

Personal Financial Literacy of Students

in the Colfax School District

by

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ABSTRACT

The increased interest in financial education has been prompted by the increasing complexity of financial products and the increasing responsibility on the part of individuals for their own financial security (Hilgert & Holgarth, 2002). This study focused on the financial literacy of teenagers in the Colfax School District. Colfax is a small town in rural western Wisconsin. This study surveyed students regarding their knowledge about financial matters as outlined by the recently published Wisconsin's Department of Public Instruction Financial Literacy Standards. The literature review focused on the national need for teenagers to comprehend their financial responsibilities and to learn more about managing money. Findings of the study concluded that the 8th to 12th grade students, both male and female, were not secure in their financial knowledge. They were to answer yes, somewhat, or no to the questions according to their knowledge level of the question. All grade levels answered somewhat knowledgeable or had no knowledge of the concept more often than they answered with a yes response.

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Chapter I: Introduction and Rationale

The ultimate goal of resource management in families is the production of capable people and the maintenance of their physical and mental health. The family is one of the institutions that care for the loving and social needs of family members. Families are the most important economic unit in our society because the family manages the resources to meet those needs (Diesing, 1962). Wisconsin has a bankruptcy rate which rose to an all time high in 2003 (The Capital Times, Madison WI, April 2003). Therefore, it is very important to our society that we begin to help families uphold these family financial responsibilities. Divorce, bankruptcy, loss of retirement funds, poor planning, and other factors, have stressed families, and especially women beyond what love and concern and money can hold together (Gardner, 1997). It is reported that women often are less involved in the family financial matters and therefore after a divorce, widowhood, or retirement; live at a lower standard of living than previously lived at (Katz, 1997). Financial failure can result in loss of assets, loss of control, harassment and a level of tension and unhappiness that has externalities on marriages and innocent family members (Mandel, 2005).

In the summers of 2004 and 2005, the researcher took three graduate classes at Edgewood College in Madison, Wisconsin, which was sponsored by Wisconsin Institute of Financial and Economic Education. The initial purposes for taking these classes were to earn credits, learn more about personal finance and improve classroom instruction of a consumer economics class. One shocking aspect for this researcher was that Wisconsin bankruptcy was on the rise and many of the people filing for bankruptcy were young college students. In a paper by Lewis Mandel, (2005) from The University of Buffalo, New York, stated that "Virtually all studies come to the same conclusions-financial literacy is unacceptably low and is showing little improvement".

Mandel (2005) tested over 1000 students from around the United States and found out that high school students were flunking basic financial exams. This realization prompted the researcher to survey the students at Colfax High School. The school district will have the opportunity to gain knowledge about students' current financial knowledge.

The research paper explores two ways to support families in addressing or understanding financial issues. First, the literature review will show how women are perceived by others and how they view themselves as money managers. Students learn what they know about money by observing their parents, particularly their mothers (Rock, 2005). Secondly, the survey will ask both young women and young men financial literacy questions to see how they might do as money managers. The subjects for this research will be eighth through twelfth grade students in the Colfax School District. Survey questions were generated by reviewing the new Wisconsin Standards for Financial Literacy. The questions focus on the benchmarks identified for the eighth grade level because the Colfax School District does not require students to take economics, consumer economics, or consumer math.

A personal finance class in the Colfax School District has been offered three times in the last three years. Students in this class range in ability and most are juniors and seniors. The class size typically averaged ten students. The business department, consumer math, and the agriculture department all have a personal finance component but none of the courses that offer financial education are a district requirement.

Results of the survey will reveal whether or not students at the school understand basic financial concepts. Results of the survey will be shared with school administration, the school board, teachers, parents and students.

Research Question

Do students in the Colfax School District have an understanding of personal finance when compared to the 8th grade benchmarks outlined in the Wisconsin State Standards for Financial Literacy?

Hypothesis

The hypothesis for this study is that the students in the School District of Colfax will respond less than 50% that they have no understanding of the questions asked on the survey, taken from Wisconsin Standards of Financial Literacy survey. The researcher anticipates this as students are not required to take a class in finance. It is possible that some parents have taught their children about financial responsibilities. However, statistics throughout America (Mandel 2005) prove that young people, are not financially knowledgeable, which leads the researcher to predict that students in Colfax, Wisconsin are no different than the average American student in any other state.

Limitations of the study

Having students take a survey requires parental permission and this may be a limiting factor. A consent form must be filled out and returned. This may not be seen as worthy of the time, effort and energy by the student or the parent. No reimbursement of any kind will be rewarded for taking the survey, making it even less important to the students or parents. Some of the students at Colfax High School may think they know the answer to a question when in reality they do not, skewing the results of the survey. Another limiting factor is that the research assumes students will answer all questions honestly.

Definition of terms:

401(k) plan - a retirement savings plan.

Bankruptcy - the inability to repay debt resulting in the legal system issuing the consequences.

Benchmarks - levels of understanding of a topic.

Consumer Economics - money management, rights, and responsibilities of the individual in a market economy.

Credit Score - a rating of individual's financial character.

Debit Card - a financial tool which is used to deduct money directly from an account.

Financial Illiteracy-lack of knowledge about money management, retirement planning, acquiring insurance, making major purchases and use of financial tools.

Financial Literacy - personal financial knowledge including money management, retirement planning, acquiring insurance, major purchases and use of financial tools.

Financial Planner - a professional who assists others in a plan of action that allows a person to meet not only the immediate needs but also the long-term goals.

Jump Start Coalition - a group of non-profit organizations, agencies, and corporations, who seeks to improve the financial skills of young people.

Opportunity cost - the next best choice.

Social Security - a federal government agency which taxes a working individual's income and in turn will pay for assistance for others.

Wisconsin Institute of Financial and Economic Education - sponsored by the Jump Start Coalition, as a way of educating teachers so that they can educate students about financial literacy.

Chapter II: Literature Review

This literature review identifies the current trends in financial literacy understanding; including how women and teenagers understand the issues. Teenagers' economic education is an important issue as teens will finance their retirement differently than their parents and grandparents. This review may help the Colfax High School District decide how to prepare their students for their financial future.

