011</td>
<td></td>
</tr>
</tbody>
</table>

## 2010-2011 Staff Development Programs and Sessions Offered by TCEE

<table>
<thead>
<tr>
<th>Event</th>
<th>Dates 2010-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Literacy Challenge: Spring Online Competition</td>
<td>Spring Competition: March 14-25, 2011</td>
</tr>
<tr>
<td>For each team entered, teacher has ticket entered for $100.00 drawing.</td>
<td>State Finals April 12, 2011 in Houston</td>
</tr>
<tr>
<td>Texas State Finals in Houston</td>
<td>National Finals May 2011</td>
</tr>
<tr>
<td>National finals (expenses paid for team and teacher) in Missouri</td>
<td>Spring Competition: March 14-25, 2011</td>
</tr>
<tr>
<td>Economic Challenge: Spring Online Competition</td>
<td>State Finals April 14, 2011 in Austin</td>
</tr>
<tr>
<td>For each team entered, teacher has ticket entered for $100.00 drawing.</td>
<td>Smith Nationals May in NYC</td>
</tr>
<tr>
<td>Texas State Finals at the Texas State Capitol Building</td>
<td>Ricardo National Finals Online</td>
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<td>Smith national competition in NYC</td>
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<tr>
<td>Ricardo division regional and national competition online</td>
<td></td>
</tr>
<tr>
<td>Focus: Globalization Workshop at Stephen F. Austin University</td>
<td>March 29, 2011</td>
</tr>
<tr>
<td>International Economic Showplace: Corpus Christi ESC 2</td>
<td>April 7, 2011</td>
</tr>
<tr>
<td>Focus: Globalization Training at Angelo State University</td>
<td>May 11, 2011</td>
</tr>
<tr>
<td>International Economic Showplace: Laredo</td>
<td>May 18, 2011</td>
</tr>
<tr>
<td>International Economic Showplace: Edinburg</td>
<td>May 19, 2011</td>
</tr>
<tr>
<td>Globalization: Dallas and Fort Worth area</td>
<td>June 6, 2011</td>
</tr>
<tr>
<td>Personal Financial Literacy and Stock Market Game Conference in Houston</td>
<td>June 20 and 21, 2011</td>
</tr>
<tr>
<td>Foundation for Teaching Economics and TCEE will host a conference on Environment and the Economy</td>
<td>August 1-4, 2011</td>
</tr>
</tbody>
</table>

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For more information, VISIT: [www.economicstexas.org](http://www.economicstexas.org)
Overview of K to 8 Texas Essential Knowledge and Skills (TEKS): Mathematics


(a) Introduction.

(1) Within a well-balanced mathematics curriculum, the primary focal points at Kindergarten are developing whole-number concepts and using patterns and sorting to explore number, data, and shape.

(2) Throughout mathematics in Kindergarten-Grade 2, students build a foundation of basic understandings in number, operation, and quantitative reasoning; patterns, relationships, and algebraic thinking; geometry and spatial reasoning; measurement; and probability and statistics. Students use numbers in ordering, labeling, and expressing quantities and relationships to solve problems and translate informal language into mathematical language and symbols. Students use objects to create and identify patterns and use those patterns to express relationships, make predictions, and solve problems as they build an understanding of number, operation, shape, and space. Students progress from informal to formal language to describe two- and three-dimensional geometric figures and likenesses in the physical world. Students begin to develop measurement concepts as they identify and compare attributes of objects and situations. Students collect, organize, and display data and use information from graphs to answer questions, make summary statements, and make informal predictions based on their experiences.

(3) Throughout mathematics in Kindergarten-Grade 2, students develop numerical fluency with conceptual understanding and computational accuracy. Students in Kindergarten-Grade 2 use basic number sense to compose and decompose numbers in order to solve problems requiring precision, estimation, and reasonableness. By the end of Grade 2, students know basic addition and subtraction facts and are using them to work flexibly, efficiently, and accurately with numbers during addition and subtraction computation.

