



THE WISCONSIN MODEL

EXPANDING OPPORTUNITIES THROUGH FINANCIAL EDUCATION

**GOVERNOR'S TASK FORCE ON FINANCIAL EDUCATION
FINAL REPORT, AUGUST 2002**

*“Improving basic financial education at the elementary
and secondary school level is essential. . . .
Building bridges between community organizations,
our educational institutions, and private business
will be an essential aspect of our efforts.”*

*—Alan Greenspan, Chairman
Federal Reserve Board*



State of Wisconsin
Department of Financial Institutions

Scott McCallum, Governor

John F. Kundert, Secretary

Dear Governor McCallum:

An irrefutable need exists for improved financial education for Wisconsin. We believe the enclosed recommendations offer a blueprint to help elevate our youth to become financially skilled and knowledgeable citizens who can ultimately make our state stronger.

We began more than six months ago to confront a well-defined problem that takes a grim toll. The problem is this. Today, a significant lack of financial literacy exists among Wisconsin youth. A 2002 national survey of financial know-how conducted by the National JumpStart Coalition for Personal Financial Literacy resulted in Wisconsin 12th graders achieving an average score of 58.8 %. That grade represents a failing score on any grading scale and several other studies support that finding. Clearly financial and economic education must become a core component of the K-12 curriculum if we expect our youth to function successfully in our fast-paced, evolving financial system.

Financial illiteracy has a pervasive social and economic impact.

- Money and financial problems in Wisconsin are: the number one cause of divorce, a leading cause of suicides, a main reason for a 105% increase in personal bankruptcies since 1990.
- An increasingly complex array of financial services requires that Wisconsin youth to be financially astute in order to choose the products, services, and terms that are most optimal to them and their future families.
- Wisconsin's economic future hinges on its businesses' and citizens' ability to understand fundamental financial tools and to stay abreast of, if not be leaders in, the adoption of innovative, new financial methods and products for they are the lifeline of the most competitive businesses.

The realization of these recommendations will require leadership, political will, and collaborative action. We have confidence that Wisconsin can implement this vision.

Thank you for the opportunity to focus on financial education. We commend you for perceiving the link between Wisconsin's financial proficiency, its financial competitiveness, and its quality of life. Therefore, we enthusiastically urge that these recommendations be adopted.

Sincerely,



Office of Financial Education

Mail: PO Box 7846 Madison, WI 53707-7846

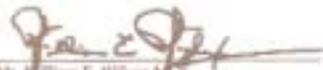
Courier: 345 W. Washington Ave. 3rd Floor, Madison, WI 53703

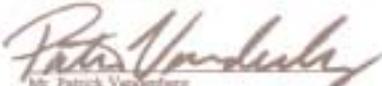
Voice: (608) 261-9540

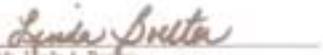
Fax: (608) 264-7873

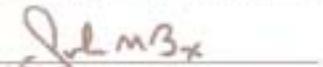
TTY: (608) 266-8818

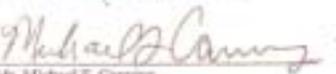
Internet: www.wdfi.org

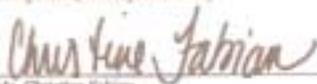

Mr. William E. Wilson
CBM Credit Education Foundation, Inc.
Co-Chair of Task Force


Mr. Patrick Vandenberg
Credit Counselor
Co-Chair of Task Force

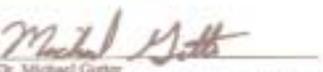

Ms. Linda A. Boeder
University of Wisconsin-Extension
(University of Wisconsin-Extension representative)

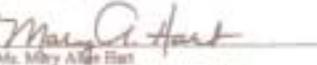

Mr. John B. Mays
Madison-Janesville School District
(Districtwide Wisconsin representative)

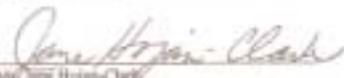

Mr. Michael F. Carrang
American for Consumer Education & Competition, Inc.
(American for Consumer Education & Competition, Inc. representative)


Ms. Christine Fabian
John Edwards High School
(Wisconsin Family & Consumer Educators representative)


Sen. Richard A. Grobschmidt
Wisconsin State Senate
(Wisconsin State Senator)


Dr. Michael Guter
University of Wisconsin-Madison, School of Human Ecology
(University of Wisconsin Professor)

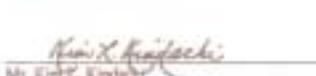

Ms. Moby Alge Hart
Former Monroe High School Teacher
(At-large member)

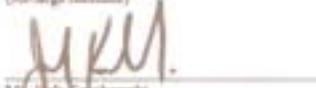

Ms. Jane Hovis-Clark
Wisconsin Higher Educational Aids Board
(Higher Educational Aids Board Executive Secretary)

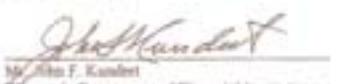

Rep. Suzanne Jankovitz
Wisconsin State Assembly
(Wisconsin State Representative)

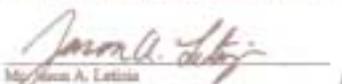

Mr. Willie Jude
Milwaukee Public School District
(School administrator)

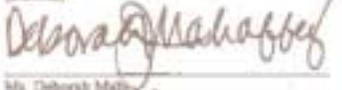

Sen. Ted Kazura
Wisconsin State Senate
(Wisconsin State Senator)

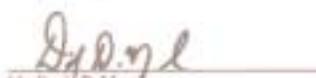

Mr. Karl E. Kinsler
Wisconsin Bankers Association
(At-large member)

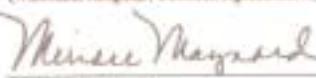

Mr. Jack Kolaczinski
Junior Achievement of Wisconsin, Inc.
(At-large member)

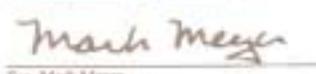

Mr. John F. Kusler
Wisconsin Department of Financial Institutions
(Secretary of Department of Financial Institutions)

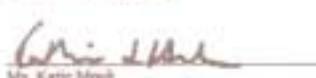

Marjorie A. Letina
University of Wisconsin-LaCrosse
(Student)

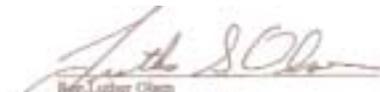

Ms. Deborah Miller
Wisconsin Technical College System
(Wisconsin Technical College System representative)

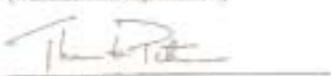

Mr. David D. Mason
Wisconsin Department of Financial Institutions
(Wisconsin Jumpstart Coalition representative)


Ms. Morilee Maynard
Northwestern Mutual Insurance Foundation
(Private Foundation representative)


Sen. Mark Meyer
Wisconsin State Senate
(Wisconsin State Senator)

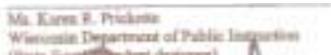

Ms. Katie Mink
Wisconsin Women's Council
(At-large member)

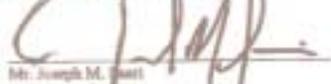

Rep. Jeff Olson
Wisconsin State Assembly
(Wisconsin State Representative)

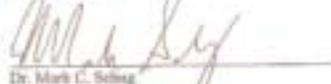

Mr. Thomas K. Peterson
Crescent Bank
(Bank representative)


Rep. Jeff Plake
Wisconsin State Assembly
(Wisconsin State Representative)

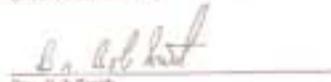
(See attached letter, page 13)

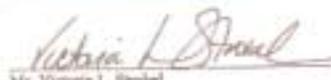

Ms. Karen F. Pruckner
Wisconsin Department of Public Instruction
(State Superintendent designee)

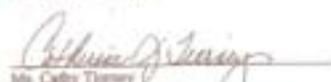

Mr. Joseph M. Stasi
Precision Information
(Entrepreneur)

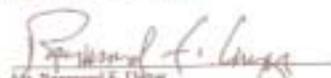

Dr. Mark C. Seisig
University of Wisconsin-Milwaukee
(Center for Economic Education representative)

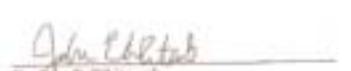

Dr. Thomas G. Scallon, Ed.D.
Appleton Area School District
(School administrator)


Sen. Bob Steinh
Monterey Catholic Schools
(Private foundation representative)


Ms. Victoria L. Stibel
Marshall & Isley Corp.
(Bank representative)


Ms. Cathy Timony
Community First Credit Union
(Credit union representative)


Mr. Raymond F. Unger
Unger Capital Management
(Securities industry representative)


Dr. Ed Whitcomb
Wisconsin author, Copiate Four Kids-The Link of Swiss Money Program
(At-large member)

THE NEW TEACHING CHALLENGE . . .

Business

Wisconsin students struggle
with financial facts 3D

www.jsonline.com/bym

MONDAY, APRIL 29, 2002

MILWAUKEE JOURNAL SENTINEL

State students struggle with financial facts

By PAUL GORES
of the Journal Sentinel staff

Wisconsin high school seniors are smarter about financial matters than their peers nationwide, but they still don't get a passing grade, a new survey has found.

A national survey by the Jumpstart Coalition for Personal Financial Literacy revealed that, on average, 12th-grade students could correctly answer only 50.2% of questions regarding credit cards, retirement funds, taxes and other basic personal finance subjects.

Wisconsin students who took the 31-question, 45-minute exam were able, on average, to answer 68.8% of the questions accurately, according to the state Department of Financial Institutions.

State Sen. Ted Kanavas (R-Brookfield), a member of a state task force on improving financial education for young people, said the survey results are no surprise.

"I think it points directly to what we've been arguing, which is that financial education has got to be a part of the overall education process for our students in Wisconsin," Kanavas said.