Financial illiteracy in the United States is astoundingly high (Suiter & Meszaros, 2005). From 1992 to 2000, disposable personal income for Americans rose by 47 %, but personal spending rose by 61%. In those eight years, the overall personal savings rate fell from nearly 6 percent to zero. Half of all Americans today are living paycheck to paycheck. Fifty percent of adults have not started saving for retirement. For many Americans, unpaid credit card balances exceed 401(k) balances. These are but a few of the statistics that point to the importance of preparing young people to manage their personal finances intelligently.

Women and Money

A survey, Financial Experience and Behaviors Among Women, was given to 1,134 American women in February 2004 by Prudential Finances. The study asked questions about financial knowledge, goals, actions, and confidence concerning their financial goals. According to this study, women are taking on more responsibility for retirement, investment accounts, IRAs and long-term care insurance policies. This study also revealed that women thought they could improve their finances by having more education. According to this study women are becoming more financially secure.

In Leslie Whitaker's (2001) article entitled *He Saves, She Invests* Whitaker identified that men and women have different perspectives on money management. While men spend less now,

women invest more for the long term. According to Whitaker, women spend money more spontaneously than men. Whitaker states the men were more confident than women when it came to their finances. The article identifies two reasons for this confidence difference. First, some women know that they have poor spending habits. Secondly, not all women have poor spending habits; they just think that they aren't as good at finances as men. However, women invest money more conservatively and therefore make more in the long run. In fact, the article (Whitaker, 2001) further suggested that once women have made the move to invest their money, they are better at it than men because they don't do as much trading as men do. The men out traded their stocks more than women, 45% more. Women are more patient about investing and trading, which gives them the edge (Barber and Odean 1998).

The 1998 study by Brad M. Barber and Terrance Odean, reported that women get better risk-adjusted returns than men do -1.4% better. Joan Baurer, (2001) a financial planner, also found her clients who are women, were patient investors and therefore do better than men. Women help decide financial decisions in more than three-quarters of the households that own mutual funds, this is up from 53% two years earlier according to a 1998 poll by the Washington-based Investment Company Institute.

In contrast to the studies which maintain that women are good at investing, a study from the National Center for Women and Retirement Research at Long Island University's Southampton College in New York, (Hayes, 2005) suggested an urgent message for the baby-boom women, plan for retirement now. The author found that women in this age group define themselves as spenders not savers; therefore they have very little in their retirement funds.

The statistics are that two-thirds of the baby-boom women have no 401(k) plan. Hayes stated "We estimate that about 33 million divorced baby boomers are at significant risk of

impoverishment because of this trend (10).” When these women were asked about priorities as they got older, they were reported to be more concerned about cosmetic surgery and remaining attractive. According to Hayes, “They are expecting full Social Security and Medicare benefits (10).”

Hayes stated that there is a list of causes which will lead 90% of U.S. women, liable for their own financial responsibilities. On the list are; death of a husband, living by themselves because they will outlive their husband, divorce, or never marrying. Teen pregnancy, years out of the work force due to child rearing, a lack of investing, less time to invest in a 401(k), poor savings habits, and a general hands off approach to the family finances are all situations that could cause a woman to live her last years in poverty. Both men and women may be affected by the fact that the traditional retirement plans aren't available anymore. Social Security and a company's retirement plan may no longer be secure. Aging-research suggests that baby boomers will live longer and they will have to work longer in order to support their retirement (Meyers, 1996). Brenda Sparks McCleerey, a senior financial consultant for J.C. Bradford & Co. of the 1997 Top Ten Business Woman of ABWA states, “When I talk to people my age and younger, they don't even have an emergency savings fund. They're not thinking about something that's 20 years away. They're not saving for a child's education, layoff or other family emergency. Most baby boomers turn 50 before the light clicks on that they need to take financial responsibility for their retirement”(Meyers 1996).

Money Talk reports that twice as many women watch Bob Villa than Dr. Phil (Chatzky & Bigda 2004). This is due to the fact that more women own their own homes; in fact 85% of all women will be solely responsible for their homes and its maintenance. This is not a surprising statistic as this fact, which 90% of all women will be on their own, was referenced earlier in this

paper. Women now take out home-equity loans. Of those, 35% of those women who took out home-equity loans did not use all the money for home improvements, some used the loan to pay off credit-card debt (Chatzky & Bidga 2004). They also reported that some of the same women had built up even more credit-card debt during the time of the loan. This could be a dangerous situation when interest starts to go up on all their debt. Once again, a lack of financial education, a new role as the homeowner, and an over use of credit cards has put many women into poor financial straits.

According to the Bureau of Labor Statistics, (2005) women earn 76 cents for every man's dollar. When women reach their mid-40's they are at their prime for earning. After age 44 women earn, on the average, just 69 cents for every man's dollar according to the Older Women's League. This is yet another statistic which reveals how saving and meeting the day to day expenses are more challenging for women.

Men, Women, and Money

Matthew Greenwald and Associates (2006) conducted a survey of 1,000 spouses, to identify if couples had the same priorities concerning their family finances. The survey's findings exposed both a positive and negative side of marriage. The positive results were that husbands and wives, more often-than-not, had the same concerns about their family finances. Saving for retirement and emergencies were common priorities. Worrying about losing a job, paying off debt and sharing the same values concerning money were also shared concerns. The negative side to these couples' marriage was found by Regnier and Gengler (2006) who found the stress and arguments in the marriage came from money. In fact, it was more stressful than in-laws, sex, or the division of household chores. Another negative aspect that showed through this survey is that only 27 percent of the men thought their wives cared about investments, although in this survey,

wives cared as much as the husbands. Another example of a missed perception is that 45% of the men believed their spouses thought saving money for emergencies was less important but in reality 67% of the women believed that it was crucial. What one spouse thinks the other is thinking doesn't seem to correlate with reality.