(4) Problem solving, language and communication, connections within and outside mathematics, and formal and informal reasoning underlie all content areas in mathematics. Throughout mathematics in Kindergarten-Grade 2, students use these processes together with technology and other mathematical tools such as manipulative materials to develop conceptual understanding and solve meaningful problems as they do mathematics.

Source: The provisions of this §111 adopted to be effective September 1, 1998, 22 TexReg 7623; amended to be effective August 1, 2006, 30 TexReg 7471.

(13) Underlying processes and mathematical tools. The student applies Kindergarten mathematics to solve problems connected to everyday experiences and activities in and outside of school. The student is expected to:

(A) identify mathematics in everyday situations;
(B) solve problems with guidance that incorporates the processes of understanding the problem, making a plan, carrying out the plan, and evaluating the solution for reasonableness;
(C) select or develop an appropriate problem-solving strategy including drawing a picture, looking for a pattern, systematic guessing and checking, or acting it out in order to solve a problem; and
(D) use tools such as real objects, manipulatives, and technology to solve problems.

(14) Underlying processes and mathematical tools. The student communicates about Kindergarten mathematics using informal language. The student is expected to:

(A) communicate mathematical ideas using objects, words, pictures, numbers, and technology; and
(B) relate everyday language to mathematical language and symbols.

Source: The provisions of this §111 adopted to be effective September 1, 1998, 22 TexReg 7623; amended to be effective August 1, 2006, 30 TexReg 7471.
§111.13. Mathematics, Grade 1.

(a) Introduction.

(1) Within a well-balanced mathematics curriculum, the primary focal points at Grade 1 are building number sense through number relationships, adding and subtracting whole numbers, organizing and analyzing data, and working with two- and three-dimensional geometric figures.

Mathematics, Grade 1. Student Expectations.

(10) Probability and statistics. The student uses information from organized data. The student is expected to:

(A) draw conclusions and answer questions using information organized in real-object graphs, picture graphs, and bar-type graphs; and
(B) identify events as certain or impossible such as drawing a red crayon from a bag of green crayons.

(11) Underlying processes and mathematical tools. The student applies Grade 1 mathematics to solve problems connected to everyday experiences and activities in and outside of school. The student is expected to:

(A) identify mathematics in everyday situations;
(B) solve problems with guidance that incorporates the processes of understanding the problem, making a plan, carrying out the plan, and evaluating the solution for reasonableness;
(C) select or develop an appropriate problem-solving plan or strategy including drawing a picture, looking for a pattern, systematic guessing and checking, or acting it out in order to solve a problem; and
(D) use tools such as real objects, manipulatives, and technology to solve problems.

(12) Underlying processes and mathematical tools. The student communicates about Grade 1 mathematics using informal language. The student is expected to:

(A) explain and record observations using objects, words, pictures, numbers, and technology; and
(B) relate informal language to mathematical language and symbols.

(13) Underlying processes and mathematical tools. The student uses logical reasoning. The student is expected to justify his or her thinking using objects, words, pictures, numbers, and technology.

Source: The provisions of this §111 adopted to be effective September 1, 1998, 22 TexReg 7623; amended to be effective August 1, 2006, 30 TexReg 7471.

(a) Introduction.

(1) Within a well-balanced mathematics curriculum, the primary focal points at Grade 2 are developing an understanding of the base-ten place value system, comparing and ordering whole numbers, applying addition and subtraction, and using measurement processes.

§113.4. Social Studies, Grade 2. Student Expectations for Economics Strand.

(9) Economics. The student understands the importance of work. The student is expected to:

(A) explain how work provides income to purchase goods and services; and
(B) explain the choices people in the U.S. free enterprise system can make about earning, spending, and saving money, and where to live and work.

(10) Economics. The student understands the roles of producers and consumers in the production of goods and services. The student is expected to:

(A) distinguish between producing and consuming;
(B) identify ways in which people are both producers and consumers; and
(C) trace the development of a product from a natural resource to a finished product.