The survey, conducted by Lewis Mandell, a finance professor at the University of Buffalo and former dean of Marquette University's business school, focused on facts that the Jumpstart Coalition thinks students should know by the time they graduate from high school.

The question on which Wisconsin students and national partici-

pants fared the worst concerned how much a credit card holder would be responsible for paying if a thief stole the card and ran up \$1,000 in charges. Only 4.3% in Wisconsin knew \$50 was the correct answer, with the other choices being \$0, \$500 and \$1,000. Nationally, 7.7% knew the right answer. Most picked \$0.

The Jumpstart survey was conducted in December, January and February.

Gov. Scott McCallum's Task Force on Financial Literacy has been meeting in Madison to find ways to make sure state schools teach the basics of personal finance. Kanavas said he believes it can be done without lawmakers mandating that it be part of the public school curriculum.

Kanavas, a former member of the Elm Brook School Board, said the state should be working with business leaders and local school boards to sell them on the idea of integrating personal finance lessons into other school subjects.

"What I've learned, having served on a school board, is that this type of curriculum is best presented when it's integrated into other classes -- whether it's math, social studies, history, economics," Kanavas said. "You can literally teach these core concepts in a variety of classes without having to mandate a tremendous amount of content."

TABLE OF CONTENTS

Executive Summary	9
Governor’s Task Force on Financial Education Recommendations	10-12
Wisconsin Department of Public Instruction Letter	13
Appendixes:	
Appendix A: Executive Order No. 33	14-15
Appendix B: Task Force Vision Statement	16
Appendix C: Principles to Guide the Task	17
Appendix D: Task Force on Financial Education Members and Steering Committee Members	19-24
Appendix E: Task Force Issues and Work Groups	28-33
Appendix F: Workgroup Findings	34-36
Appendix G: Task Force on Financial Education Meeting Schedule	38
Appendix H: Governor’s Task Force on Financial Education Public Listening Session	39
Appendix I: Workgroup Process	41-42
Appendix J: Integration of JumpStart Coalition Standards with Wisconsin’s Economic Standards, Grades, 4, 8, and 12	43-50
Members of the Task Force Photo	53
Facilitation and Administrative Support	55

EXECUTIVE SUMMARY

In response to recent surveys which have shown that our nation's youth lack the necessary financial literacy they need to be responsible citizens, Governor Scott McCallum directed formation of the Task Force on Financial Education to deal with the problem. This final report offers both a vision for the future and a working blueprint for financial education in Wisconsin. Its ultimate goal is the improvement of the financial literacy of Wisconsin youth.

The recommendations call for changes in standards in schools and indicate where to integrate financial education in the K-12 curriculum. Another key recommendation involves formation of a public/private consortium that would promote and assist in the implementation of financial education in Wisconsin through a variety of methods. It would deal with such issues as coordination between key state agencies such as the Wisconsin Department of Financial Institutions and the Wisconsin Department of Public Instruction, creation of key public/private partnerships, accountability, funding, and incentives. It would act to amplify successful programs.

The report recommends ways to provide increased flexibility to Wisconsin teachers to better allow them to become involved in teaching financial education and it also spells out a role for communities and families. Members of the Task Force saw samples of successful community-based financial education programs and these valuable hands-on learning opportunities became the basis for a recommendation. Another key recommendation deals with public relations to promote financial education and to measure progress. The following nine recommendations provide details of the views of the Governor's Task Force on Financial Education.

GOVERNOR'S TASK FORCE ON FINANCIAL EDUCATION RECOMMENDATIONS

The Governor's Task Force on Financial Education began meeting over six months ago to address the well-defined problem of financial illiteracy in Wisconsin. A 2002 survey conducted by the National Jump\$tart Coalition for Personal Financial Literacy documented the problem when it reported that Wisconsin 12th graders achieved an average score of just 58.8% on a test of their financial know how. Many other studies show similar results. Governor McCallum charged the Task Force with determining how to better prepare Wisconsin youth for successful entry into and participation in our evolving financial system. The Task Force on June 20, 2002, approved the following recommendations as the best approach to improving financial literacy among Wisconsin youth.

RECOMMENDATIONS APPROVED BY TASK FORCE JUNE 20, 2002

STANDARDS AND ASSESSMENTS

Standards: The Task Force recommends that financial literacy education standards be created based upon those developed by the Task Force's Financial Skills Work Group [listed separately]. These new standards should all be incorporated into the Wisconsin economics model academic standard and also incorporated into other academic standards as appropriate in the next DPI review cycle, 2004 (see Appendix J on page 43).

AND

Assessment: The Task Force recommends that a significant assessment of student financial literacy be conducted by school districts to enable Wisconsin to assess the level of improvement in student financial literacy.

This can be done either through:

- a. A new stand-alone statewide standardized test in personal finance and economics that would be created and administered in grades 8 and 10 at least once every two years to measure the impact of the new financial education standards on students. The assessment should be integrated into the Wis. Student Assessment System. Testing should begin in 3-4 years to allow school districts and DPI/DFI time to prepare; or
- b. Conducting a meaningful assessment of student financial literacy as part of the Wis. Student Assessment System—including more questions on economics and personal finance.

K-12 COURSES

While personal finance and economics should be included at several places in the K-12 curriculum, the Task Force recommends that each school district in Wisconsin must offer at least one required course (during grades 9-12) in personal finance for high school graduation. The required course should be based upon the Task Force's recommended financial education standards and grounded in DPI's newly developed model economic standards (see the *Standards* recommendation on page 10). This graduation requirement would apply to students graduating in 2008.

The newly created public/private entity recommended by the Task Force (see *Partnership & Funding* recommendation below) would, as part of its responsibility, take the lead in developing model curricula to assist school districts in developing coursework to include experience-based opportunities in personal finance and economics.

PARTNERSHIP & FUNDING

The Task Force recommends that the Governor create a public/private consortium charged with promoting and implementing financial education in Wisconsin. Activities of this consortium might include:

- a) Coordinate financial education among state agencies. The Task Force recommends that the Governor assign DFI and DPI to work together in a leadership role in order to facilitate this collaboration
- b) Develop model curricula to guide the development of financial and economic education in Wisconsin schools, communities, and businesses
- c) Encourage development of business/education/community partnerships to support financial literacy
- d) Identify existing financial education collaborations
- e) Provide accountability, set a goal for a degree of improvement expected, measure success and progress, and prepare an annual report
- f) Develop experience-based financial education opportunities with community organizations
- g) Access and advocate for the necessary funds in support of financial education in Wisconsin
- h) Develop incentives to promote the learning/experiencing of financial education
- i) Other activities that the consortium determines necessary to fulfill its charge

TEACHER PREPARATIONS

The Task Force recommends that teacher certification rules should be made flexible enough to allow for the certification of teachers (such as social studies, business, family and consumer education, and others) who have demonstrated or can demonstrate an ability to teach financial and economic education.

COMMUNITY-BASED FINANCIAL EDUCATION

The Task Force recommends that communities be encouraged to provide financial education programs and develop age-appropriate, experience-based learning programs for teaching of financial literacy (see *Clearinghouse* recommendation below).

The Task Force recommends that the public/private consortium identify and adapt curriculum for grass-roots and workforce educators to promote financial skills (see *Partnership & Funding* recommendation previous page).

CLEARINGHOUSE

The Task Force recommends that the public/private consortium (see *Partnership & Funding* recommendation previous page) maintain a Wisconsin clearinghouse of effective models for financial education and programs that successfully address standards for financial education.

INCENTIVES

The Task Force recommends the development of a variety of incentives to encourage financial education and financial responsibility.

PUBLIC RELATIONS

The Task Force recommends that the Department of Financial Institutions develop a public relations strategy on the importance of financial education/skills in a variety of venues (e.g., state fairs, newsletters, workshops, public and cable television, “fests,” life passage points).

ACCOUNTABILITY

The Task Force recommends that the public/private consortium annually establish a goal for the degree of improvement (in behavioral, knowledge, and economic outcomes) along with clearly defined measures of success and progress. This goal and measures should be included in the consortium’s annual report to the Governor.



State of Wisconsin Department of Public Instruction

Mailing Address: P.O. Box 7841, Madison, WI 53707-7841
125 South Webster Street, Madison, WI 53702
(608) 266-3390 TDD (608) 267-3427 FAX (608) 267-1052
Internet Address: www.dpi.state.wi.us

Elizabeth Burmaster
State Superintendent

June 28, 2002

Mr. William E. Wilcox, Co-Chair
Governor's Task Force on Financial Education
CBM Credit Education Foundation, Inc.
2509 S. Stoughton Rd., Ste 300
Madison, WI 53716

Mr. Patrick Vandenberg, Co-Chair
Consumer Credit Counseling Service
2422 N. Mayfair Rd., Ste 300
Milwaukee, WI 53225

Dear Mr. Wilcox and Mr. Vandenberg:

Thank you for the opportunity to serve on the Financial Education Task Force. It is an extremely informative and worthwhile initiative. As the Social Studies Consultant for the department, I was impressed by the many available resources for teaching financial education and by the many agencies and people in our state that are promoting financial education.

The Wisconsin Department of Public Instruction strongly supports the recommendation that financial literacy standards be added to the Wisconsin Model Academic Standards, and our state superintendent, Elizabeth Burmaster, will instruct the standards' review committees to examine standards in 2003 with that purpose in mind. The department is also very interested in supporting a partnership with other agencies to promote the study of personal finance.

