



Date: June 29, 2007

To: The Honorable Christine Gregoire, Governor
The Honorable Members of the House Financial Institutions and Insurance Committee
The Honorable Members of the Senate Financial Institutions, Housing, and Consumer Protection Committee
The Honorable Members of the House Education Committee
The Honorable Members of the Senate Education Committee

From: The Financial Literacy Public Private Partnership Committee

cc: Financial Literacy Public Private Partnership Committee Members
Terry Bergeson, State Superintendent of Public Instruction
Edie Harding, Executive Director, State Board of Education

Re: 2006–2007 Interim Report on the Progress of the Financial Literacy Public Private Partnership Committee

The Financial Literacy Public Private Partnership Committee is pleased to provide the attached interim report on the substantial progress during the 2006–2007 fiscal year toward improving the amount and quality of financial literacy education in Washington state’s K–12 system. This report complies with the requirements of RCW 28A.300.450, et. seq. as amended by the 2007 Legislature’s SHB 1980, to provide an interim report on the activities of the legislatively created financial literacy public private partnership committee (FLPPP). The final report of the committee will be delivered June 30, 2009.

Enclosure

2006-2007 Interim Report of the Financial Literacy Public Private Partnership

Executive Summary

The 2004 legislature enacted SHB 2455, which became RCW 28A.300.450, et. seq., with the intent that the created Financial Literacy Public Private Partnership (FLPPP) Committee would institute actions to increase and improve the financial literacy curriculum in Washington state's K-12 system. Pursuant to the legislative directives, the Committee was appointed, formed, and began working in a true public-private partnership with active and enthusiastic contributions from all of the designated parties.

In the three years since enactment, the members of the Committee have been able to expand both the quantity and quality of financial literacy materials presented to students. Equally impressive are the processes arising out of this effort that will provide long term increases in the quality of the materials and the cost/effectiveness of the classroom experience.

On the public side of the partnership, the Office of the Superintendent of Public Instruction (OSPI) and the Department of Financial Institutions (DFI) have been the most active. The DFI has a substantial on-going effort to provide materials for school students as well as community colleges, and consumers of financial services in the state.

The Office of the Superintendent of Public Instruction (OSPI) supports the FLPPP Committee and its work with the state K-12 classroom teachers. This support includes a Financial Literacy Coordinator (FLC) position, administrative support for the funds and the Committee administration. The coordinator's work plan includes training classroom teachers at summer institutes, providing lists of appropriate financial literacy materials aligned for grade level and Essential Academic Learning Requirements (EALR), and coordinating in-service training throughout the school year. Other major coordination efforts include working with financial institutions, financial literacy curriculum material providers, interested legislative committees, and staff.

Of the partnership, the major contributions are from the financial services providers. On the private side of the partnership, numerous programs have been introduced and expanded since 2004. Following are several of the more comprehensive curriculum programs reaching the widest audiences in Washington: Washington Junior Achievement, the Washington Jump\$tart program, the Washington Council for Economic Education, the Washington state Certified Public Accountants (CPA) Association, the Consumer University, and various in-classroom presentations from a large number of credit unions, banks, and other financial service organizations. The newest major program is one to introduce a national financial literacy series on the Public Broadcasting System. The program is credit union funded and sponsored by Junior

Achievement. This series will parallel the famous “Bill Nye the Science Guy” programs that made science interesting to a whole generation of Americans.

Beginning April 2006, the FLPPP program has moved into high gear with the 2006 session legislative funding of \$50,000 and private funding at an equal level. The 2007 Legislature continued funding at the same level for FY 2008 and FY 2009. Prior to funds being available, efforts were necessarily limited to individual agency and enterprise programs. With the 2006 legislative funding, there has been a major increase in the amount of educationally aligned materials being used by classroom teachers.

The Washington state effort is integrated with national efforts. Most of the providers of curriculum are part of national organizations. Several of these national organizations have committees reviewing and aligning materials for the K-12 classrooms with Grade Level Expectations (GLE) and EALRs or their equivalents. Aligned materials are valuable to classroom teachers to ensure compliance with curriculum requirements.

The scope of the legislation covers the K-12 system, encouraging, but not mandating, improvements in financial literacy. The legislation outlines the need for a set of criteria to determine satisfactory financial literacy in graduates, and requires a process for moving quality educational material into the classrooms with training provided for interested teachers. The FLPPP effort is still new: Processes are being developed and refined to best fit the needs of the students and classroom teachers.