Source: The provisions of this §111 adopted to be effective September 1, 1998, 22 TexReg 7623; amended to be effective August 1, 2006, 30 TexReg 7471.
§111.15. Mathematics, Grade 3.

(a) Introduction.

(1) Within a well-balanced mathematics curriculum, the primary focal points at Grade 3 are multiplying and dividing whole numbers, connecting fraction symbols to fractional quantities, and standardizing language and procedures in geometry and measurement.

(2) Throughout mathematics in Grades 3-5, students build a foundation of basic understandings in number, operation, and quantitative reasoning; patterns, relationships, and algebraic thinking; geometry and spatial reasoning; measurement; and probability and statistics. Students use algorithms for addition, subtraction, multiplication, and division as generalizations connected to concrete experiences; and they concretely develop basic concepts of fractions and decimals. Students use appropriate language and organizational structures such as tables and charts to represent and communicate relationships, make predictions, and solve problems. Students select and use formal language to describe their reasoning as they identify, compare, and classify two- or three-dimensional geometric figures; and they use numbers, standard units, and measurement tools to describe and compare objects, make estimates, and solve application problems. Students organize data, choose an appropriate method to display the data, and interpret the data to make decisions and predictions and solve problems.

(3) Throughout mathematics in Grades 3-5, students develop numerical fluency with conceptual understanding and computational accuracy. Students in Grades 3-5 use knowledge of the base-ten place value system to compose and decompose numbers in order to solve problems requiring precision, estimation, and reasonableness. By the end of Grade 5, students know basic addition, subtraction, multiplication, and division facts and are using them to work flexibly, efficiently, and accurately with numbers during addition, subtraction, multiplication, and division computation.

(4) Problem solving, language and communication, connections within and outside mathematics, and formal and informal reasoning underlie all content areas in mathematics. Throughout mathematics in Grades 3-5, students use these processes together with technology and other mathematical tools such as manipulative materials to develop conceptual understanding and solve meaningful problems as they do mathematics.

Source: The provisions of this §111 adopted to be effective September 1, 1998, 22 TexReg 7623; amended to be effective August 1, 2006, 30 TexReg 7471.
§111.16. Mathematics, Grade 4.

(a) Introduction.

(1) Within a well-balanced mathematics curriculum, the primary focal points at Grade 4 are comparing and ordering fractions and decimals, applying multiplication and division, and developing ideas related to congruence and symmetry.

Mathematics, Grade 4 Student Expectations.

(13) Probability and statistics. The student solves problems by collecting, organizing, displaying, and interpreting sets of data. The student is expected to:
   (A) use concrete objects or pictures to make generalizations about determining all possible combinations of a given set of data or of objects in a problem situation; and
   (B) interpret bar graphs.

(14) Underlying processes and mathematical tools. The student applies Grade 4 mathematics to solve problems connected to everyday experiences and activities in and outside of school. The student is expected to:
   (A) identify the mathematics in everyday situations;
   (B) solve problems that incorporate understanding the problem, making a plan, carrying out the plan, and evaluating the solution for reasonableness;
   (C) select or develop an appropriate problem-solving plan or strategy, including drawing a picture, looking for a pattern, systematic guessing and checking, acting it out, making a table, working a simpler problem, or working backwards to solve a problem; and
   (D) use tools such as real objects, manipulatives, and technology to solve problems.

(15) Underlying processes and mathematical tools. The student communicates about Grade 4 mathematics using informal language. The student is expected to:
   (A) explain and record observations using objects, words, pictures, numbers, and technology; and
   (B) relate informal language to mathematical language and symbols.

(16) Underlying processes and mathematical tools. The student uses logical reasoning. The student is expected to:
   (A) make generalizations from patterns or sets of examples and nonexamples; and
   (B) justify why an answer is reasonable and explain the solution process.

Source: The provisions of this §111 adopted to be effective September 1, 1998, 22 TexReg 7623; amended to be effective August 1, 2006, 30 TexReg 7471.
§111.17. Mathematics, Grade 5.

