



# Survey of Personal Finance Instruction in Ohio High Schools

*Caecilia Loibl*

**C**redit cards, student loans, car loans, checking accounts, retirement plans, investing, money markets ... How does the average person learn how to navigate the seemingly endless sea of financial options available? How can they learn to avoid financial pitfalls and to foster a stable financial situation? Dr. Caecilia Loibl's answer to that question is that secondary schools could provide financial education. Through funding from The Ohio State University's P-12 Scholars Program, Loibl, assistant professor of consumer sciences in the College of Education and Human Ecology at Ohio State, led research efforts focusing on the current offerings in the 1,145 high schools in Ohio (including rural, suburban, non central-city urban area, and central city urban schools), including public, public charter, private, and parochial schools, to see what types of personal finance instruction is currently being offered to high school students in order to help young people develop responsible and effective financial habits for a lifetime.



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Loibl's research was based on three specific objectives:

1. Determine the personal finance topics taught at Ohio high schools, what teachers are teaching the course, and what students attend the classes
2. Determine the personal finance education, knowledge, and sources of information of high school teachers
3. Compare legislative efforts in Ohio to other state legislative efforts to mandate inclusion of personal finance education in the high school curricula and to conduct a meta-analysis of existing financial literacy programs and training available to P-12 teachers in Ohio

In order to learn more about the personal finance classes taught at Ohio high schools, Loibl used an online survey to identify the following:

- Where in the curriculum high school teachers teach personal finance topics and in which grades the material is taught
- What course titles are used for the courses
- How many sections of personal finance high school teachers teach
- What portion of the personal finance courses is required coursework and what portion is elective
- The characteristics of the students who take personal finance courses and the percentage of the student body that is reached

Through the survey, Loibl also assessed the extent of the high school teachers' personal knowledge on finance and their sources for financial knowledge on topics of daily money management, saving and investing, spending and credit, and income management. Finally, Loibl investigated the current professional development opportunities on personal finance available to P-12 teachers in Ohio.

## Five Steps to a Solid Foundation

According to Loibl, personal finance education consists of five basic areas for building a solid financial foundation and make sound decisions regarding finances. “First,” she says, “financial planning involves assessing the process a person uses to make financial decisions ranging from whether to spend money to go out for lunch to how to approach saving for retirement. Basically, planning involves understanding how much money a person has available and what he or she wants to do with that money,” says Loibl. “Budgeting involves looking at one’s cash flow and determining what is income and what expenses must be taken care of (taxes, bills, fixed and variable expenses) and learning how to make decisions to use money most efficiently,” she continues. Savings and investments includes learning about interest, rate of return, portfolio, inflation, and investments. Aspects of credit that are covered in personal finance education would include topics like learning what APR is, learning how to avoid identity theft, and understanding loans, credit cards, student loans, home mortgages, car loans, and bankruptcy. “Finally,” Loibl adds, “insurance considerations include learning about risk management, types of insurance, deductibles, and premiums.”