The interviewers (Greenwald 2006) found that wives do more of the budgeting and paying the bills. The husbands do more of the long term investing and planning. The survey asked who were the risk-takers when it came to investing money, 31% of the wives and 66% of the husbands thought they were the bigger risk-takers. Interestingly, in a Colorado State University study in 2001, 53% of women had invested their retirement in stocks, compared to 51% of men who invested their retirement.

Finance professors, Barber and Odean (1998) found that men trade stocks more often than women, causing the men's stock to drop one percentage point a year more than the women's stock. The article advises husbands and wives to take time to talk about their finances. If their financial responsibilities are working, fill each other in on how things are going. Let each other have an update and make sure that each spouse knows where everything is in case of an emergency.

Finances and Youth

Children 4-12 years of age were responsible for \$600 billion of household spending in the year 2000. Another astonishing figure is that children visit stores two to three times a week. More children go shopping than those who read, go to church, participate in youth groups, play outdoors, or spend time in household activity. (Suiter & Meszaros 2005)

Toy makers advertise games like Mall Madness for girls. MasterCard offers a Hello Kitty MasterCard. Teen-girl magazines specialize in training girls about buying the right clothes and

makeup; not about being a smart consumer (Rock 2005). Parents, without meaning to, trivialize girl's jobs and give encouragement to boys work. "When girls get their first job babysitting, adults often respond by saying something like, 'That's cute, honey,' or 'You're so good with kids,'" says Whitney Ransome, co-executive director of the National Coalition of Girls' Schools. "But when boys start mowing lawns, they are congratulated on being enterprising." (Rock 2005)

An antidotal observation that the researcher noticed over the past ten years of teaching is that when high school students were asked about how they plan to live, many respond with wanting big homes and pools and fancy cars. Then, they were asked how they would go about affording all these things. This question has brought the same answer time and time again, at least one girl, if not more replies that they are going to marry a rich man. Rock also found that a majority of middle school boys report that they expect to have a stay-at-home wife, while nearly a third of the girls in another survey said their "financial plan" for when they grow up is to marry a wealthy man.

The Jump Start Coalition for Personal Financial Literacy finds girls are less confident in managing money (Rock 2005). However test scores on the average in 2004 were 52% for both boys and girls. The boys and girls did differ in their knowledge of certain aspects of money management. Boys consistently scored high on investment subjects, while girls knew more about topics like who needs life insurance and how to achieve job security (Rock 2005).

Girls will need to become responsible women who can be financial partners with their husbands, should they marry, or be prepared for their own financial futures. They need to be a part of the family financial plan which should include a solid understanding of the finances, insurances, and investments in case of the death of a spouse, divorce, lose of job, or other emergency. Women's life span tends to be four more years than men's, they spend about eleven

and a half years out of the workforce, due to child rearing, and they don't fair as financially well after a divorce as men do (WIFE.ORG)

Recent research about high school students, both boys and girls, found all fail a basic personal finance test. Dr. Lewis Mandel of Buffalo University has given the test every two years, since 1998 and has found that the seniors, who took the tests, scored 50% every year. Dr. Mandel calls this a high flunk. In 1998 the average score was 57%. In 2000 the test scores fell to 52 % and in 2002 they fell to about 50 %, before rebounding slightly to about 53% in 2004.

The Teen Research study (Suiter and Meszaros2005) identified several reasons why our youth are having money problems which include youths spending \$175 billion in 2003. The Teenage Research study (2005) found that 32 percent of 18-19 year olds have credit cards in their own names and more college kids filed for bankruptcy than graduated from college in 2001.

Current Trends in Financial Education

The NCEE Financial Education survey (2005) reviewed if schools were teaching personal finance. As of 2002, forty-eight states and the District of Columbia had curricular standards for economics. Of these, however, only 34 states required implementation of their standards, and only seventeen states required students to take a high school economics course. Fourteen states required that their standards for personal finance be implemented and only four states required students to take a personal finance course in high school.

Wisconsin has a content/performance Standard for K-12th grade. Wisconsin does not require the standards to be implemented, or to have courses offered at any grade level. The state does not require testing students in personal financial literacy (NCEE 2005).

A possible solution to the lack of education among high school students is to teach concepts in the elementary and middle school grades. Suiter and Meszaros (2005) feel that

decision making is a skill that is learned early, so why not teach it in school and include financial decisions.

Young adults will have many decisions to make, such as choosing careers, decisions about saving and spending income, and using credit, and even retirement planning. A study conducted by the American Savings Education Council and Employee Benefit Research Institute showed that only 21 percent of students age 16-22, reported having taken a personal financial course (Suiter & Meszaros 2005).

Including personal finance class in elementary and middle school is a way that students will have the skills early in life to acquire good financial habits, teachers won't have to correct years of misinformation when they get to high school, and students who drop out of high school will have had learned some of the skills that they will need.

With all these statistics showing how hard it is for the younger generation to be good consumers and the lack of education we are providing to them, one could almost predict certain doom in the financial world for them.

Chapter III: Methodology

The survey (Appendix D) used in this study was developed by reviewing the Wisconsin State Standards for Financial Literacy (DPI, 2006). The eighth grade standards were used so that a comparison between grade levels could be made; 8th grade through twelfth graders were surveyed. Twenty-five questions were used so the survey would not be too lengthy, yet yield a breath of data. Questions were written so that students would respond by circling “Yes”, “Somewhat”, or “No”.

The subjects were students from the Colfax School District. The Colfax High School principal gave approval for the survey before it was given out (Appendix C). The protocol for giving minors a survey was followed according to the requirements of the UW-Stout. A consent form (Appendix A) was developed with the help from UW-Stout library references.

On November 3rd 2006, the English class instructors handed out the consent forms to every student. The consent form was sent home with each student, for parents/guardian to sign. A signed consent gave the student permission to participate in the study and the deadline to return the signed form was November 8, 2006. The signed consent forms were collected by the researcher and a list of participating students that had permission to participate in the survey was made.