(a) Introduction.

(1) Within a well-balanced mathematics curriculum, the primary focal points at Grade 5 are comparing and contrasting lengths, areas, and volumes of two- or three-dimensional geometric figures; representing and interpreting data in graphs, charts, and tables; and applying whole number operations in a variety of contexts.

§111.22. Mathematics, Grade 6.

(a) Introduction.

(1) Within a well-balanced mathematics curriculum, the primary focal points at Grade 6 are using ratios to describe direct proportional relationships involving number, geometry, measurement, probability, and adding and subtracting decimals and fractions.

(2) Throughout mathematics in Grades 6-8, students build a foundation of basic understandings in number, operation, and quantitative reasoning; patterns, relationships, and algebraic thinking; geometry and spatial reasoning; measurement; and probability and statistics. Students use concepts, algorithms, and properties of rational numbers to explore mathematical relationships and to describe increasingly complex situations. Students use algebraic thinking to describe how a change in one quantity in a relationship results in a change in the other; and they connect verbal, numeric, graphic, and symbolic representations of relationships. Students use geometric properties and relationships, as well as spatial reasoning, to model and analyze situations and solve problems. Students communicate information about geometric figures or situations by quantifying attributes, generalize procedures from measurement experiences, and use the procedures to solve problems. Students use appropriate statistics, representations of data, reasoning, and concepts of probability to draw conclusions, evaluate arguments, and make recommendations.

(3) Problem solving in meaningful contexts, language and communication, connections within and outside mathematics, and formal and informal reasoning underlie all content areas in mathematics. Throughout mathematics in Grades 6-8, students use these processes together with graphing technology and other mathematical tools such as manipulative materials to develop conceptual understanding and solve problems as they do mathematics.

Source: The provisions of this §111 adopted to be effective September 1, 1998, 22 TexReg 7623; amended to be effective August 1, 2006, 30 TexReg 7471.
Mathematics, Grade 6. Student Expectations.

(11) Underlying processes and mathematical tools. The student applies Grade 6 mathematics to solve problems connected to everyday experiences, investigations in other disciplines, and activities in and outside of school. The student is expected to:
(A) identify and apply mathematics to everyday experiences, to activities in and outside of school, with other disciplines, and with other mathematical topics;
(B) use a problem-solving model that incorporates understanding the problem, making a plan, carrying out the plan, and evaluating the solution for reasonableness;
(C) select or develop an appropriate problem-solving strategy from a variety of different types, including drawing a picture, looking for a pattern, systematic guessing and checking, acting it out, making a table, working a simpler problem, or working backwards to solve a problem; and
(D) select tools such as real objects, manipulatives, paper/pencil, and technology or techniques such as mental math, estimation, and number sense to solve problems.

(12) Underlying processes and mathematical tools. The student communicates about Grade 6 mathematics through informal and mathematical language, representations, and models. The student is expected to:
(A) communicate mathematical ideas using language, efficient tools, appropriate units, and graphical, numerical, physical, or algebraic mathematical models; and
(B) evaluate the effectiveness of different representations to communicate ideas.

(13) Underlying processes and mathematical tools. The student uses logical reasoning to make conjectures and verify conclusions. The student is expected to:
(A) make conjectures from patterns or sets of examples and nonexamples; and
(B) validate his/her conclusions using mathematical properties and relationships.

§111.23. Mathematics, Grade 7.

(a) Introduction.

(1) Within a well-balanced mathematics curriculum, the primary focal points at Grade 7 are using direct proportional relationships in number, geometry, measurement, and probability; applying addition, subtraction, multiplication, and division of decimals, fractions, and integers; and using statistical measures to describe data.

§111.24. Mathematics, Grade 8.

(a) Introduction.

(1) Within a well-balanced mathematics curriculum, the primary focal points at Grade 8 are using basic principles of algebra to analyze and represent both proportional and non-proportional linear relationships and using probability to describe data and make predictions.