2nd Interim Report on Financial Literacy Public Private Partnership

Section I: Background to the legislation

The June 2006 interim report covered in detail the need for this legislation and the recent history of financial literacy legislation in Washington up to June 30, 2006. Due to the support of the 2007 Legislature and the financial services industry, the role of the Financial Literacy Public Private Partnership (FLPPP) Committee and public funding, the sunset of this Committee has been extended two years to June 30, 2009.

Section II: The FLPPP legislation

The 2004 Legislature enacted SHB 2455, directing a number of tasks to be performed under the direction of the created Financial Literacy Public Private Partnership Committee. The 2007 Legislature extended the sunset and funding of the Committee. This interim report contains the list of tasks required to be completed and the results.

(1) By September 30, 2004 the FLPPP shall adopt a definition of financial literacy to be used in educational efforts.

(2) By June 30, 2006, the FLPPP shall identify strategies to increase the financial literacy of public school students in our state.

- a. Identifying and making available to school districts:
 - i. Important financial literacy skills and knowledge;*
 - ii. Ways in which teachers and different grade levels may integrate financial literacy in mathematics, social studies, and other course content areas;*
 - iii. Instructional material and programs, including school wide programs, that include the important financial literacy skills and knowledge;*
 - iv. Assessments and other outcomes measures that schools and communities may use to determine whether students are financially literate; and*
 - v. Other strategies for expanding and increasing the quality of financial literacy instruction in public schools, including professional development for teachers;**
- b. Developing a structure and set of operating principles for the FLPPP to assist interested school districts in improving the financial literacy of their students by providing such things as financial literacy instructional materials and professional development; and*
- c. Providing a report to the governor, the House and Senate financial institutions and education Committees of the legislature, the Office of the Superintendent of Public Instruction, the State Board of Education, and education stakeholder groups, on the results of work of the FLPPP. A final report to be provided by June 30, 2009*

Section III: Complying with the legislation

To date, the FLPPP Committee and its supporters have diligently worked on specific tasks set out in legislation, limited by funding constraints. The FLPPP Committee is primarily a catalyst that promotes and coordinates financial literacy support among the numerous financial-services industry members, the providers of financial literacy materials, and the classrooms and other delivery methods. The following efforts to date are examples of the various aspects of this large group of financial literacy active supporters.

FLPPP Committee and staff:

- The Committee adopted the following definition of financial literacy:
“Financial literacy is defined as the achievement of skills and knowledge necessary to make informed judgments and effective decisions regarding earning, spending and the management of money and credit.”
- The Committee developed a working list of important financial literacy skills and knowledge
 - Understanding credit, importance of saving,
 - Knowledge of the financial institutions and ability to compare service offerings
 - Knowledge of financial impact of parenting, marriage, divorce,
 - Ability to determine the cost vs. benefit of purchases and investments
 - Ability to compute interest and earnings on borrowings and savings
 - Ability to evaluate consumer marketing materials
 - Knowledge of the impact of bankruptcy and its causes
 - Ability to calculate the cost of loans, and loan-like borrowing,
- The Committee is working with OSPI to integrate financial literacy materials into the current curriculum in lieu of creating parallel or stand-alone material sets.
- The Committee is working with curriculum providers to ensure a viable set of curriculum materials that have vertical integration from K through 12 in concepts, terminology, etc.
- The Committee sponsored three day-long workshops for middle- and high-school teachers on financial literacy, enrolling more than 130 teachers. This program contains feedback mechanisms that will allow the FLPPP Committee to recommend improved approaches to material development and delivery.
- The Financial Literacy Coordinator (FLC), with assistance of qualified classroom teachers, made presentations at each OSPI Summer Institute, distributing tested financial literacy materials, and soliciting comments on successful uses of various products.

- The FLC, working with math curriculum experts, evaluated the national JumpStart financial literacy Standards and Guidelines for alignment with OSPI grade level expectations (GLEs) and Essential Academic Learning Requirements (EALRs).
- The FLC is making available financial literacy instructional materials, information and professional development opportunities to the state's classroom teachers as requests are made.

Financial Literacy Action Programs by Industry

The real work of the Committee is to encourage the community to extend itself in developing and delivering financial literacy materials to students and adults of the state. Here are some examples of this enthusiasm at work that have been reported to the FLPPP Committee this past year.