The English instructors were given the list of students to whom they could give a survey. The surveys were distributed to the participating students during the beginning of class, on November 10, 2006. The English instructors were given directions to read to the students so that there would be consistency in all the classes (Appendix B). Surveys were collected and given to the researcher. Results were tabulated by age and gender for each question.

Chapter IV: Results

The survey was taken by a total of eighty-five students as shown in Table 1.

Grade	Male	Female
12 th	6	8
11 th	6	12
10 th	1	6
9 th	15	16
8 th	2	13
Total	30	55

Table 1

The low numbers of participants was somewhat disappointing, as there are approximately three-hundred students in the five grades. If there was no need for a consent form, more students might have volunteered to participate. Also, the students took the survey on a Friday when, unfortunately, attendance is sometimes lower and a youth group left at noon to go on a trip.

The following table documents the cumulative results of the 25-question survey:

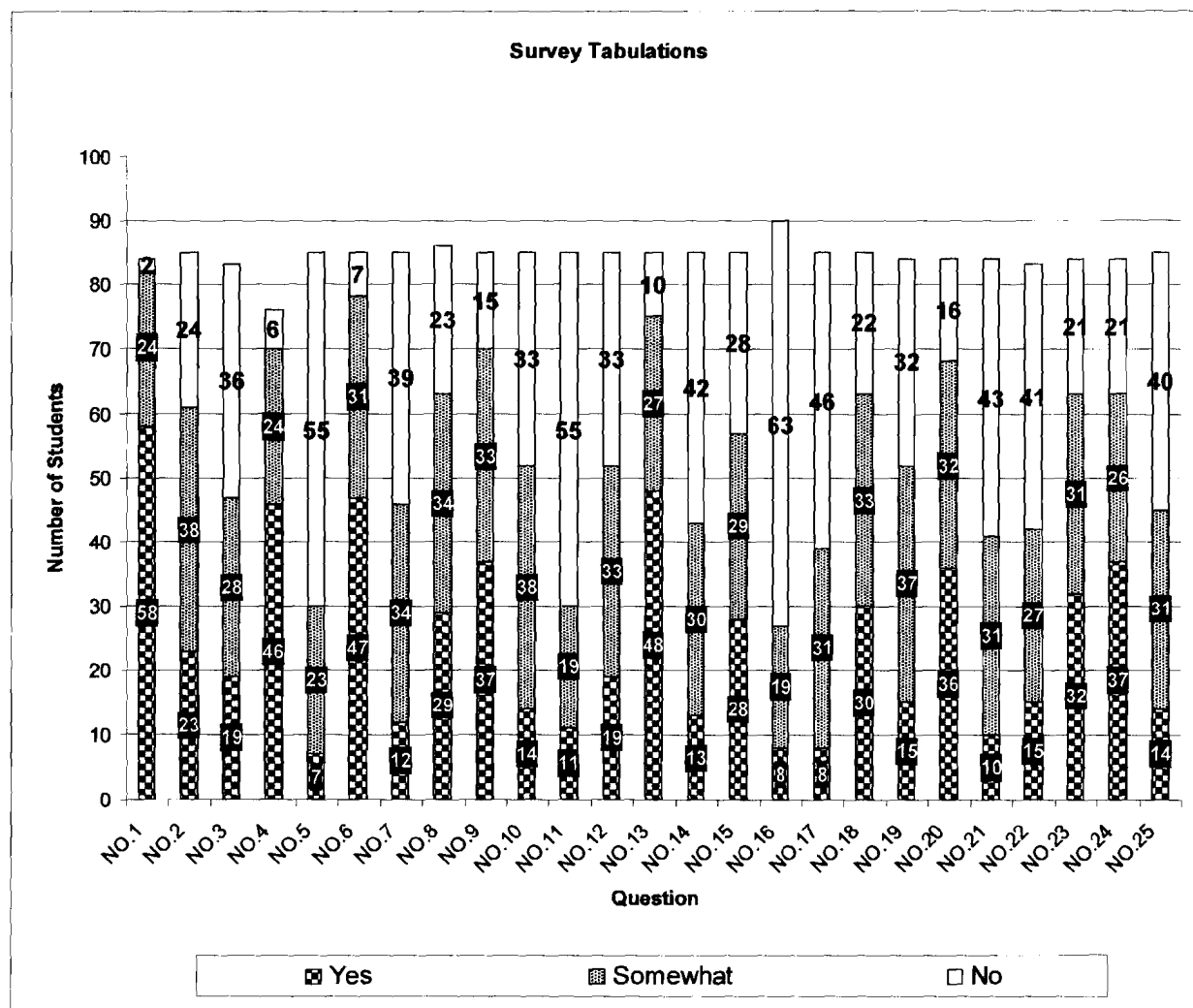


Table 2

8th grade						
Question No.	Male			Female		
Question Pertains to . . .	Yes	Somewhat	No	Yes	Somewhat	No
1 Affect of income	1	1		9	4	
2 Employee Benefits		1	1	4	5	4
3 Taxable Income		1	1	2	4	7
4 Budget		2		9	4	
5 Investment Firm			2		5	8
6 Debt/Credit	1	1		7	6	
7 History of taxes			2		7	6
8 Tax Obligations		1	1	7	4	2
9 Time value of money		2		6	6	1
10 Pay Yourself First		2		1	7	5
11 Opportunity Cost		1	1	3	4	6
12 Investment Growth			2		6	7
13 Supply and Demand			2	6	5	2
14 Credit Score		1	1	2	5	6
15 Credit Problems		1	1	4	4	5
16 Mortgage Table		1	1		2	11
17 Consumer Laws		1	1	2	5	6
18 Purposes of Debt		1	1	4	7	2
19 Bankruptcy		2		2	7	4
20 Bankruptcy Laws		1	1	7	5	1
21 Consumer Resources		1	1	3	5	5
22 Global Economics		1	1		4	9
23 Environment		1	1	6	5	2
24 Volunteerism		2		7	4	2
25 Risk Reduction		1	1	3	6	4
Total Number Surveyed		Males-2	Female-13			