Source: The provisions of this §111 adopted to be effective September 1, 1998, 22 TexReg 7623; amended to be effective August 1, 2006, 30 TexReg 7471.
Financial Literacy Education

Adults and Parents:

1. The 2007 back-to-school cardholder survey from Visa revealed that:
   - Only 5% of adults learned about the vital life skill of money management in elementary or high school.
   - Less than half of people (48%) learned about money management from their parents, while 41% were self-taught or learned the hard way.
   - 91% of respondents said they supported requiring financial education be taught in every high school in the country. Currently just fifteen states have some sort of financial education requirement for high school students.


2. The 2007 annual back-to-school survey from Capital One found that:
   - 52% of teens are eager to learn more about money management, but only 14% have taken a class on the topic - 35% would like to learn from their parents.
   - When asked about the topics they'd most like to learn about, teens express interest in how financing works for large purchases such as a car or a home (74%), investing money (72%), identity theft and how to protect themselves (68%), saving money (62%), budgeting (58%), stocks (58%), checking accounts (55%) and credit cards (55%).
   - Only 19% of parents are discussing back to school budgeting and only 22% have made a list of back-to-school items to purchase.
   - 80% of parents see themselves as positive money role models for their kids, yet only a small percentage are taking advantage of day-to-day learning opportunities to arm their teens with practical money skills.
   - Only 48% of parents have discussed the importance of needs versus wants and more than one-third (36%) have not discussed back to school finances at all with their teens.


3. A 2007 study of K-12 teachers by the Networks Financial Institute at Indiana State University revealed:
   - The majority of teachers - 8 in 10 - think it is important to teach financial literacy in U.S. classrooms.
   - Only about half of K-12 teachers, however, say they do teach some form of “Financial Literacy” to their students.
   - The lack of time, lack of state curriculum requirements and lack of demand are the top three challenges to teaching financial literacy topics according to teachers.
• About one-third of K-12 teachers think their state has standards related to financial literacy, but nearly three-quarters believe their state should have academic standards for this subject.
• According to teachers, financial literacy skills are lacking among young people in the U.S., and many say that their students need to be exposed to the basic financial skills they will need to function in society.
• Balancing checkbooks, managing credit, making intelligent economic decisions and staying out of debt are all topics teachers mention as being important to teach students before they go out into the “real world.”


4. A 2007 survey by The Hartford Financial Services Group, Inc. found that:

• The majority of college students say they learn the most about personal finance from their parents, but less than half of students say their parents make a consistent, conscientious effort to teach them.
• Nearly two-thirds (63%) of the parents surveyed say they definitely see personal finance education as their responsibility and consistently make the effort to teach their children about it, compared to the only 41% of students who say their parents did.
• About 70% of college students cite parents as their primary source of information.
• Students and parents agree that college students are not well prepared to deal with the financial challenges that lie ahead. Less than one-quarter of students (24%) and only 20% of parents say students are very well prepared to deal with the financial challenges that await them after graduation.
• More than three-quarters of students (76%) wish they had more help preparing for their financial future.


Undergraduate & Graduate Students

1. A 2007 survey of college students conducted by Buffalo State College found that:

• One-third of students reported having two credit cards or more, while 12% had three or more credit cards.
• College students carry an average of $1,035 of credit card debt.
• Many students believe they will make much more money after college than they will actually earn. Students take on debt because they expect to be able to repay it.
• Students’ troubled spending habits can often be traced to parents. Financial lessons taught early on and parents’ implied importance on material things are strong influences on a college student’s financial habits.