There are several important reasons for not signing the cover letter that will go with the final recommendations. The recommendation that a stand-alone standardized test be given every two years in grades 8 and 10 is not practical at this time. Our assessment system is presently undertaking a major expansion as a result of the federal "Leave No Child Behind" legislation, and there is tremendous pressure on school districts to perform well on the new assessments. Because the Wisconsin Model Academic Standards are the basis for the WSAS, the first step would be the inclusion of personal finance standards and then for those standards to be reflected in the WSAS. Another reason is that an additional high school course requirement, such as the proposed personal finance course, would be unlikely to meet with acceptance because our school districts are experiencing major budget cuts affecting staff and curriculum.

The Department of Public Instruction will help to promote personal finance education to all schools and agencies that involve teachers and students. We will also inform teachers of the excellent resources presented to the task force. On behalf of the department, I welcome opportunities to participate in the subsequent activities of the task force.

Sincerely,

Karen R. Prickett
Superintendent's Designee

cc: John F. Kundert, Secretary, Wisconsin Department of Financial Institutions (WDFI)
David D. Mandl, Director, Office of Financial Education, WDFI



EXECUTIVE ORDER No. 33

**Relating to the Creation of the
Governor's Task Force on Financial Education**

WHEREAS, numerous state and national authorities on the issue of financial education have documented a need for increased financial education in Wisconsin and nationally; and

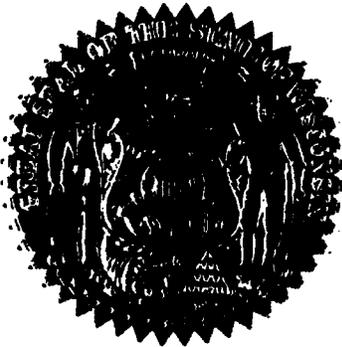
WHEREAS, the Wisconsin Legislature, through 2001 Senate Joint Resolution 31 urged schools to improve the personal money management skills of high school students; and

WHEREAS, the Wisconsin Department of Financial Institutions' ("DFI") Task Force on Financial Competitiveness 2005 - representing Wisconsin's financial industry and consumers - ranked financial illiteracy as a top obstacle to financial competitiveness;

NOW, THEREFORE, I, SCOTT MCCALLUM, Governor of the State of Wisconsin, by the authority vested in me under Section 14.019(1), Wis. Statutes., do hereby:

1. Create the Governor's Task Force on Financial Education (hereinafter "Task Force"); and
2. Provide that the mission of the Task Force shall be to advise the Governor on how public and private organizations can prepare Wisconsin youth for successful entry into and participation in our evolving financial system and to produce a report which will:
 - a. identify the basic financial knowledge and skills which are appropriate and necessary for the successful entry into the financial marketplace by Wisconsin's youth;
 - b. catalog existing successful efforts of financial education by state agencies and private/non-agency organizations;
 - c. assess the adequacy, nature and extent of financial and economic education in Wisconsin and determine whether and where gaps exist in the educational infrastructure;
 - d. foster communication and cooperation between existing entities and programs in financial education;
 - e. identify topics and audiences which could be better served by financial education efforts in Wisconsin; and
 - f. suggest ways to meet the needs identified by the task force.
3. Provide that DFI will be responsible for guidance and administrative support to the Task Force; and

4. Provide that two Co-Chairs of the Task Force shall be appointed by the Governor to serve at the pleasure of the Governor; and
5. Provide that the other members of the Task Force shall be appointed by the Governor to serve at his pleasure and shall consist of:
 - a. the Secretary of the Department of Financial Institutions or his/her designee;
 - b. the State Superintendent of Public Instruction or his/her designee;
 - c. the Executive Secretary of the Higher Educational Aids Board or his/her designee;
 - d. three Wisconsin State Senators;
 - e. three Wisconsin State Representatives;
 - f. a University of Wisconsin Professor;
 - g. a representative of the Wisconsin Technical College System;
 - h. a representative of the University of Wisconsin Extension;
 - i. a representative of "Economics Wisconsin;"
 - j. two school administrators;
 - k. an educator;
 - l. a student;
 - m. two representatives of private foundations;
 - n. two representatives of banks;
 - o. a representative of credit unions;
 - p. a member of the securities industry;
 - q. a representative of Americans for Consumer Education and Competition (ACEC);
 - r. a representative of the Wisconsin Jump Start Coalition;
 - s. an entrepreneur;
 - t. a representative of a Center for Economic Education; and
 - u. five at-large members; and
6. Provide that the Task Force submit a final report to the Governor no later than July 2002; and
7. Provide that the Task Force dissolve when its final report is received by the Governor.



IN TESTIMONY WHEREOF, I have hereunto set my hand and caused the Great Seal of the State of Wisconsin to be affixed. Done at the Capitol in the City of Madison this fifteen day of November in the year two thousand- one.

Scott McCallum
Governor

By the Governor:

Douglas La Follette
Secretary of State

APPENDIX

A VISION FOR FINANCIAL EDUCATION IN WISCONSIN

Our vision for financial education in Wisconsin is to . . .

Prepare youth (K-16) to enter into and successfully participate in the evolving financial system as an informed and responsible contributor to Wisconsin's economy. This, in turn, helps improve quality of life.

The statewide public/private partnership of Wisconsin educational, financial, community, and governmental institutions will work towards achieving this vision through:

- Public and private institutions, parents and non-traditional families, all communicating, collaborating, and coordinating their efforts to provide financial educational services and programs for Wisconsin youth
- Clearly defined financial education standards of what young people need to know/do (e.g., Jump\$tart standards, emotional competencies, attitudes, economic basics)
- Public and private institutions and organizations recognizing the value of a financially literate population
- Wisconsin educational institutions taking the lead role in promoting financial literacy
- DFI, working in partnership with leaders at the state and local level, helping create an environment that supports financial literacy in schools, in families, and in businesses
- Wisconsin policy makers embracing innovative State financial education policies and practices—and implementing these policies and practices to support statewide efforts for financial education
- Innovative practices and programs that help achieve financial literacy for Wisconsin's culturally and ethnically diverse population
- Encouraging financial institutions to form partnerships with the educational institutions

PRINCIPLES TO GUIDE THE TASK FORCE IN ACHIEVING THE FINANCIAL EDUCATION VISION

The Governor’s Task Force on Financial Education will use the following principles (not listed in any order of importance) to help shape its recommendations.

Our financial education efforts should . . .

1. Reflect, honor, and serve Wisconsin’s rich cultural and ethnic diversity
2. Have accountability at key points such as measurable outcomes
3. Reflect a developmental system that begins with basic life skills and fundamentals, advances up to applications, and includes positive motivations
4. Promote financial independence, interdependence, and responsibility, connecting consequences to behaviors
5. Be integrated across the K-16 levels and diffused into many disciplines and programs
6. Include business ethics, values, financially responsible behavior, retirement planning, entrepreneurship, wealth creation, and emotional skills (e.g., how to teach frugality, delayed gratification, saving for a rainy day, etc.)
7. Recognize the influence of parents and community
8. Acknowledge that financial literacy is an essential life skill for everyone
9. Reflect mainstream financial skills, concepts and principles
10. Give people equal access to financial education information, knowledge, and resources
11. Be grounded in practical everyday life skills and applications
12. Be sustainable over time
13. Recognize that financial education needs to be taught to our youth because it is essential to a balanced life
14. Allow for and accept different levels of success and not make a value distinction between those who have a lot and those who have little
15. Carefully consider the complicated curriculum that schools must already teach, consider the cost of implementing new ideas, and look for investment resources (human) and funding mechanisms to defray these costs
16. Recognize that effective learning requires hands-on practice to develop appropriate dispositions and habits regarding financial literacy.

Wisconsin 12th graders in a 2002 national survey achieved an average score of only 58.8 percent on a test of their financial know how—a dismal fact. At the same time, access to financial products and services is greater than ever before.

*– National Jump\$tart Coalition for
Personal Financial Literacy Survey*

TASK FORCE MEMBERS

Co-Chair	Mr. William E. Wilcox, MCE CBM Credit Education Foundation, Inc. 2509 S. Stoughton Rd., Ste. 300 Madison, WI 53716
Co-Chair	Mr. Patrick Vandenberg Credit Counselor 6309 Ambassador Lane Racine, WI 53402
University of Wisconsin-Extension Representative	Ms. Linda A. Boelter University of Wisconsin-Extension PO Box 1208 Rhinelander, WI 54501
Economics Wisconsin Representative	Mr. John Box Mequon-Thiensville School District 5000 W. Mequon Rd. Mequon, WI 53092
Americans for Consumer Education & Competition, Inc. Representative	Mr. Michael F. Canning Americans for Consumer Education & Competition, Inc. 1200 G St., NW, Ste 800 Washington, D.C. 20005
At-large Member	Ms. Christine Fabian John Edwards High School 801 2nd Street Port Edwards, WI 54469-1301
Wisconsin State Senator	Senator Richard A. Grobschmidt Wisconsin State Senate PO Box 7882 Madison, WI 53707-7882

University of Wisconsin Professor

Dr. Michael Gutter
 University of Wisconsin-Madison
 School of Human Ecology
 1300 Linden Dr., Rm. 370F
 Madison, WI 53706

Educator

Ms. Mary Alice Hart
 Monroe Area High School (retired)
 814 22nd Street
 Monroe, WI 53566

Higher Educational Aids Board
 Executive Secretary/designee

Ms. Jane Hojan-Clark
 WI Higher Educational Aids Board
 131 W. Wilson St., Ste 902
 Madison, WI 53702

Wisconsin State Representative

Representative Suzanne Jeskewitz
 Wisconsin State Assembly
 PO Box 8952
 Madison, WI 53708-8952

School Administrator

Mr. Willie Jude
 Milwaukee Public School District
 PO Box 2181
 Milwaukee, WI 53201-2181