Male yes responses	4%	Female yes responses	28.92%
Male somewhat responses	52%	Female somewhat responses	38.77%
Male no responses	44%	Female no responses	32.31%

Table 3

9 th grade						
Question No.	Male			Female		
Pertains to . . .	Yes	Somewhat	No	Yes	Somewhat	No
1 Effect of Income	9	6		10	6	
2 Employee Benefits	4	7	4	5	4	7
3 Taxable Income	5	4	6	5	4	7
4 Budget	9	3	3	12	3	1
5 Investment Firms	2	5	8	1	5	10
6 Debt/Credit	8	3	4	7	8	1
7 History of taxes	1	5	9	3	7	6
8 Tax Obligations	5	4	6	4	7	5
9 Time Value of Money	6	7	2	10	1	5
10 Pay Yourself First	1	5	9	9	4	3
11 Opportunity Cost		4	11		4	12
12 Investment Growth	4	5	6	5	5	6
13 Supply and Demand	8	4	3	9	6	1
14 Credit Score	4	2	9	2	3	11
15 Credit Problems	4	3	8	5	5	6
16 Mortgage Table		5	10		2	14
17 Consumer Laws	2	6	7	1	4	11
18 Purposes of Debt	7	3	5	6	7	3
19 Bankruptcy	4	5	5	3	6	7
20 Bankruptcy Laws	8	3	3	6	7	3
21 Consumer Resources	1	2	11		7	9
22 Global Economics	3	4	7	4	4	8
23 Environment	4	6	4	5	3	8
24 Volunteerism	4	4	6	5	4	7
25 Risk Reduction	4	3	7	3	6	7
Total Number Surveyed		Males-15	Females-16			

Male yes responses 29%

Female yes responses 30.0%

Male somewhat 29%

Female somewhat 30.5%

Male no responses 42%

Female no responses 39.5%

Table 4

10 th grade						
Question No.	Male			Female		
Pertains to . . .	Yes	Somewhat	No	Yes	Somewhat	No
1 Effect of Income	1			6		
2 Employee Benefits	1			1	4	1
3 Taxable Income	1			1	3	2
4 Budget	1			5	1	
5 Investment Firm			1		2	4
6 Debt/Credit	1			4	2	
7 History of taxes		1		3	2	1
8 Tax Obligations		1		1	3	2
9 Time Value of Money	1			2	1	3
10 Pay Yourself First			1		4	2
11 Opportunity Cost			1	1	1	4
12 Investment Growth	1				4	2
13 Supply and Demand	1			3	2	1
14 Credit Score		1			4	2
15 Credit Problems		1		1	4	1
16 Mortgage Table			1	1	1	4
17 Consumer Laws			1		2	4
18 Purposes of Debt	1			1	4	1
19 Bankruptcy		1			3	3
20 Bankruptcy Laws		1		1	4	1
21 Consumer Resources		1		1	3	2
22 Global Economics			1		2	4
23 Environment			1	2	4	
24 Volunteerism			1	1	4	1
25 Risk Reduction		1			1	5
Total Number Surveyed		Males-1	Females-6			

Male yes responses 36%

Female yes responses 23.33%

Male somewhat responses 32%

Female somewhat responses 43.33%

Male no responses 32%

Female no responses 33.33%

Table 5

11 th grade						
Question No.	Male			Female		
	Yes	Somewhat	No	Yes	Somewhat	No
1 Effect of Income	2	4		11	1	
2 Employee Benefits	1	3	2	2	9	1
3 Taxable Income	1	2	3	2	6	4
4 Budget	1	4	1	10	2	
5 Investment Firms	1	3	2		3	9
6 Debt/Credit	3	2	1	9	3	
7 History of taxes	1	4	1	2	4	6
8 Tax Obligations	2	3	1	4	5	3
9 Time Value of Money	1	3	2	5	5	2
10 Pay Yourself First		3	3	2	6	4
11 Opportunity Cost	1		5	3	3	6
12 Investment Growth	2	2	2	2	7	3
13 Supply and Demand	3	2	1	9	3	
14 Credit Score		2	4	2	4	6
15 Credit Problems	2	1	3	5	6	1
16 Mortgage Table		1	5	5	3	9
17 Consumer Laws	1	2	3	1	5	6
18 Purposes of Debt	2	1	3	6	4	2
19 Bankruptcy	2	1	3	3	6	3
20 Bankruptcy Laws	2	1	3	6	6	
21 Consumer Resources		1	5	2	5	5
22 Global Economics	2	1	3	3	5	4
23 Environment	1	4	1	8	1	3
24 Volunteerism		3	3	9	2	1
25 Risk Reduction		1	5	1	8	4
Total Number Surveyed		Males-6	Females-12			

Male yes responses	20.67%	Female yes responses	35.67%
Male somewhat responses	36.00%	Female somewhat responses	37.00%
Male no responses	43.33%	Female no response	27.33%

Table 6

12 th grade						
Question No.	Male			Female		
Pertains to . . .	Yes	Somewhat	No	Yes	Somewhat	No
1 Effect of Income	5		1	4	2	1
2 Employee Benefits	2	3	1	3	2	3
3 Taxable Income	2	3	1	2	1	5
4 Budget	2	4		6	1	1
5 Investment Firms	1		5	2		6
6 Debt/Credit	3	2	1	4	4	
7 History of taxes	1		5	1	4	3
8 Tax Obligations	2	3	2	4	3	1
9 Time Value of Money	2	4		4	4	
10 Pay Yourself First		5	1	1	2	5
11 Opportunity Cost	2		4	1	2	5
12 Investment Growth	3	1	2	2	3	3
13 Supply and Demand	5	1		4	4	
14 Credit Score	1	4	1	2	4	2
15 Credit Problems	2	1	3	5	3	
16 Mortgage Table	1	1	4	1	3	4
17 Consumer Laws	1	1	4		5	3
18 Purposes of Debt	3	1	2		5	3
19 Bankruptcy	1	1	4		5	3
20 Bankruptcy Laws	3	1	2	3	3	2
21 Consumer Resources	1	3	2	2	3	3
22 Global Economics	3	1	1		5	3
23 Environment	3	2	1	3	5	
24 Volunteerism	5	1		6	2	
25 Risk Reduction	2	1	3	1	3	4
Total Number Surveyed		Males-6	Females-8			