2. An August 2006 poll commissioned by KeyBank and conducted by Harris Interactive found that:

• Nearly one-third (32%) of college students, when thinking about their freshman year, admit that they were "not at all" or "not very well prepared" for managing their money on campus. Only one in five (20%) students claims to have been "very well prepared" for managing their money on campus.
• Three-quarters (75%) admit to having made mistakes with their money when they arrived on campus, and the biggest mistakes were overspending on food (21%), entertainment (19%) and putting too many purchases on their credit card (16%).
• When asked how closely they tracked where their money was being spent, nearly two in five (39%) claim they had tracked their spending "very closely" while fewer (14%) say they tracked their spending "not at all closely" or "not very closely."
• Common ways of supporting their spending habits and living expenses in college included getting a part time job (58%) or a full-time job (24%).

American Kids & Teenagers

1. Recent research by Packaged Facts and First Data revealed:
   
   - Two-thirds of American teens currently use financial services but very few have credit cards.
   - Teens represent a total yearly income of $80 billion.
   - 47% of teens age 12-17 have a savings account, 12% have a checking account, and 15% have an ATM card.
   - 95% of teens between the ages of 14 and 19 have either bought or received a gift card, with some 48% of college-bound teens purchasing cards.
   - Teens purchased almost double the number of gift cards they did in 2006 (7.6 vs. 4.3 cards - a 77% increase).


2. The 2007 Junior Achievement annual Teens and Holiday Spending Poll revealed:
   
   - One-third (32.3%) of the teens who took the poll indicate that they will spend more for holiday gifts this year than they did in 2006.
   - 22.8% of teens plan to spend more than $200 on holiday shopping, a 7% increase from 2006.
   - Asked how they determine how much to spend on holiday gifts, 54.2% of teens said they would create a budget based on what they could afford. However, when asked if they would buy a friend or family member a holiday gift that exceeded their budget, 54.6% indicated they would. Only 27.1% reported they would stay within their budget, and 18.4% were unsure. And one-third of teens indicated that they feel pressure to spend more than they can afford on holiday gifts.
   - For teens who indicated they would purchase gifts that surpass their budget, the most frequently cited reason was “If I knew they really wanted that gift”, which was mentioned by 81.4% of the potential budget-busters. Boys were nearly twice as likely as girls to select “to impress the recipient” as their primary motivation for over-spending.
   - A majority of teens (55.6%) thought that a class on money management offered during or after school would be useful during the holiday shopping season.

   [Junior Achievement Worldwide, Teens Plan to Bust Their Budgets This Holiday Season, December 2007, http://www.ja.org/about/about_newsitem.asp?StoryID=476]

3. A 2007 poll sponsored by the Allstate Foundation and conducted by JA Worldwide found that:
   
   - Among teens ages 13-14, only 2.7% report having credit cards. However, that percentage nearly doubles to 5.3% for teens 15-16, doubles again to 10.6% for 17 year-olds, and then nearly triples to 28.8% for teens 18-or-older.
   - 2.4% of teens admitted to occasionally skipping payments. Just over 15% make the minimum monthly payment, and unfortunately, some teens make no contribution whatsoever to their credit card debt, with 11.2% acknowledging that their parents make their monthly payments.
   - More than three-quarters (76.7%) of teens indicated that they wield strong influence over household buying decisions.
   - Nearly three-quarters (73.7%) of teens indicated that they have regular family discussions about money. The most popular topic in these discussions was the importance of saving (80.2%) followed—somewhat ironically in the case of those teens that skip credit card payments—by the importance of paying bills on time (55.3%).