- The state's credit unions, in conjunction with Washington Junior Achievement, promoted and underwrote a national television series called "BizKids" that parallels the nationally recognized "Bill Nye the Science Guy," which originated here in Washington state, for creating excitement among students for science. This is a multi-million dollar commitment that will have longterm longterm impact on both students and adults as the program is delivered through PBS initially and then through commercial stations.
- A number of credit unions and other financial services providers have developed and are offering training programs in financial literacy to educators as well as their members and customers.
- Washington Junior Achievement has provided classroom and Enterprise Village training to more than 100,000 students in Western Washington each year.
- Last year, the **Moonjar** project reached more than 1,800 students in six school districts around Yakima County. Half of the cost of the Moonjar boxes was funded by corporate sponsors while the other half was funded by school districts. Moonjar is designed to build dreams by teaching 3rd grade students how to save, share and spend. The workshop utilizes a modified piggy bank that has three compartments to teach these basic financial management concepts. Some of the participants are randomly picked as a follow up to the workshop and they are tracked on a monthly basis to monitor their success.
- Hundreds of Washington middle school students learned about managing money through a project sponsored by the Washington State Department of Financial Institutions (DFI). The National Theatre for Children (NTC), based in Minneapolis, toured 12 Washington

schools with a production entitled “Mad About Money.” The programs will be offered in both Spanish and English.

“Mad About Money” is a live theatrical event focusing on the concepts of saving, budgeting, credit, and investing. Two professional actors from NTC create scenarios that appeal and speak to students. The actors play a wide variety of colorful characters in four different sketches designed to teach:

- How to prioritize your needs and wants
- The difference between cash and credit
- All about investing
- The importance of forming a savings habit

The program visited schools in the Spokane, Yakima, and Seattle areas. Each school receives activity workbooks and teacher guides created by Lightbulb Press to reinforce the message in the classroom. This is the program’s first tour in Washington state. “Mad About Money” has been presented to more than 40,000 students across the country.

- The state Department of Financial Institutions has continued its program of providing financial literacy to student and adult populations across the state. The DFI elementary-level program provided 79 classrooms and 2043 students with materials during this school year.
- Financial Education at BCC [Bellevue Community College?] had its kickoff on January 19, 2007 with a commendation from Gov. Christine Gregoire on BCC's achievement and partnerships with the Washington State Department of Financial Institutions and the Washington Financial Literacy Public-Private Partnership to create a model for community colleges across the nation. It is funded by a \$150,000 Investor Protection Trust (which links it to prominent national organizations) to bring investor education across the state, and a contract with DFI to develop open access curriculum in money management, credit, savings, investments, taxes, risk management, real estate, and employee benefits.
- The Seattle Times, The Seattle P-I, and The Tacoma News Tribune all have active Newspapers In Education (NIE) programs that have financial literacy facets. Financial literacy material providers are obtaining substantial leverage by working with the NIE programs to have materials included in newspapers at the same time classrooms are discussing these topics.

Section IV: Plan for the future

With the most recent legislative funding and sunset extension, Fiscal Years 2007-2008 and 2008-2009 will focus on mechanisms for the distribution of financial literacy materials into the school system. Beginning with the creation of the position of Financial Literacy Coordinator in April 2006, the process is moving along three separate but coordinated lines.

1. **Improvement in materials:** providers of financial literacy materials are being encouraged to provide materials that are aligned by GLE and EALRs to make the selection process easier for classroom teachers.
2. **Increased training for classroom teachers:** providing training via summer institutes, in-service training, and vendor provided training.
3. **Increasing the outreach to all developers and deliverers of financial literacy materials:** encouraging more reporting of current and planned programs. Since there is no requirement for reporting of financial literacy delivery, the information received by the FLPPP Committee is limited to what is contributed by its members and by responses to surveys. It is evident that there are a large number of significant financial literacy programs going on within the state that are not currently coordinated.

Section V: Interim Findings and Recommendations

Based on input from educators serving on the FLPPP, the partnership has determined that it doesn't need to "re-create the wheel" by generating its own financial literacy materials that can be incorporated into curricula of Washington schools. Great resources are already out there—the Committee and the community need to determine where the current financial literacy offerings fit among the other curriculum requirements of the K-12 system.

The FLPPP Committee is pleased that a number of interested private groups and organizations have made contributions and commitments to supporting the FLPPP Committee operations, including the Washington Credit Union League, BECU, MoneyTree, the Washington Society of CPAs, Washington Mutual, and Bank of America. These contributions and commitments match the legislative funding, making a true public-private partnership.

It is the recommendation of the Financial Literacy Public Private Partnership Committee that this valuable work should continue and be supported by both the public sector and private interests. Increased financial literacy is in the benefit of all segments of the state.

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