Male yes responses	37.33%	Female yes responses	30.50%
Male somewhat responses	29.33%	Female somewhat response	39.50%
Male no response	33.33%	Female no responses	30.00%

Table 7

Table 8

Summary of Responses																															
		8th grade						9th grade						10th grade						11th grade						12th grade					
STUDENTS		males			females			males			females			males			females			males			females			males			females		
RESPONSES		y	s	n	y	s	n	y	s	n	y	s	n	y	s	n	y	s	n	y	s	n	y	s	n	y	s	n	y	s	n
QUESTION PERTAINS TO...																															
1	Effect of income	1	1	0	9	4	0	9	6	0	10	6	0	1	0	0	6	0	0	2	4	0	11	1	0	5	0	1	4	2	1
2	Employee benefits	0	1	1	4	5	4	4	7	4	5	4	7	1	0	0	1	4	1	1	3	2	2	9	1	2	3	1	3	2	3
3	Taxable income	0	1	1	2	4	7	5	4	6	5	4	7	1	0	0	1	3	2	1	2	3	2	6	4	2	3	1	2	1	5
4	Budget	0	2	0	9	4	0	9	3	3	12	3	1	1	0	0	5	1	0	1	4	1	10	2	0	2	4	0	6	1	1
5	Investment firm	0	0	2	0	5	8	2	5	8	1	5	10	0	0	1	0	2	4	1	3	2	0	3	9	1	0	5		0	6
6	Debt/Credit	1	1	0	0	5	8	8	3	4	7	8	1	1	0	0	4	2	0	3	2	1	9	3	0	3	2	1	4	4	0
7	History of taxes	0	0	2	0	7	6	1	5	9	3	7	6	0	1	0	3	2	1	1	4	1	2	4	6	1	0	5	1	4	3
8	Tax obligation	0	1	1	0	7	6	5	4	6	4	7	5	0	1	0	1	3	2	2	3	1	4	5	3	2	3	2	4	3	1
9	Time value	0	2	0	6	6	1	6	7	2	10	1	5	1	0	0	2	1	3	1	3	2	5	5	2	2	4	0	4	4	0
10	PYF	0	2	0	1	7	5	1	5	9	9	4	3	0	0	1	0	4	2	0	3	3	2	6	4	0	5	1	1	2	5
11	Opportunity cost	0	1	0	3	4	6	0	4	11	0	4	12	0	0	1	1	1	4	1	0	5	3	3	6	2	0	4	1	2	5
12	Investment growth	0	0	2	0	6	7	4	5	6	5	5	6	1	0	0	0	4	2	2	2	2	2	7	3	3	1	2	2	3	3
13	Supply/Demand	0	0	2	6	5	2	8	4	3	9	6	1	1	0	0	3	2	1	3	2	1	9	3	0	5	1	0	4	4	0
14	Credit score	0	1	1	2	5	6	4	2	9	2	3	11	0	1	0	0	4	2	0	2	4	2	4	6	1	4	1	2	4	2
15	Credit problems	0	1	1	4	4	5	4	3	8	5	5	6	0	1	0	1	4	1	2	1	3	5	6	1	2	1	3	5	3	0
16	Mortgage table	0	1	1	0	2	11	0	5	10	0	2	14	0	0	1	1	1	4	0	1	5	5	3	9	1	1	3	1	3	4
17	Consumer laws	0	1	1	2	5	6	2	6	7	1	4	11	0	0	1	0	2	4	1	2	3	1	5	6	1	1	4	0	5	3
18	Purposes of debt	0	1	1	4	7	2	7	3	5	6	7	3	1	0	0	1	4	1	2	1	3	6	4	2	3	1	2	0	5	3
19	Bankruptcy	0	2	0	2	7	4	4	5	5	3	6	7	0	1	0	0	3	3	2	1	3	3	6	3	1	1	4	0	5	3
20	Bankruptcy laws	0	1	1	7	5	1	8	3	3	6	7	3	0	1	0	1	4	1	2	1	3	6	6	0	3	1	2	3	3	2
21	Consumer resources	0	1	1	3	5	5	1	2	11	0	7	9	0	1	0	1	3	2	0	1	5	2	5	5	1	3	2	2	3	3
22	Global economy	0	1	1	0	4	9	3	4	7	4	4	8	0	9	1	0	2	4	2	1	3	3	5	4	3	1	1	0	5	3
23	Environment/Econ.	0	1	1	6	5	2	4	6	4	5	3	8	0	0	1	2	4	0	1	4	1	8	1	3	3	2	1	3	5	0
24	Volunteerism	0	2	0	7	4	2	4	4	6	5	4	7	0	0	1	1	4	1	0	3	3	9	2	1	5	1	0	6	2	0
25	Risk reduction	0	1	1	3	6	4	4	3	7	3	6	7	1	0	0	0	1	5	0	1	5	1	8	4	2	1	3	1	3	4

Chapter V: Discussion of Results

With the exception of four questions, the students from the Colfax School District are scoring at or below **50%** on this personal finance survey. To make this statement the researcher counted only the “Yes” answers. See Table 2.

The overall low response rate (85 of 300) **28.3%** as shown in Table 1, may somewhat limit the absolute certainty of data but, some general comparisons can be made.