Wisconsin State Senator

Senator Ted Kanavas
 Wisconsin State Senate
 PO Box 7882
 Madison, WI 53707-7882

At-large Member

Mr. Kim L. Kindschi
 Wisconsin Bankers Association
 4721 S. Biltmore Lane
 Madison, WI 53718

At-large Member

Mr. Jack Kosakowski
Junior Achievement of Wisconsin, Inc.
6924 N. Port Washington Rd.
Milwaukee, WI 53217

Department of Financial Institutions
Secretary/designee

Mr. John F. Kundert
Wisconsin Department of Financial
Institutions
345 W. Washington Ave., 5th Floor
Madison, WI 53702

Student

Mr. Jason A. Letizia
2190 Hammock Hill Lane
Brookfield, WI 53045

Wisconsin Technical College System
Representative

Ms. Deborah Mahaffey
Wisconsin Technical College System
310 Price Place
PO Box 7874
Madison, WI 53707-7874

Wisconsin Jump\$tart Coalition
Representative

Mr. David D. Mancl
Wisconsin Department of Financial
Institutions
345 W. Washington Ave., 3rd Floor
Madison, WI 53702

Private Foundation
Representative

Ms. Meridee Maynard
Northwestern Mutual Foundation
720 E. Wisconsin Ave.
Milwaukee, 53202

Wisconsin State Senator

Senator Mark Meyer
Wisconsin State Senate
PO Box 7882
Madison, WI 53707-7882

At-large Member	<p>Ms. Katie Mnuk Wisconsin Women’s Council 14 W. Mifflin St., Ste 212 Madison, WI 53703</p>
Wisconsin State Representative	<p>Representative Luther Olsen Wisconsin State Assembly PO Box 8953 Madison, WI 53708-8953</p>
Bank Representative	<p>Mr. Thomas K. Peterson Ozaukee Bank 1425 W. Mequon Rd. Mequon, WI 53092</p>
Wisconsin State Representative	<p>Representative Jeff Plale Wisconsin State Assembly PO Box 8953 Madison, WI 53708-8953</p>
Department of Public Instruction Secretary/designee	<p>Ms. Karen R. Prickett Wisconsin Department of Public Instruction 125 S. Webster St., 4th Floor Madison, WI 53703</p>
Entrepreneur	<p>Mr. Joseph M. Saari Precision Information 93 Lakewood Gardens Lane Madison, WI 53704</p>
Center for Economic Education Representative	<p>Dr. Mark C. Schug University of Wisconsin-Milwaukee 281 Enderis Hall 2400 E. Hartford Ave. PO Box 413 Milwaukee, WI 53201-0413</p>

School Administrator

Dr. Thomas G. Scullen, Ed.D.
Appleton Area School District
10 College Ave., Ste. 214
PO Box 2019
Appleton, WI 54912-2019

Private Foundation Representative

Brother Bob Smith
Messmer Catholic Schools
742 W. Capitol Dr.
Milwaukee, WI 53206

Bank Representative

Ms. Victoria L. Strobel
Marshall & Ilsley Corp.
770 N. Water St.
Milwaukee, WI 53202-3593

Credit Union Representative

Ms. Cathy Tierney
Community First Credit Union
2626 S. Oneida St.
Appleton, WI 54912-1487

Securities Industry Representative

Mr. Raymond F. Unger
Unger Capital Management
6602 Normandy Lane
Madison, WI 53719

At-large Member

Dr. John E. Whitcomb
Author
2095 Elm Tree Court
Elm Grove, WI 53122

STEERING COMMITTEE MEMBERS

Mr. William E. Wilcox, MCE, President
CBM Credit Education Foundation, Inc.
2509 S. Stoughton Rd., Ste. 300
Madison, WI 53716

Mr. Patrick Vandenberg
Credit Counselor
6309 Ambassador Lane
Racine, WI 53402

Mr. John F. Kundert, Secretary
Wisconsin Department of Financial Institutions
345 W. Washington Ave., 5th Floor
Madison, WI 53702

Terry W. Grosenheider, Deputy Secretary
Wisconsin Department of Financial Institutions
345 W. Washington Ave., 5th Floor
Madison, WI 53702

David Anderson, Executive Assistant
Wisconsin Department of Financial Institutions
345 W. Washington Ave., 5th Floor
Madison, WI 53702

David Mancl, Director
Office of Financial Education
Wisconsin Department of Financial Institutions
345 W. Washington Ave., 3rd Floor
Madison, WI 53708

Jeffrey Russell, Co-Director
Russell Consulting, Inc.
1134 Winston Dr.
Madison, WI 53711-3161

Linda Russell, Co-Director
Russell Consulting, Inc.
1134 Winston Dr.
Madison, WI 53711-3161

NATIONAL
PROBLEM . . .

High school seniors fail personal finance test:

By John Hyslop
The Washington Times

High school seniors flunk personal finance 101, a group that promotes financial literacy reported yesterday.

Many students answering an 801-person telephone survey sponsored by the Americans for Consumer Education and Competition answered incorrectly on questions about saving, investing and taxes. The group is pushing a House bill that would give primary and secondary schools more funding to develop and implement financial education curricula.

Group urges law to fund curricula

The students' average score on a 13-question quiz was under 40 percent, said Dave Sackett, whose Republican polling firm, the Tarance Group, conducted the survey with the Democratic research firm Lake, Snell and Perry.

One-third of the students surveyed had a savings account. But 38 percent thought savings accounts were a better way to earn interest than money market accounts or certificates of deposit.

Susan Molinari, a former member of Congress and Americans for

Consumer Education and Competition's chairman, said the results show a clear need for better personal finance education, both at home and in schools.

"The results suggest that there is a significant deficiency," she said.

"Personal finance lessons are best learned when both parents and educators make them a priority."

Mrs. Molinari spoke at Woodrow Wilson High School in Northwest, one of the few schools in the Dis-

trict to have a formal financial education curriculum.

The school has an Academy of Finance, and students who complete financial course work have a special ceremony upon graduation.

"I like money, and I wanted to learn more about how to manage my money," said Braden Crowder, a Wilson senior. He added the course taught him to be cautious about getting a credit card when he goes to college next year.

Tiffany Starke, another college-bound senior, said the course will see TEENS, page B11

TEENS

From page B10

"help plan for my future." Each student is required to develop a financial plan through death, including estate planning, said academy director Jeff Schmitt.

Mrs. Molinari said such curricula can be offered as separate courses or incorporated into existing classes such as math.

The House bill would grant at least \$500,000 to states that submit education plans to Congress, subject to its approval. The measure also would provide a clearinghouse of courses and instructional materials for schools to use.

The bill was introduced in January by Reps. David Dreier, California Republican, and Earl Pomeroy, North Dakota Democrat.

They sponsored a version of the measure last year, but the bill to which it was attached was killed.

Mr. Dreier said he is confident of its chances this year.

"My hope is that we'll have this attached to an education bill," he said. As chairman of the Rules Committee, he should be able to do just that, he added.

"Tax cuts and other issues are going to be of paramount importance, but that doesn't diminish that we need to get this through," Mr. Dreier said.

He also said the bill was another way to attack the problem of rampant bankruptcy, which is being addressed in a separate measure in Congress.

"The key to returning bankruptcy is to provide ways to avoid it," he said.

**MADISON CAPITAL
TIMES – JUNE 7, 2002**

Schools send kids into financial lion's den

One of the risks of writing a newspaper column is that you'll offend someone. But with so many high school and college graduations taking place around the state, however, someone needs to sound an alarm about the financial dangers facing these new graduates.

Especially since their respective schools failed so miserably at preparing them for these inevitable life experiences. As a practitioner in the field of investments, I'm obviously interested in knowing how our young people are being prepared to address financial issues.

Soon these same youth will hold leadership positions in government, business and social institutions that make up our society. They're the ones that will also invest, start new businesses and, in essence, create the economic environment that will either raise or lower our living standards.

In the past month, I found out that most of these graduates don't even know how to balance a checkbook. That's frightening.

Earlier this year I was invited to participate in the Governor's Task Force on Financial Education. During the task force sessions, we've heard testimony from the Federal Reserve, Wisconsin Department of Financial Institutions, Wisconsin Department of Public Instruction, The JumpStart Coalition for Personal Financial Literacy,

Ray Unger

CONFESSIONS OF A MONEY
MANAGER



and many others.

Basically, they all say the same thing. That in today's economy, young people are confronted with more financial options and opportunities than ever before, but that they're less equipped to understand much less make sound financial decisions that will affect them for the rest of their lives.

Here's just a sample of what we learned. First, that many financial institutions are ready, willing and able to extend credit to young people. According to Patrick Vandenberg, director of Consumer Credit Counseling Services of Milwaukee, two-thirds of college students now have credit cards and 13 percent have four or more cards. Many of those students have credit limits of up to \$5,000.

According to Vandenberg, 7 percent of people filing bankruptcy are between 18-24 years of age, and that while this figure is small, it's up 51 percent in just eight years. And here's some news for parents. Credit card issuers often look to the parents should these young cardholders suffer a setback.

When I went to high school in the 1960s, a course in economics was required. It covered such mundane things as home mortgages, income taxes and the cost of credit. We learned, for example, about the time value of money and how interest expenses could double or even triple the cost of an item if paid for over a long period of time.

However, I wasn't able to get a credit card until I graduated from college and had a job. So the tutoring I received in high school would not come into play for years.

Today, high school graduates and college students are inundated with credit card invitations, yet only 13 states require any course in economics — Wisconsin dropped the requirement years ago. Strange that educators in the 1960s thought such courses were necessary when kids couldn't get credit, but think it unnecessary today when credit access is so widespread.

The real irony is that material to teach our young people about finance

and economics is available. And the quality and creativity of this material is truly exceptional. The JumpStart Coalition — comprised of over one hundred nonprofit organizations, government agencies and corporations — has identified what kindergarten through 12th grade students should know and be able to do in personal finance.