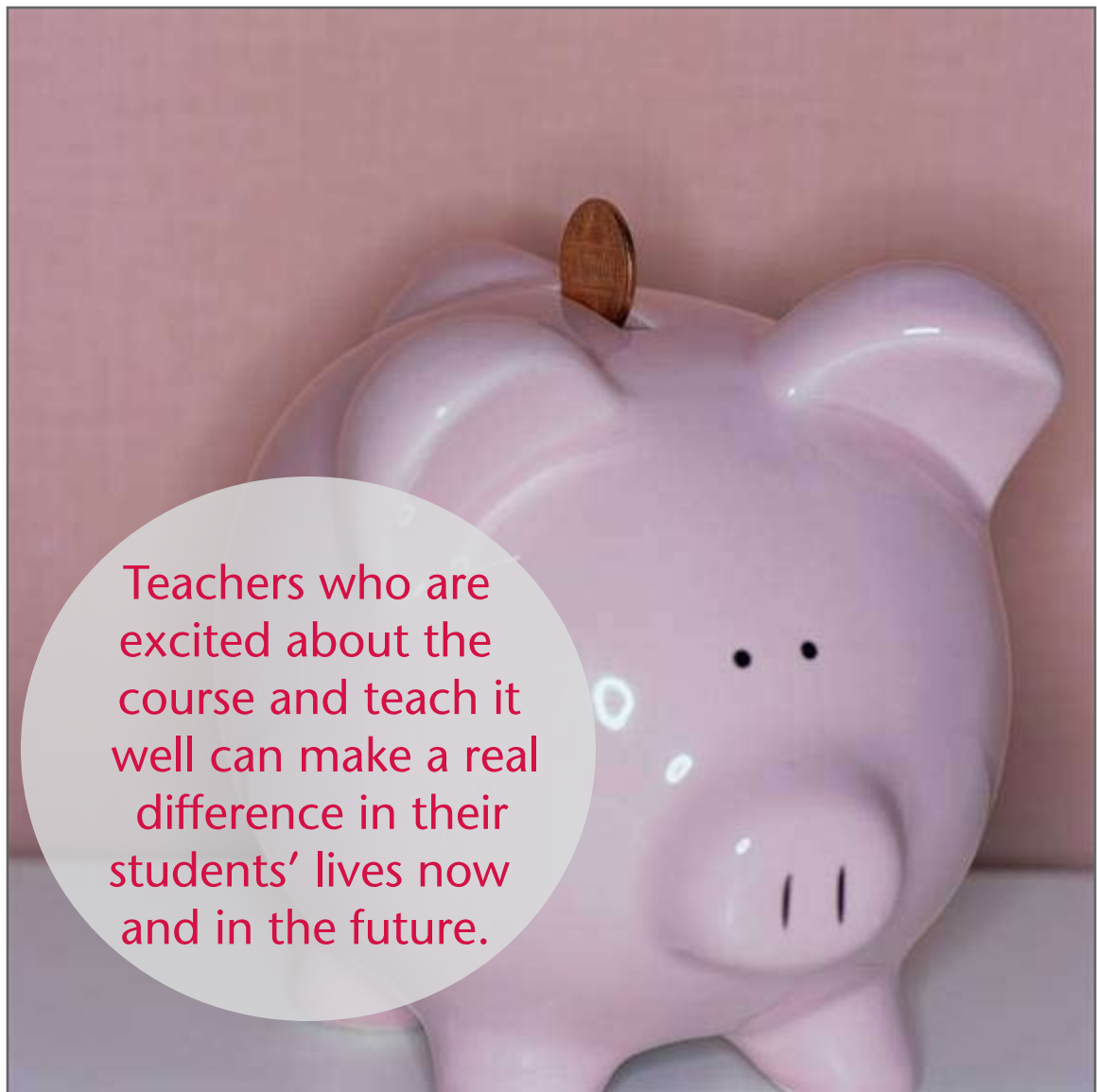
Three challenges to personal finance education: insufficient classroom time, materials, and professional development

## Personal Finance Education

1. Financial planning
2. Budgeting
3. Savings and investments
4. Credit
5. Insurance

“Looking over that list can be overwhelming, and waiting to learn about these topics until financial decisions must be made can be even more overwhelming,” says Loibl. “Fortunately, in some states, personal finance has become a mandatory component of the high school education,” she says. In 2010, personal finance education will be mandated for all Ohio high school students.

The financial market changes every day, so those teaching finance have to be constantly informed. Now that the state of Ohio has mandated personal finance education classes in 2010, State Treasurer Richard Cordray has partnered with the Ohio Department of Education and Ohio Council on Economic Education to develop a Teacher’s Academy to make this unfunded mandate affordable for Ohio schools.



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Of the teachers surveyed by Loibl, 17.2 percent (120 teachers) have never taken any college-level courses on personal finance topics and 65.5 percent (462 teachers) have not taken any continuing education courses or workshops on personal finance. The top three major challenges teachers shared during Dr. Loibl's research include insufficient classroom time, materials, and professional development. Clearly, there are challenges that must be addressed before 2010. The Ohio State University College of Education and Human Ecology is offering courses and continuing education opportunities to prepare teachers to teach personal finance. Social science teachers will also eventually have to take courses in their curriculum to prepare to teach the course.

"The excitement teachers bring to the class is also important to the success of the mandate of personal finance education," according to Loibl. "Teachers need to have skills to make the course interesting to students," she adds. The information covered in personal finance classes drives students' daily choices and impacts their future. "Teachers who are excited about the course and teach it well can make a real difference in their students' lives now and in the future," Loibl states. "The bottom line is that different teachers have different experiences and needs with respect to teaching personal finance. With continuing education classes and recognition of the importance and relevance of the topic, the 2010 mandate will have a significant impact on the financial future of Ohio's high school students," Loibl concludes. ■