4. The 2007 annual Teens & Money survey conducted by Charles Schwab & Co., Inc. found that:

- Eight in 10 teens ages 13-18 agree that "it's important to me to have a lot of money in my life," and nearly three-quarters (73%) believe they will be earning "plenty of money" when they're out on their own.
- American teens confidently predict a future in which, based on the career that interests them most, they will be earning an average annual salary of $145,500 (boys expect $173,000 vs. girls, $114,200).
- Most (88%) want and expect (86%) their parents to stop supporting them before age 25.
- Nearly two thirds (62%) of American teens ages 13-18 believe they are prepared to deal with the adult financial world after high school, and a similar majority (63%) say they are knowledgeable about money management, including budgeting, saving and investing. However fewer than half consider themselves knowledgeable about how to budget money (41%), how to pay bills (34%), how credit card interest and fees work (26%), or whether a check cashing service is good to use (24%). Not surprisingly, even fewer teens know how income taxes work (14 percent) or what a 401(k) plan is (13%).
- Teens spend an average of $19 in a typical week, with the majority (59%) making purchases online. Most teens (84%) also have some money saved, with average savings of $1,043. However, teens are more likely to have a cell phone (74%) than a savings account (60%).
- Although 88% of American teens "don't like the way it feels to owe someone money," almost a third (29%) have incurred debt (close to $300, on average). More than half (51%) believe that "it is easier to buy things with a credit card than cash" and, given the choice, more than a quarter (29%) would actually prefer using a credit card, a 61% increase in this stated preference over last year.
- Fewer than one in three (30%) believe their parents/guardians are concerned about making sure they are learning the basics of smart money management, and only about one in four (28%) report "My parents/guardians have taught me about money by giving me a lot of experience budgeting, spending and saving it." A minority (24%) say their parents/guardians have taught them how to use a credit card responsibly. And, in spite of teens' interest in the topic, only one in five (20%) report "my parents/guardians have taught me how to invest money wisely to make it grow."


**American Families**

**Saving & Investment:**

1. Research from **O.F.I. Private Investments**, a subsidiary of **Oppenheimer Funds**, reveals that in 2008:

- Less than one-third (32%) of American families who are currently saving for their child's college education have confidence in achieving their college savings goals.
- Only 51% of "Savers" (those currently saving for college) currently, or intend to, use a 529 plan.
- For Savers, 529 plans account for only about one-fifth of actual college savings.
- Less than half of Future Savers (40%) intend on using a 529 plan.
- 56% of Future Savers claim that they could "not explain a 529 plan at all to a colleague or a friend."

2. Findings of the 2007 Survey of Parents of College-Bound Freshmen, conducted by Sallie Mae, reveal that:

- More than 60% of parents of incoming college freshmen began discussions about the best way to pay for college after the student entered high school, and 32% said the thing they would do differently would be to begin saving for college earlier.
- More than half (56%) of parents believe that college is not affordable, a trend that persisted across low-, middle- and high-income categories. Despite this finding, 82% of all respondents believed that a college education is worth the cost.
- While the vast majority of parents surveyed (81%) discussed tuition payment with their students at least twice during the summer before it was due, 11% never discussed the tuition bill.
- Almost three-quarters (73%) of survey respondents think paying for college is the responsibility of both the parent and the student.
- “Location of school” was identified by 34% of respondents as the top priority when their student was applying for college (the most frequently selected choice) while “cost of school” was the top concern of 15% of respondents (the fourth most popular choice).
- The college payment option most frequently used by respondents was cash/savings (54%), followed by federal loans such as Stafford or PLUS (40%). Twenty percent of all respondents reported using private loans.
- Over all income groups, 68% of respondents say their student will work during the school year, but 70% of that group said their student would work to 20 hours per week or less.

[Sallie Mae, Parents Regret Late Start to College Saving, Most Consider College Unaffordable, January 2008, http://www.salliemae.com/about/news_info/newsreleases/012908.htm]

3. A 2007 College Savings Foundation survey of parents found that:

- 54% had less than $5,000 saved toward college, and that 38% expected to be paying off college-related debt over more than 10 years.
- 79% would be highly disappointed if their child could not afford to go to college.
- 22% expect college costs to be the child's responsibility.
- 24% expect help from grandparents.
- 29% are investing for college in 529 plans.


4. The Hartford's annual college savings survey, conducted in June of 2007, found that:

- 70% of parents saving for their child's college education confessed they were not using a 529 college savings plan. Many parents seem not to know, or fully appreciate, the significant tax benefits 529 plans offer.
- More than 40% of parents participating in the survey admitted that they have not started saving because they believe they need a large sum to get off to the right start.
- 21% of parents have put off saving for college because they are focused solely on saving for retirement. Of this group, a quarter eschews education saving plans with the hope that their child may receive a scholarship.
- 31% of parents started saving for college only after discussions with a financial professional. Among parents already saving for college, 25% increased their contribution amount after consulting with a financial professional.

