



FIRST NATIONS DEVELOPMENT INSTITUTE

Educating Grassroots Practitioners – Advocating Systemic Change – Capitalizing Indian Communities

“We believe that, when armed with appropriate resources, Native peoples hold the capacity and ingenuity to ensure the sustainable, economic, spiritual, and cultural well being of their communities.”

Native Financial Education Coalition (NFEC) Policy Priority Two: Youth Financial Education

Specific Action Required

This factsheet supports NFEC’s recommendations that Congress:

- #1 Support vehicles, like Children’s Savings Accounts, that encourage young people to develop financial skills and save for durable assets.
- #2 Provide adequate funding for schools and other programs to develop and implement youth financial education that is culturally appropriate and effective in imparting pertinent financial management lessons.

Further, and more specifically, it recommends that Congress:

- Enact the ASPIRE Act of 2005 (KIDS Accounts) S 868/HR 1767
- Increase funding for programs like the Excellence in Economic Education (EEE) Act (20 USC 7267) to provide sufficient support for teacher preparation and financial education program implementation.

Background Information

Ensuring the future of the American economy through financial education is a daunting task. Young people present a particularly vulnerable segment of the population that also offers significant opportunities to invest for long-term change. The Jump\$tart Youth Financial Literacy Survey has consistently shown the majority of survey respondents receive a failing grade with the average score of high school seniors seeming to “hover in the low- to mid-50 percent range” from the time of the first survey in 1997, through the 2000, 2002, 2004 and 2006 surveys.¹ Native youth have shown similar financial education ‘gaps’ and as a growing segment of the Native community, youth financial education holds particular importance for the future economic health of Native America.

Research findings demonstrate many positive outcomes of youth financial education programs. The ‘ripple’ effect of youth programs has “successfully engaged both students and teachers and elicited further learning for students and even their family members.”² There is significant room to grow the availability and impact of high school financial management courses. Surveys by Jump\$tart have indicated only 20 percent of high school seniors have completed a financial management or personal finance course, while academic research has demonstrated that “middle age persons who took a high school course in money management have saved significantly more than those who took no such course in their youth.”³ Empirical observations of financial education and asset-building initiatives serving Native people indicate that the ‘ripple’ effect of engaging youth, resulting in additional positive impacts on families and other community members, is more significant than in

1 Jump\$tart, (2006) *Press Release: 2006 Survey of Financial Literacy Among High School Students*

2 Vitt et al, (2005) *Goodbye to Complacency: Financial Literacy Education in the United States 2000-2005*

3 Bernheim, Garrett and Maki, (1997), Kotlikoff and Bernheim, (2001), quoted in Mandell, (2005) *Financial Literacy – Does it Matter?*

the non-Native community.

The NFEC believes, with former Federal Reserve Chairman, Alan Greenspan, that “financial education is a process that should begin at an early age and continue throughout life.”⁴ We therefore believe that efforts must be made to prepare schools, through funding for teacher training and program implementation, to integrate financial education concepts at all levels of K-12 education. Specifically, we support the recommendation that financial education concepts “be integrated into existing materials in grades K-8 and made part of the Standards of Learning tests mandated by the No Child Left Behind Act.”⁵ We also urge Congress to encourage the states to require a financial education course for high school graduation. These changes must be supported by adequate funding and we see the Excellence in Economic Education (EEE) Act as a program that could be significantly expanded to meet that need.

Children’s Savings Accounts offer a promising method to give all Americans a start-at-birth account to fund a home, college education, or retirement. Specifically, the Americans Saving for Personal Investment Retirement and Education (ASPIRE) Act, proposes progressively funded savings accounts for every American child at birth with financial education offered to the child and their parents. These accounts offer the chance to level the assets ‘playing field,’ increase the national savings rate, and improve financial education outcomes by showing the relevance of financial education curriculum to people at all stages of their lives.⁶

This factsheet was prepared by First Nations Development Institute at the request of the Native Financial Education Coalition. Significant contributions to the content were made by the National Congress of American Indians (NCAI) and First Nations Oweesta Corporation.

4 Quoted in Financial Literacy and Education Commission, (2006) *Taking Ownership of the Future: The National Strategy for Financial Literacy*

5 Boshara, Cramer, Parrish and Stuhldreher, (2006) *The Assets Agenda 2006: Policy Options to Broaden Savings and Assets Ownership by Low- and Moderate-Income Americans*

6 Mandell states that the perceived relevance of financial education may affect the amount of information retained., quoted in Jump\$tart, (2006) *Press Release: 2006 Survey of Financial Literacy Among High School Students*