And the state Department of Public Instruction has internally developed quality curriculum to meet most of these standards. Unfortunately, only 7 percent of Wisconsin's public schools offer courses that utilize these financial and economic curricula.

Last February, I received a letter from Elizabeth Burmaster, state superintendent of public instruction, congratulating me on being appointed to the governor's task force. She wasn't able to attend any of the sessions, but a number her high-ranking representatives have.

I only hope they impress upon her the need for requiring financial education in our K-12 school system. The absence of such education is tantamount to sending our youth into the financial lion's den.

Ray Unger is president of Unger Capital Management in Madison. He can be reached at 833-9400, or e-mail at rayu@ungercap.com.

*Ninety-five percent of all college students and
thirty-two percent of high schoolers had credit
cards in 2000.*

*–Data, USA Education Inc.
Experian Information Solutions, Inc.,
Business Week/May 21, 2001*

TASK FORCE ISSUES & WORKGROUPS

The Task Force Steering Committee has identified five key areas for the Task Force to explore in conducting its research and in developing and offering its recommendations:

- Financial Skills & Knowledge
- Status of Financial Literacy
- Best Practices & Funding Sources–Wisconsin & Elsewhere
- Role & Needs of Educators
- Family Financial Literacy

CLARIFYING, UPDATING, & DEFINING THE TASK FORCE ISSUES

At its January 14, 2002 meeting, the Task Force on Financial Education reviewed and discussed the initial workgroup charges developed by the Steering Committee.

Task Force members offered suggested additions to the issues and questions that each workgroup should address. The suggested additions are included in this document. The Steering Committee reviewed this document at its meeting on February 7, 2002 and made additional changes that have also been incorporated into this document.

The first task of each workgroup will be to review their *charge* and finalize their scope, membership, and issues to explore.

ISSUE: FINANCIAL LITERACY

DESCRIPTION

This issue explores the adequacy, nature and extent of financial and economic education in Wisconsin to determine whether and where gaps exist in the education infrastructure.

Graduating seniors are in financial danger today because they lack financial literacy. A 1999 study showed that on average students could answer correctly just half of financial questions—a drop from a study done just three years prior. Yet students today have access to a veritable explosion of financial venues—credit cards, Internet shopping and other financial tools—that were not available just a few years ago.

ADDITIONAL ISSUES/POINTS MADE AT JANUARY TASK FORCE MEETING

- Consider issue of financial risk, strain.
- Are there groups that are more disadvantaged, more at risk?
- Do groups have different skills, abilities?

QUESTIONS

1. Is Wisconsin doing enough?
2. How does Wisconsin educate its youth on core financial education competencies? Where and how do Wisconsin youth receive financial literacy instruction? What documentation supports successes and gaps in effectively instructing youth on these issues?
3. Research links higher rates of personal bankruptcy in those states that do not require financial education. How can collaborative initiatives benefit Wisconsin's youth to prevent such hardships as bankruptcies? How can the public and private educational infrastructure enhance financial literacy? How can private industry enhance financial literacy?
4. What is the cost of financial illiteracy to Wisconsin?
5. Is there anyone else who is a stakeholder who should have a voice in our discussion?

ISSUE: FINANCIAL SKILLS & KNOWLEDGE

DESCRIPTION

- WHAT financial skills should be taught/learned?
- WHERE should they be learned? (School? [What class(es)?] Home? Other?)
- WHEN should they be taught? (At what point in the education cycle)
- HOW to measure students' knowledge of financial literacy skills?

ADDITIONAL ISSUES/POINTS MADE AT JANUARY TASK FORCE MEETING

- Basic money management
- At what age do we test to see what age appropriate skills they have?
- Focus on the basics
- Economic knowledge
- Bridge the gap - class, world
- Incorporating positive financial skills into all academic disciplines (math, science, history, economics, social studies, family & consumer education, etc.)

QUESTIONS

1. What financial literacy skills should the student have mastered at various points in the educational cycle (bench marks)? [i.e. completion of elementary school, middle school, high school]
2. How best to measure students' financial literacy knowledge?
3. Maintaining students' interest—how can financial literacy subjects be made interesting for students? Carrots to offer? (i.e. lower auto insurance rates for completion of driver's education course)
4. Funding issues? Public/Private partnerships?
5. Educator training?
6. Is 12th grade too late to complete financial literacy skills? Should target completion be 10th or 11th grade?
7. Is there anyone else who is a stakeholder who should have a voice in our discussion?

ISSUE: BEST PRACTICES & FUNDING SOURCES—WISCONSIN & ELSEWHERE

DESCRIPTION

- Identify organizations or institutions with current programs or activities along with their funding sources.
- Evaluate the success or outcomes of each to determine their effectiveness and financial viability and sustainability.
- Analyze and/or develop strategies for effective collaboration and coordination of financial education efforts.
- Identify models of delivery of financial education that are working.

ADDITIONAL ISSUES/POINTS MADE AT JANUARY TASK FORCE MEETING

- Identify human resources.

QUESTIONS

1. What organizations/institutions have developed programs or curriculums that are age specific? Look both within Wisconsin and outside of our state. Public & Private.
2. What are outcomes or success measures which validate the effectiveness of the programs?
3. How are programs funded? Is there an optimum funding model or strategy that makes programs sustainable in communities?
4. Are there effective collaborations and what are the characteristics that make up effective collaboration and coordination of efforts in financial education? Program level? Community Level? State Level? Other States?
5. What research do we need to effectively address this topic?
6. Are there resources that we need to draw upon in the development of our recommendations?
7. Is there anyone else who is a stakeholder who should have a voice in our discussion?

ISSUE: ROLE & NEEDS OF EDUCATORS

DESCRIPTION

This issue focuses on the role of educators in promoting and teaching financial literacy in public and private educational institutions, communities and other venues and what the needs of these educators are.

ADDITIONAL ISSUES/POINTS MADE AT JANUARY TASK FORCE MEETING

- Incentives for use.
- Creating positive programs that excite and energize teachers, parents and students, and schools.

QUESTIONS

1. What kinds of materials, curriculum and resources need to be provided for educators?
2. How can Wisconsin raise the level of educators' knowledge and confidence in teaching financial education subjects to students in public and private education institutions and community classes?
3. How can Wisconsin prepare educators to enhance the self-sufficiency and financial literacy of the thousands of students they teach?
4. What do educators need to be successful in the area of financial education?
5. What is the current practice regarding financial education of teachers in Wisconsin?
6. What models and best practices already exist for teacher education?
7. Is there anyone else who is a stakeholder who should have a voice in our discussion?

ISSUE: FAMILY FINANCIAL LITERACY

DESCRIPTION

This issue explores the role of parents and families in teaching financial education to youth and possible strategies for increased parental involvement.

Schools alone cannot provide every aspect of a child's educational development. The daily modeling of parents, family members, and peers have a profound effect on an individual's financial habits.

At home, discussing financial matters is often uncomfortable and avoided.

ADDITIONAL ISSUES/POINTS MADE AT JANUARY TASK FORCE MEETING

- Extra-curricular programs for students and parents.

QUESTIONS

1. What resources and organizations exist to help parents/guardians teach financial education?
2. What methods can be employed to help families become more involved in financial literacy?
3. How can Wisconsin work collaboratively with parents/guardians to promote financial literacy at home?
4. Is there anyone else who is a stakeholder who should have a voice in our discussion?

WORKGROUP FINDINGS

EACH WORKGROUP PRESENTED ITS TOP FINDINGS

➤ Status of Financial Literacy Workgroup

1. The teaching of personal finance occurs in multiple curriculums and to varying levels of depth.
 - Approximately 11 percent of 9-12 students are enrolled in economics, 5 percent in consumer economics, 5 percent in business organizations and management, 5 percent in adult living life management, 3 percent in introduction to marketing, 2.5 percent in American enterprise during the 2001 school year.
 - Some percent of local school districts require financial education of .5-1 percent credit. Courses are taught by certified personnel under a variety of course titles using various formats
 - Of schools in one sample less than 50 percent have a personal finance requirement.
 - Wisconsin has approved standards in social studies, business, and family and consumer education that address aspects of financial and economic education.
2. Several indirect measures (credit card debt, increasing state bankruptcy rates, low net worth in Wisconsin's largest cities, college student debt) suggest that many young people in Wisconsin are making poor financial decisions.
 - From 1990-2001 bankruptcy filings in Wisconsin experienced 105 percent total growth (24 percent growth from 2000-2001). On a national level from 1991-1999 there was 51 percent growth in bankruptcy filing by those under age 25.
 - Percentage of student loans is higher than 10 years ago as is the level of debt, coupled with increased credit card use points to higher levels of total debt for college students than for previous years at UW-Madison.
 - Overall student loan default rates have decreased at UW-Madison.
 - Forty percent of college student nationally use credit cards, e.g. carry high levels of debt.
3. Wisconsin conducts no approved testing in the areas of financial and economic education.
4. Wisconsin teacher certification rules create barriers between social studies, business and family and consumer education teachers to teach financial and economic education.
5. There has been increased marketing of financial products to younger people.
6. In terms of financial understanding, Wisconsin students scored 58.8% according an April 2002 National Jump\$tart Coalition study conducted by Dr. Lewis Mandell.

➤ **Skills & Knowledge Workgroup**

1. There is a lack of financial commitment of the legislature and lack of support and cooperation by existing governmental agencies to promote, include, and implement a statewide K-12 financial literacy curriculum.
2. Existing economic standards in Wisconsin do not cover personal financial literacy.
3. Because financial literacy is not currently measured in Wisconsin, there is no guarantee that high school students have gained adequate knowledge.
4. There exists an abundance of outstanding curricula available through private and governmental organizations.
5. Many attitudes and understandings about money are developed at a very early age.