Seventy-five percent of all students felt they knew how their education and career choices affected their income potential. More females (**76%**) than male (**43%**) students understood the purpose of a budget. Also, **55%** females and **13%** males feel they know how to use credit and debit cards. Females and males both scored **56%** understanding the economic principal of supply and demand. See appendix, Survey and Combined Results

Concerning the question of time value of money **49%** of females and **33%** of the males felt confident in answering yes, yet fewer knew what it meant to apply “the pay yourself first” principle **25%** females and **6%** males. More males (**43%**) than females (**25%**) understood the purposes of debt. Males scored higher (**44%**) than females (**41%**), about knowing the consequences for bankruptcy. The importance of volunteer service and charitable giving and the affect on quality of life for the community was understood by **50% females** and **31% males**. See appendix, Survey and Combine Results.

Less than half of the students surveyed did not know about investment firms, the term opportunity cost, factors affecting a credit score, what a mortgage table was and they did not understand consumer protection laws. **Fourteen percent** of the females and **65%** of the males knew what resources can be used to make consumer decisions. Less than **30%** of the students

have never discussed the impact of global economic events on their finances in a class. The majority of the students cannot explain how to reduce financial risk.

The survey results as shown in Tables 3-7, reveals that only the 12th grade males answered yes **37%** more often than responding with a somewhat or no answer. Eleventh grade females seem more confident than the other females by responding with a yes **35.67%** of the time. The 9th grade females, 9th grade males, and 11th grade males responded with no answers more often than the other groups. Four out of the 5 female groups answered somewhat more often than yes or no, whereas the males responded with no more often, with the exception of the 12th grade male group. The 9th grade males and females both responded highest to having no knowledge of the personal finance questions. This data suggest that the females in the Colfax school district feel they know somewhat about personal finance. Most of the males feel they do not know much about personal finance.

General assumptions from the research draw these questions for further discussion or research. Females generally shop, have their experiences made them more confident of managing money? Twelfth grade males tend to own their own vehicles, has this experience given them more confidence? Have females taken elective classes, which have taught them more about personal finance than their male counterparts to make them feel they are somewhat knowledgeable in personal finance?

Recommendation

Results of the study suggest the students do not know how to reduce financial risk. Does this mean that they do not know how to prevent it? What we know about the students attending the School District of Colfax is that they seem to know that it is important to make money, but whether they are wise consumers, responsible citizens and community members in the future, is open for debate.

If the students who took the survey are a good sample of the school population, then the researcher believes more financial education should be taught to the students. The USA Today, Aug. 28th 2002 issue reported that teens learn about 93% from their parents, 90% from their own experiences, 59% from teachers, 42% from friends and 37% from the media. A portion of the literature review focused on the fact that some of the adults, especially women, are not financially responsible, therefore, it makes sense that if teens learn about 93% (USA 2002) from their parents, who don't know a lot, we have a problem. Being that thirty-two percent of the 18-19 year olds have credit cards in their name (Teenage Research Study 2005) the problem is compounded. These two facts make the researcher even more concerned for the future financial well being of these students. However, the researcher is encouraged by the statistic that teens can learn about finances through lessons taught in school.

Therefore, it is worth time and energy to put emphasis on personal finance in the Colfax School District. A suggestion to the school board; be proactive and require students to take personal finance through one of the courses that are already being offered and require the teacher to follow the Wisconsin Standards of Financial Literacy. The district may offer financial literacy through reading and thinking skills in the elementary grades or the district can include personal finance in exploratory classes for the middle school, starting the fall of 2007.

Along with requiring the high school students to have a course in personal finance, the core classes can integrate financial concepts in the curriculum. Some examples for integration include but are not limited are:

- English-stories about people with financial problems or successes.
- Social Studies-history of taxes, money, credit, the depression & warning signs.
- Math-figure interest on loans and use the time value of money concept.
- Social Problems-global economics and the cost of social programs.
- Science-environment issues versus economic progress.

Suggestions for future research

The Colfax School District should consider administering Dr. Mandel's national test to students in the district to be compared to the national outcomes. Another suggestion is to administer a test to be made by the educators involved in teaching personal financial objectives. This test, given to the students in those classes would show whether or not the presently used curriculum is useful. Teachers could also collaborate to prepare a test about financial knowledge that would test all students' actual knowledge, not what they perceive to know as was used in this research paper. Lastly, the Colfax School District can require all students take the test the researcher prepared, to compare and evaluate the needs of the school.

Questions to explore

General assumptions from the research draw these questions for further discussion or research. If the students are not knowledgeable in personal finance, will the school board feel confident in allowing students to learn how to manage their money from the "school of hard knocks" therefore becoming self sufficient in the community as well as society? When the results of this survey are presented to the board, will they be able to make time to address the survey

results and what will they do about it? When parents are made aware of the survey results will they encourage their children to take personal finance class, pressure the board to require a credit in finance before graduation, or discuss the issue with the researcher? Finally, will the students understand and care about their seemingly lack of financial knowledge and their financial future when they are given the survey results? Will the students take the initiative to improve themselves by signing up for a class that could affect their present and future well being?

Conclusion

The sample of students in this study was low. However, because these students answered somewhat or no, more often than yes, they may feel that personal finance is a struggle. The researcher believes that to improve life for the students, at the very least, personal financial literacy should be encouraged and eventually required. The state of Wisconsin has taken time and energy to prepare standards, therefore one could assume that this is an important skill to develop in our youth. The Jumpstart Coalition is working with teachers to improve their teaching skills to implement personal finance into their classrooms.

With the willing teachers, a supportive school board, and administration, the researcher believes that our students will learn the skills that they need to become financially responsible. It is very important to our society that we begin to help teens, who are the future leaders of families, to uphold these financial responsibilities. Just maybe, divorce, bankruptcy and a poor retirement will not be in the future for these community members.

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Appendix A

Consent to Participate in UW-Stout Approved Research

Title: Comparison of Colfax Students Level of Knowledge to the New Standards for Financial Literacy

Research Sponsor: Diane Klemme, PH.D., CFCS, School of Education, UW-Stout

Description: Students in 8th – 12th grade from the Colfax School District will take a survey from the 8th grade Financial Literacy Standards to assess whether the school curriculum has been satisfactorily taught.

Risks and Benefits: The benefits of this survey will help the school district to implement the standards into the curriculum. The students will benefit from learning about personal finance.