5. According to a 2007 poll conducted by Harris Interactive for the AICPA:

- Only 14% of American adults mentioned their company's 401(k) plan when asked about ways they save.
- Only 11% of workers under 35 indicate they are participating in their company's 401(k).

[Harris Interactive for the American Institute of Certified Public Accountants (AICPA), American Adults Still Expect to Retire With a Pension, According to AICPA, March 2007, http://www1.ficpa.org/ficpa/National_News/AICPA/AmericanAdults]

6. A November 2006 nationwide Pew Research Center telephone survey reveals:

- Nearly two-thirds (63%) of Americans acknowledge they don’t save enough, and more than a third say that they often (11%) or sometimes (25%) spend more than they can afford. More than one-in-three (36%) Americans also say that they have at some point in their lives felt their financial situation was out of control.
- The U.S. Commerce Department's Bureau of Economic Analysis has estimated that, since April of 2005, the American public has been spending more money than it has earned after taxes—an unprecedented development in the past half century.


Debt:

1. Consumer revolving credit grew again in January [2008] as Americans tacked on $5.6 billion in net new debt, mostly credit card debt, compared to the prior month. In December consumers added $2.2 billion. Revolving consumer credit has now reached a record $947.4 billion and is growing by 7.0% per annum. Based on revised figures, revolving debt rose 2.8% in December and 12.8% in November. According to data released by the Federal Reserve, total revolving credit has expanded by $76 billion over the past twelve months. Bank credit card debt (excluding store and gas credit cards) at the end of the fourth quarter was about $800 billion, roughly 85% of total revolving credit, according to CardData (www.carddata.com). Store and gas credit cards had about $109 billion in outstandings at year-end 2007. At the end of December, Americans were $2524 billion in debt, excluding home mortgages.


2. Revolving consumer credit set a new record of $879 billion in January [2007], growing at an annual rate of 11.1%. Based on revised figures, revolving debt rose 1.9% in December and 13.8% in November. According to data released by the Federal Reserve, total revolving credit grew $800 million during January to $879.4 billion. Bank credit card debt (excluding store and gas credit cards) at the end of the fourth quarter was about $750 billion or roughly 85% of total revolving credit, according to CardData (www.carddata.com). At the end of January, Americans were $2411.4 billion in debt, excluding home mortgages.


3. U.S. consumers received nearly 8.0 billion direct mail credit card solicitations last year [2006], a 30% increase over the prior year. The gain was about double the growth rate of 2005 even though response rates are hovering at 0.3%, according to CardWatch (www.cardwatch.com). Response rates have declined from 2.8% fifteen years ago to 1.2% ten years ago to 0.6% five years ago.

4. A recent survey by Sallie Mae found that more than half of college students accumulated more than $5,000 in credit card debt while in school. Of the 13,000 respondents, one-third piled on more than $10,000 in credit card debt while in school. Only 19 percent said they did not acquire any credit card debt while in school.

[Sallie Mae, Sallie Mae launches new 'Be Debt Smart' campaign to educate students, parents and graduates on managing debt and understanding credit, January 2007, http://www.salliemae.com/about/news_info/newsreleases/021407_bedebsmart.htm]

Bankruptcies, Defaults, & Foreclosures:

1. Consumer bankruptcy filings in February [2008] rose to 76,000 compared to 66,000 in the prior month. Chapter 13 filings made up about 46% of all consumer cases, down slightly from last month. According to data provided by the National Bankruptcy Research Center and Lindquist Consulting, consumer bankruptcies hit 66,400 in December compared to 69,000 in September and 61,000 in March. Cumulatively, the 2007 bankruptcy filings totaled 802,000, a 40.5% increase from 2006.


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