➤ **Best Practices and Funding Sources Workgroup**

1. Wisconsin does not require financial education to be taught statewide in K-16. Some school districts do require certain financial education courses to be taken as a high school graduation requirement. Currently the Department of Public Instruction financial education standards are taught through elective courses only (business, marketing, social studies, family and consumer education). A student may graduate from high school in the State of Wisconsin without learning any basic financial education.
2. There are many existing programs/curricula that address personal financial education but no collaborative effort. There is no standard approach to teaching personal finance in Wisconsin school.
3. Because the current level of personal finance knowledge among students is low, bankruptcy remains at a high level and costs each consumer over \$500 each year. There is a correlation between states that do not require financial education and high bankruptcy in that state. Forty-four million Americans do not understand basic financial concepts. Fifty-three percent of individuals live paycheck to paycheck.
4. The private sector is investing considerable resources (time, talent, treasures) in teaching personal finance skills. Successful programs involve local collaborations between schools and the community. There are partnerships and organizations that are currently addressing funding and financial education in schools.
5. There is little or no accountability in teaching financial education. The Wisconsin high school graduation test does not do an adequate job of assessing financial education among students.

Many teachers/parents are not equipped to use or provide basic finance related concepts. There are few teachers that have a degree in financial education/economics.

➤ **Role & Needs of Educators Workgroup**

1. There is a lack of comprehensive financial knowledge.
 - Adults and students lack skill and knowledge in basic financial matters
 - People lack investment knowledge
 - People lack fiscal and financial responsibility
 - People do not understand the importance of good credit
2. No local requirements for financial education standards.
 - No consistency of what is and what should be taught
 - Disagreement between Economics and financial education
 - No local requirement for implementing financial education standards
 - Lack of school and student interests
3. Limited teacher training and current staff knowledge.
 - Contract limitations pose constraints for alignment of staff development with school needs
4. Strong public support for financial education in schools.
 - Parent interest
 - Employers/businesses/banks are already involved
5. Stand alone financial education courses are not recognized and may be discounted for college admissions.

➤ **Family Financial Literacy Workgroup**

1. Statistics suggest children who learn financial basics from family have better savings habits as adults.
2. Statistics suggest most adults gather financial knowledge from friends and co-workers, rather than seeking abundantly-available outside resources.
3. There is a *disconnect* between the definition of basic financial education and the teaching of macro economics (our perception that what is being taught is sufficient).
4. Parents/guardians and children do not perceive financial literacy as important until it's too late.
5. Exposure to financial literacy is, in most cases, only offered as an elective course, if at all.
6. Children/minors/students have difficulty in having the ability to develop sound personal financial habits without family involvement.

*“**T**o improve your personal financial situation
you must accumulate appreciable assets
—and the first step to asset accumulation
and therefore wealth building
is understanding your personal finances.”*

*—Jodi Owens, Financial Education Specialist,
Wisconsin Department of Workforce Development*

*“**I**t's not what you make. It is what you keep.”*

*—ReDonna Rodgers, Director,
Center for Teaching Entrepreneurship*

GOVERNOR'S TASK FORCE ON FINANCIAL EDUCATION

MEETING SCHEDULE

Monday, January 14th

Tuesday, February 19th

Wednesday, March 27th

Thursday, April 11th

Tuesday, May 7th

Thursday, June 20th

All Task Force meetings will take place from 9:00 a.m. to 3:00 p.m. at the Pyle Center located at 702 Langdon Street in Madison.

Meeting notes:

- Members not able to attend any meeting should contact DFI, Office of Financial Education, in advance, by contacting Teresa Walker at 608-267-1713, or e-mail her at teresa.walker@dfi.state.wi.us.
- Arrangements can be made for others to represent Task Force members who are unable to attend.

Express your views to

The Governor's Task Force on Financial Education

at any of five public listening sessions

Tuesday, May 14, 2002

4:00 p.m.-7:00 p.m.

Make your voice heard. The Governor's Task Force on Financial Education has developed preliminary recommendations about financial education in Wisconsin. Now it is holding simultaneous public listening sessions via videoconferencing.

You can provide input before the recommendations become final in June. Join a public listening session at any of the five locations. Provide your views and tell us what you think. Pro or con. Be part of the conversation.

Wisconsin Student Survey

Wisconsin 12th graders in a just-completed study of financial basics scored F (58.8%) when tested on their knowledge of credit cards, retirement funds, insurance, and other personal finance basics. The Jump\$tart Coalition for Personal Financial Literacy conducted the survey.

Vision Statement

Prepare youth (K-16) to enter into and successfully participate in the evolving financial system as an informed and responsible contributor to Wisconsin's economy. This, in turn, helps improve quality of life.

Locations

Madison, WI

The Pyle Center
702 Langdon Street
(UW campus)
(live)

Milwaukee, WI

Milwaukee Education Center
227 W. Pleasant St
(videoconference)

Appleton, WI

Appleton North High School
5000 N Ballard
(videoconference)

Rhineland, WI

DNR Regional Headquarters
107 Sutliff Ave
(videoconference)

Washington D.C.

House Recording Studio
384 Rayburn House Office Bldg
(videoconference)



Task Force Facts

- Executive Order No. 33 created The Governor's Task Force on Financial Education.
- The Wisconsin legislature recently supported financial education through Senate Joint Resolution 31 that urged schools to improve the personal money management skills of high school students.
- The Wisconsin Department of Financial Institutions (DFI) Task Force on Financial Competitiveness 2005—representing financial institutions and consumers—ranked financial illiteracy as the top obstacle to financial competitiveness

Task Force Issues & Workgroups

- Financial Skills & Knowledge
- Status of Financial Literacy
- Best Practices & Funding Sources Wisconsin & Elsewhere
- Role & Needs of Educators
- Family Financial Literacy

Administrative support is provided by DFI.

For More Information

Contact: David Mancl, Director,
DFI Office of Financial Education
Phone: 608-261-9540
Email: david.mancl@dfi.state.wi.us
Website: www.wdfi.org

APPENDIX

**FINANCIAL KNOWLEDGE
LACKING . . .
WISCONSIN STATE JOURNAL
JULY 18, 2002**

OUR OPINION

Students' financial knowledge lacking

The results of a recent survey should remove any doubt about the urgency of Wisconsin's efforts to improve how schools prepare students to manage their own money. On average, Wisconsin high school seniors were only able to correctly answer 21.8 percent of the questions on a personal finance survey by the Jumpstart Coalition for Personal Financial Literacy, based in Washington, D.C. Although that was above the useful national average of 50.2 percent, it was a clear signal that Wisconsin seniors are ill-prepared to budget their income, compare deals for major purchases or pursue savings and investment strategies.

For example, just four of 100 Wisconsin seniors who took the test knew how much a credit card holder would be responsible for paying if a thief stole the card and ran up \$1,000 in charges. Most answered that the legal liability would be zero. The correct answer is \$50. (Some credit card issuers may choose to cover that \$50, but the legal liability belongs to the card holder.)

Nationwide, most students also did not know that retirement income paid by a company is a pension, not Social Security, not a 401(k) and not rents and profits. Most did not know that a bond issued by a state is not insured by the federal government, and most did not know that money which may be needed right away for emergencies is better kept in a checking or savings account or even in stocks than used as a down payment on a house.

Most did not know a lot of important facts. And if anything should demonstrate the importance of knowing the facts about money management, this summer's ugly stock market is it. It's a mistake for Wisconsin to send its high school graduates out into the workday world without equipping them to be successful consumers and investors.

Fortunately, Wisconsin is addressing the problem.

Wisconsin's high school graduates should be equipped to be successful consumers and investors.

The state's Office of Financial Education is offering training programs to help teachers teach financial literacy, and Gov. Scott McCallum appointed a Task Force on Financial Literacy, which is completing work on recommendations to be presented next month to ensure that schools teach the basics of personal finance.

The Madison Area Chapter of Credit Unions, CUNA and Affiliates, and family living educator Pat Ludeman of UW-Extension, have combined to offer a free money management program that teachers can incorporate in classroom instruction.

School districts are taking the initiative as well. The Milton School District, for example, offered a class this summer on investing in the stock market. Fifteen middle school students took the course from teacher Jack Foss.

Efforts to beef up personal finance education in schools will run up against competing pressures on curriculums and school budgets. For example, a requirement that all students take a personal finance course (a tentative recommendation by the governor's task force) is a worthy idea, but whether it is practical in all districts is a question that deserves discussion. Nonetheless, much can be accomplished within existing curriculums and budget by incorporating personal finance lessons in mathematics and other subjects.

The state's effort to improve financial literacy among Wisconsin students deserves the support of parents, who also ought to encourage their local schools to improve the teaching of money management so that students will be better prepared to make the financial decisions that will confront them in adulthood.