Special Populations: The survey will focus on 8th, 9th, 10th, 11th and 12th graders in the Colfax School District.

Time Commitment and Payment: The time needed to administer the survey will be approximately 15 minutes. The survey will be given to the students who have consent forms in their English classes which is required of all of the before mentioned age groups.

Confidentiality: Your name will not be included on any documents. We do not believe that you can be identified from any of this information. This informed consent will not be kept with any of the other documents completed with this project.

Right to Withdraw: Your student's participation in this study is entirely voluntary. He/She may choose not to participate without any adverse consequences to him/her. Should he/she

choose to participate and later wish to withdraw from the study, he/she may discontinue participation.

IRB Approval: This study has been reviewed and approved by the University of Wisconsin-Stout's Institutional Review Board (IRB). The IRB has determined that this study meets the ethical obligations required by federal law and University policies. If you have questions or concerns regarding this study please contact the Investigator or Advisor. If you have any questions, concerns, or reports regarding your rights as a research subject, please contact the IRB Administrator

Investigator:	Lisa Neuburg	IRB Administrator
	715-962-3155	Sue Foxwell, Director, Research Services
	neuburg@colfax.k12.wi.us	152 Vocational Rehabilitation Bldg.
		UW-Stout
Advisor:	Diane Klemme, Ph. D.	Menomonie, WI 54751
	715-232-2546	715-232-2477
	kemmed@uwstout.edu	foxwells@uwstout.edu
	John Dachel, Principal	715-962-3155

Statement of Consent: By signing this consent form you allow your student to participate in the project, Comparison of Colfax Students to the New Financial Literacy Standards.

Student Name:

Signature of parent or guardian

Date

Appendix B

To the English Department:

Thank you for helping me with my research project by administering the survey to the students. Please hand out the consent forms to all students. They must be returned by Nov. 6, 2006 in order to participate in the study. Please keep the consent forms (by hour). At the end of the day on Nov. 6th. I will count the forms that have been returned and will put enough surveys into an envelope so that you can give them out. On Nov. 9th, I will give you the envelope which contains enough surveys for each hour you have students. Give the surveys to only those that have returned the consent forms. Please read the following directions to the students, so that all classes will have the same directions. This survey is not a test but a study about the knowledge our students have at Colfax school. Do not write your name on this questionnaire. Answer the questions by circling the answer according to your knowledge. When you are finished, put the questionnaire back in the envelope. When everyone is finished, please seal the envelope. I will come at the end of each class to take them to the office. Thanks again for helping me out on my research.

Lisa Neuburg

Appendix C

On behalf of the School District of Colfax, I give Lisa Neuburg permission to hand out surveys to aid in the completion of her thesis paper for masters degree.

John Dachel, Principal

Colfax High School

Appendix D

Survey and Combined Results

Results of all females compared to all males who answered yes to the question, by percentage.

1. Do you understand how your career choice and education affect your income?

Females	75 %	Males	60%
---------	------	-------	-----

2. Do you have an understanding of how employee benefits affect income?

Females	25%	Males	27%
---------	-----	-------	-----

3. Do you have understanding of what taxable income is?

Females	19%	Males	30%
---------	-----	-------	-----

4. Do you have an understanding of the purpose of a budget?

Females	76%	Males	43%
---------	-----	-------	-----

5. Do you understand which investment firm to go to in order to meet various financial needs and goals?

Females	.05%	Males	13%
---------	------	-------	-----

6. Do you understand how debit and credit cards are used?

Females	55%	Males	13%
---------	-----	-------	-----

7. Do you understand the history of taxes in the United States?

Females	17%	Males	1%
---------	-----	-------	----

8. Do you understand the consequences for not complying with personal tax obligations?

Females	37%	Males	29%
---------	-----	-------	-----

9. Do you understand the time value of money?

Females	49%	Males	33%
---------	-----	-------	-----

10. Do you apply the principle of “pay yourself first”?

Females	25%	Males	06%
---------	-----	-------	-----
11. Do you understand the concept of “opportunity cost” to personal financial decisions?

Females	14%	Males	12%
---------	-----	-------	-----
12. Do you understand the difference between income and investment growth?

Females	16%	Males	33%
---------	-----	-------	-----
13. Do you understand the economic principal of supply and demand?

Females	56%	Males	56%
---------	-----	-------	-----
14. Can you explain the factors affecting a “credit score”?

Females	15%	Males	16%
---------	-----	-------	-----
15. Can you identify ways to avoid or correct credit problems?

Females	36%	Males	26%
---------	-----	-------	-----
16. Do you understand a mortgage table?

Females	05%	Males	1%
---------	-----	-------	----
17. Do you understand consumer protection laws?

Females	16%	Males	13%
---------	-----	-------	-----
18. Can you identify the purposes of debt?

Females	25%	Males	43%
---------	-----	-------	-----
19. Can you identify types of bankruptcy?

Females	14%	Males	24%
---------	-----	-------	-----
20. Do you understand the consequence of bankruptcy?

Females	41%	Males	44%
---------	-----	-------	-----

21. Do you know what resources can be used to make consumer decisions?
- | | | | |
|---------|-----|-------|-----|
| Females | 14% | Males | 06% |
|---------|-----|-------|-----|
22. Have you ever discussed in any class, the impact of global economic events on personal financial planning?
- | | | | |
|---------|-----|-------|-----|
| Females | 12% | Males | 28% |
|---------|-----|-------|-----|
23. Have you ever considered how your consumer decisions effect the environment?
- | | | | |
|---------|-----|-------|-----|
| Females | 43% | Males | 27% |
|---------|-----|-------|-----|
24. Do you have an understanding of the correlation of volunteer service and charity giving to community development and quality of life?
- | | | | |
|---------|-----|-------|-----|
| Females | 50% | Males | 31% |
|---------|-----|-------|-----|
25. Can you explain how to reduce financial risk?
- | | | | |
|---------|-----|-------|-----|
| Females | 14% | Males | 14% |
|---------|-----|-------|-----|