WORKGROUP PROCESS

The Task Force Steering Committee identified five key areas for the Task Force to explore in conducting its research and in developing and offering its recommendations: Financial Skills & Knowledge, Status of Financial Literacy, Best Practices & Funding Sources in Wisconsin & Elsewhere, Role & Needs of Educators, and Family Financial Literacy. A workgroup—consisting of approximately five to six Task Force members, one of whom was identified as the Chairperson, along with a DFI staff person who served as a facilitator/support person to the group—was created for each of these five areas. People who were not official members of the Task Force but who had an interest in or expertise with a particular subject area also participated in workgroup meetings with the permission of the Steering Committee. Under the guidance of the Task Force’s facilitators, Jeff and Linda Russell, Russell Consulting, Inc., each of the workgroups followed a similar process to complete its work. The following are the key elements of that process:

- The Steering Committee gave each workgroup a brief description of its topic along with a set of questions about the topic for the members to consider at their initial meeting. In addition, workgroup members were asked at that first meeting to: 1) further define and clarify their issue; 2) define what they hoped to see accomplished for this issue (i.e., desired outcomes); 3) identify any missing individuals who needed to be invited to participate on their workgroup; and, 4) list the information that they still needed in order for them to move on to the next steps of identifying findings and then developing recommendations for the Task Force.
- Efforts were made by the DFI staff and others to obtain the background information requested by the individual workgroups. This information was subsequently heard, reviewed, and discussed at the second and third meetings of the workgroups. Presentations were also scheduled for the Task Force as a whole at each of its sessions in order to provide additional information to everyone on various aspects of financial education.
- During their third meeting, workgroup members were asked to develop a single, prioritized list of findings, i.e., what they believed to be *true* about their topic area, based on their own knowledge and experience in addition to what they had learned from the information presented to the Task Force and their workgroup. Creating this list of findings was accomplished through a nominal group process which involved individuals first developing their own personal list of findings and then sharing these findings with the group; the facilitator recording all findings offered on a whiteboard or flipchart in front of the group; the group clarifying each of the findings; and then each person voting (with weighted votes) for

what they perceived to be the five most important findings. The tallying of these weighted votes created a prioritized list of findings for each workgroup with the natural *break point* between the vote totals determining each workgroup's top level findings.

- The agenda for the fourth (and last) meeting of each of the workgroups included, first, reviewing and finalizing their list of findings and, second, reviewing the Task Force's vision and guiding principles for financial education to be used as a framework in considering and evaluating possible recommendations. The nominal group process was again followed where each workgroup member was asked to individually develop a list of recommendations. These recommendations were then reported out and recorded on a whiteboard or flipchart in front of the workgroup. After clarifying each of the recommendations, members were asked to vote (with weighted votes) for what they believed to be the top five recommendations. The tallying of these votes resulted in a prioritized list of recommendations with the natural *break point* between the vote totals determining each workgroup's top-level recommendations.
- Prior to the Task Force's final meeting, five public listening sessions were held (four in Wisconsin and one in Washington D.C.) to gather citizen input on the workgroups' draft recommendations.
- In preparation for the final Task Force meeting, Russell Consulting, Inc. categorized and displayed on a matrix the top-level recommendations from each of the workgroups. The workgroups' chairs and the Steering Committee along with some other Task Force members then met to develop a single list of recommendations based upon the matrix. The single list of recommendations (along with the matrix and input from the public listening sessions) was presented to the entire Task Force where the recommendations were discussed, modified, and eventually approved.

INTEGRATION OF JUMP\$TART COALITION STANDARDS WITH WISCONSIN'S ECONOMIC STANDARDS, GRADES 4, 8, AND 12

[Developed by the Financial Skills & Knowledge Workgroup]

FOURTH GRADE

Performance Standards for Economics

By the end of grade four, students will:

D.4.1 Describe and explain the role of money, banking, and savings in everyday life.

- Identify sources of income. (Jump\$start Income Standard 1)
- Explain the relationship between saving and investing. (Jump\$start Saving and Investing Standard 1)
- Describe reasons for saving and investing. (Jump\$start Saving and Investing Standard 2)

D.4.2 Identify situations requiring an allocation of limited economic resources and appraise the opportunity cost (for example, spending one's allowance on a movie will mean less money saved for a new video game).

- Explain how limited personal financial resources affect the choices people make. (Jump\$start Money Management Standard 1)
- Identify the opportunity cost of financial decisions. (Jump\$start Money Management Standard 2)
- Discuss the importance of taking responsibility for personal financial decisions. (Jump\$start Money Management Standard 3)
- Apply a decision-making process to personal financial decisions. (Jump\$start Money Management Standard 4)
- Compare the benefits and costs of spending decisions. (Jump\$start Spending and Credit Standard 1)

D.4.3 Identify local goods and services that are part of the global economy and explain their use in Wisconsin.

- Evaluate information about products and services. (Jump\$start Spending and Credit Standard 2)

D.4.4 Give examples to explain how businesses and industry depend upon workers with specialized skills to make production more efficient.

D.4.5 Distinguish between private goods and services (for example, the family car or a local restaurant) and public goods and services (for example, the interstate highway system or the United States Postal Service).

D.4.6 Identify the economic roles of various institutions, including households, businesses, and government.

D.4.7 Describe how personal economic decisions, such as deciding what to buy, what to recycle, or how much to contribute to people in need, can affect the lives of people in Wisconsin, the United States, and the world.

EIGHTH GRADE

Performance Standards for Economics

By the end of grade eight, students will:

D.8.1 Describe and explain how money makes it easier to trade, borrow, save, invest, and compare the value of goods and services.

- Compare the benefits and costs of spending decisions. (JumpStart Spending and Credit Standard 1)
- Evaluate information about products and services. (JumpStart Spending and Credit Standard 2)
- Explain how limited personal financial resources affect the choices people make. (JumpStart Money Management Standard 1)
- Identify the opportunity cost of financial decisions. (JumpStart Money Management Standard 2)
- Discuss the importance of taking responsibility for personal financial decisions. (JumpStart Money Management Standard 3)
- Apply a decision-making process to personal financial decisions. (JumpStart Money Management Standard 4)
- Design a plan for earning, spending, saving, and investing. (JumpStart Money Management Standards 7)
- Compare the risk, return, and liquidity of investment alternatives. (JumpStart Saving and Investing Standard 3)
- Describe how to buy and sell investments. (JumpStart Saving and Investing Standard 4)
- Explain how different factors affect the rate of return on investments. (JumpStart Saving and Investing Standard 5)
- Evaluate source of investment information. (JumpStart Saving and Investing Standard 6)

D.8.2 Identify and explain basic economic concepts: supply, demand, production, exchange, and consumption; labor, wages, and capital; inflation and deflation; market economy and command economy; public and private goods and services.

- Explain how inflation affects spending and investing decisions. (JumpStart Money Management Standard 5)

D.8.3 Describe Wisconsin's role in national and global economies and give examples of local economic activity in national and global markets.

D.8.4 Describe how investments in human and physical capital, including new technology, affect standard of living and quality of life.

D.8.5 Give examples to show how government provides for national defense; health, safety, and environmental protection; defense of property rights; and the maintenance of free and fair market activity.

- Describe the rights and responsibilities of buyers and sellers under consumer protection laws. (JumpStart Spending and Credit Standard 8)
- Explain how agencies that regulate financial markets protect investors. (JumpStart Saving and Investing Standard 7)

D.8.6 Identify and explain various points of view concerning economic issues, such as taxation, unemployment, inflation, the national debt, and distribution of income.

D.8.7 Identify the location of concentrations of selected natural resources and describe how their acquisition and distribution generates trade and shapes economic patterns.

D.8.8 Explain how and why people who start new businesses take risks to provide goods and services, considering profits as an incentive.

D.8.9 Explain why the earning power of workers depends on their productivity and the market value of what they produce.

- Identify sources of income. (JumpStart Income Standard 1)
- Analyze how career choice, education, skills, and economic conditions affect income. (JumpStart Income Standard 2)
- Explain how taxes, government transfer payments, and employee benefits relate to disposable income. (JumpStart Income Standard 3)

D.8.10 Identify the economic roles of institutions such as corporations and businesses, banks, labor unions, and the Federal Reserve System.

- Describe how insurance and other risk-management strategies protect against financial loss. (JumpStart Money Management Standard 6)
- Explain how to use money-management tools available from financial institutions. (JumpStart Money Management Standard 8)

- Compare the advantages and disadvantages of different payment methods. (JumpStart Spending and Credit Standard 3)
- Analyze the benefits and costs of consumer credit. (JumpStart Spending and Credit Standard 4)
- Compare sources of consumer credit. (JumpStart Spending and Credit Standard 5)
- Explain factors that affect creditworthiness and the purpose of credit records. (JumpStart Spending and Credit Standard 6)
- Identify ways to avoid or correct credit problems. (JumpStart Spending and Credit Standard 7)

D.8.11 Describe how personal decisions can have a global impact on issues such as trade agreements, recycling, and conserving the environment.

TWELFTH GRADE

Performance Standards for Economics

By the end of grade twelve, students will:

D.12.1 Explain how decisions about spending and production made by households, businesses, and governments determine the nation's levels of income, employment, and prices.

D.12.2 Use basic economic concepts (such as supply and demand; production, distribution, and consumption; labor, wages, and capital; inflation and deflation; market economy and command economy) to compare and contrast local, regional, and national economies across time and at the present time.

- Identify sources of income. (JumpStart Income Standard 1)
- Analyze how career choice, education, skills, and economic conditions affect income. (JumpStart Income Standard 2)
- Explain how taxes, government transfer payments, and employee benefits relate to disposable income. (JumpStart Income Standard 3)
- Explain how inflation affects spending and investing decisions. (JumpStart Money Management Standard 5)

D.12.3 Analyze and evaluate the role of Wisconsin and the United States in the world economy.

D.12.4 Explain and evaluate the effects of new technology, global economic interdependence, and competition on the development of national policies and on the lives of individuals and families in the United States and the world.

D.12.5 Explain how federal budgetary policy and the Federal Reserve System’s monetary policies influence overall levels of employment, interest rates, production, and prices.

D.12.6 Use economic concepts to analyze historical and contemporary questions about economic development in the United States and the world.

D.12.7 Compare, contrast, and evaluate different types of economies (traditional, command, market, and mixed) and analyze how they have been affected in the past by specific social and political systems and important historical events.

D.12.8 Explain the basic characteristics of international trade, including absolute and comparative advantage, barriers to trade, exchange rates, and balance of trade.

D.12.9 Explain the operations of common financial instruments (such as stocks and bonds) and financial institutions (such as credit companies, banks, and insurance companies).

- Explain how limited personal financial resources affect the choices people make. (JumpStart Money Management Standard 1)
- Identify the opportunity cost of financial decisions. (JumpStart Money Management Standard 2)
- Discuss the importance of taking responsibility for personal financial decisions. (JumpStart Money Management Standard 3)
- Apply a decision-making process to personal financial decisions. (JumpStart Money Management Standard 4)
- Describe how insurance and other risk-management strategies protect against financial loss. (JumpStart Money Management Standard 6)
- Design a plan for earning, spending, saving, and investing. (JumpStart Money Management Standard 7)
- Explain how to use money management tools available from financial institutions. (JumpStart Money Management Standard 8)
- Compare the benefits and costs of spending decisions. (JumpStart Spending and Credit Standard 1)
- Evaluate information about products and services. (JumpStart Spending and Credit Standard 2)
- Compare the advantages and disadvantages of different payment methods. (JumpStart Spending and Credit Standard 3)
- Analyze the benefits and costs of consumer credit. (JumpStart Spending and Credit Standard 4)

- Compare sources of consumer credit. (JumpStart Spending and Credit Standard 5)
- Explain factors that affect creditworthiness and the purpose of credit records. (JumpStart Spending and Credit Standard 6)
- Identify ways to avoid or correct credit problems. (JumpStart Spending and Credit Standard 7)
- Explain the relationship between saving and investing. (JumpStart Saving and Investing Standard 1)
- Describe reasons for saving and investing. (JumpStart Saving and Investing Standard 2)
- Compare the risk, return, and liquidity of investment alternatives. (JumpStart Saving and Investing Standards 3)
- Describe how to buy and sell investments. (JumpStart Saving and Investing Standard 4)
- Explain how different factors affect the rate of return on investments. (JumpStart Saving and Investing Standard 5)
- Evaluate sources of investment information. (JumpStart Saving and Investing Standard 6)

D.12.10 Analyze the ways in which supply and demand, competition, prices, incentives, and profits influence what is produced and distributed in a competitive market system.

D.12.11 Explain how interest rates are determined by market forces that influence the amount of borrowing and saving done by investors, consumers, and government officials.

D.12.12 Compare and contrast how values and beliefs, such as economic freedom, economic efficiency, equity, full employment, price stability, security, and growth, influence decisions in different economic systems.

D.12.13 Describe and explain global economic interdependence and competition, using examples to illustrate their influence on national and international policies.

D.12.14 Analyze the economic roles of institutions, such as corporations and businesses, banks, labor unions, and the Federal Reserve System.

- Describe the rights and responsibilities of buyers and sellers under consumer protection laws. (JumpStart Spending and Credit Standard 8)
- Explain how agencies that regulate financial markets protect investors. (JumpStart Saving and Investing Standard 7)

**INTEGRATION OF JUMP\$TART COALITION STANDARDS WITH
WISCONSIN'S ECONOMICS STANDARDS**

Jump\$tart Coalition Standard	Grade 4	Grade 8	Grade 12
Income			
1. Identify sources of income.	X	X	X
2. Analyze how career choice, education, and job skills affect income.		X	X
3. Explain how taxes, transfer payments, and employee benefits relate to disposable income.		X	X
Money Management			
1. Explain how limited personal financial resources affect the choices people make.	X	X	X
2. Identify the opportunity and cost of financial decisions	X	X	X
3. Discuss the importance of taking responsibility for personal financial decisions.	X	X	X
4. Apply a decision-making process to personal financial choices.	X	X	X
5. Explain how inflation affects spending and investing decisions.		X	X
6. Describe how insurance and other risk-management strategies protect against financial loss.		X	X
7. Design a plan for earning, spending, saving, and investing personal financial resources.		X	X
8. Explain how to use money-management tools available from financial institutions.		X	X

Jump\$tart Coalition Standard	Grade 4	Grade 8	Grade 12
Spending and Credit			
1. Compare the benefits and costs of spending alternatives.	X	X	X
2. Evaluate the quality of consumer information from different sources.	X	X	X
3. Compare the advantages and disadvantages of different payment methods.		X	X
4. Analyze the benefits, costs, and sources of consumer credit.		X	X
5. Compare sources of consumer credit.		X	X
6. Explain factors that affect creditworthiness and ways to avoid credit problems.		X	X
7. Identify ways to avoid or correct credit problems.		X	X
8. Describe rights and responsibilities of buyers and sellers under consumer protection laws.		X	X
Saving and Investing			
1. Explain the relationship between saving and investing.	X		X
2. Describe reasons for saving and reasons for investing.	X		X
3. Compare the risk, return, and liquidity of investment alternatives.		X	X
4. Describe how to buy and sell investments.		X	X
5. Explain factors that affect the rate of return on investments.		X	X
6. Evaluate sources of investment information.		X	X
7. Explain how agencies that regulate financial markets protect investors.		X	X

**“WE ALL BENEFIT
FROM INCREASED
FINANCIAL LITERACY.”**

OPINION

Wisconsin State Journal

Wednesday, January 30, 2002

GUEST COLUMN

Financial education is essential for youth

By Patrick Vandenberg

It could not have been planned better. Gov. Scott McCallum just launched the first meeting of the Governor's Task Force on Financial Education on Jan. 14, the same day a story appeared in the Business section of the Wisconsin State Journal about increased debt load among college students.

Credit card companies love college students because all too often parents race to the rescue of their debt-mired sons and daughters and pay off the debts. This is just one of the complex issues the task force will tackle over the next six months.

However, the need for financial education goes well beyond college students. Several studies have recorded that today's graduating high school seniors fail badly on financial literacy tests. At the same time today's high school youth have unprecedented access to their own credit cards, unfettered Internet shopping and other financial means.

While Wisconsin ranked 30 percent below the national average in terms of annual bankruptcies from 1994-1997, the number of Wisconsin bankruptcies has increased gradually since the mid-1980s with no end in sight.

Even Federal Reserve Chairman Alan Greenspan in recent speeches has voiced strong support for financial education. At this time Wisconsin is one of just two states that are taking a closer look at the need for a comprehensive, collaborative and sustainable approach to financial education. This comes after a Wisconsin Department of Financial Institutions Task Force on Financial Competitiveness listed financial illiteracy as a top obstacle to financial competitiveness in the state.

At present, DFI promotes financial education in cost-effective approaches through its Office of Financial Education. This is a chance for Wisconsin to become a national leader by providing innovative ways to deliver financial education to families. These efforts will build stability and prosperity for all in Wisconsin through individual successes.

In my line of work, I see first hand how bad financial habits and decisions tear apart families and devastate lives. That's why I applaud McCallum for focussing attention on this important issue. We all need to focus on financial education. We all benefit from increased financial literacy.

Vandenberg is director of the Consumer Credit Counseling Service of Milwaukee.



Sunday, December 16, 2001
Editorial

**FINANCIAL
EDUCATION
PAYS OFF . . .**

Financial education in high school pays off

Too many of America's young people set out on a life of their own without knowing how to budget their money, evaluate whether to lease or buy a car, determine what insurance to buy, or judge the merits of mutual funds, annuities and other investments. That's why Gov. Scott McCallum's appointment of a state Task Force on Financial Education is a step in the right direction.

The task force's job will be to advise the governor on how public and private institutions can prepare Wisconsin students for success in the financial system. There is certainly room for improvement. Nationally, a survey of high school seniors, conducted in 1997 by a coalition favoring greater financial literacy, found that only 5 percent of respondents earned a grade of C or better on a series of financial questions.

Moreover, there is evidence that improvement could come with more classroom instruction. A study by the National Endowment for Financial Ed-

ucation and a branch of the U.S. Department of Agriculture demonstrated that just 10 hours of classroom instruction can produce significant improvement in how teen-agers handle money.

Task forces often produce reports that end up gathering dust on a shelf rather than producing action. But Wisconsin's Task Force on Financial Education has the advantage of feeding into action already occurring. For example, the state's Office of Financial Education last summer put on a weeklong program in financial literacy for 74 high school teachers at Edgewood College in Madison. The program, aimed at helping teachers teach financial literacy to students, was successful enough that the office plans two such programs for next summer.

Parents ought to encourage the schools and the state to continue to improve financial education so that our children and our country will be better prepared to prosper.



MEMBERS OF GOVERNOR'S TASK
FORCE ON FINANCIAL EDUCATION

FACILITATION AND ADMINISTRATIVE SUPPORT

The Governor's Task Force on Financial Education was facilitated by Russell Consulting, Inc.

JEFFREY & LINDA RUSSELL, CO-DIRECTORS



608-274-4482 Telephone

608-274-1927 Fax

e-mail: RCI@RussellConsultingInc.com

Website: www.RussellConsultingInc.com

1134 Winston Drive

Madison, WI 53711-3161



State of Wisconsin

DEPARTMENT OF

FINANCIAL INSTITUTIONS

The Wisconsin Department of Financial Institutions provided administrative support for the Governor's Task Force on Financial Education.

- Charles Evenson
- Kathleen Hanna
- Rebecca Hoge
- Michael Lawton
- Anthony Raymond
- Karen Schultz

- Colleen Thornton
- Teresa Walker
- John Walrath
- Cheryl Weiss
- Robert Wynn
- Cindy Zaemisch

Final Report

Managing Editor: Charles Evenson

Design and Layout: Cheryl Weiss

Design and Layout: Colleen Thornton

Editorial Assistant: Teresa Walker

For more information about the Governor's Task Force on Financial Education visit the Department of Financial Institution's Website at www.wdfi.org/yym or contact David Mancl at 608-261-9540 or email: david.mancl@dfi.state.wi.us.

FORWARD



WWW.WDFI.ORG/YMM