

## FINANCIAL LITERACY FOR YOUTH

Adopted by Convention Delegates May 1999

*Reviewed by Board of Managers April 2010*

- WHEREAS,** The California State PTA believes that education should include training in life skills: goal setting, decision making, responsibility, and recognition of the consequences of choices; and
- WHEREAS,** The financial requirements of modern life are becoming increasingly complex; and
- WHEREAS,** Most high school graduates are leaving school without the knowledge and ability to make critical financial decisions affecting their lives; and
- WHEREAS,** Much of the information young people have regarding finances is learned at home; and
- WHEREAS,** Children and youth are bombarded with sophisticated commercial advertising specifically targeting them as a “market;” and
- WHEREAS,** More than 90% of teens are involved in a financial transaction each week with teens spending a total for 1997 of \$122 billion, while in 1996, nine percent of individual financial bankruptcy filings were by persons 25 years of age or younger; now therefore be it
- RESOLVED,** That the California State PTA provide materials to promote financial literacy and urge its units, councils and districts to make available information to educate families and help teach financial understanding, fiscal responsibility and effective decision making; and be it further
- RESOLVED,** That the California State PTA encourage and support the development of integrated curricula in personal finance education for grades K-12; and be it further
- RESOLVED,** That the California State PTA encourage the development of statewide academic standards in personal financial literacy as a requirement for high school graduation; and be it further
- RESOLVED,** That the California State PTA support legislation which holds credit card companies, and marketing and lending agencies accountable for establishing and observing responsible credit limits and lending practices, especially for youth under 21 years of age; and be it further
- RESOLVED,** That the California State PTA forward this resolution to the National PTA for consideration by the delegates at the National Convention.

###

*Continued on next page*

## BACKGROUND SUMMARY

Recent studies have shown that a majority of American high school students are graduating without enough background in practical financial decision making. The consequences of that lack are far-reaching in their lives since they must deal with an ever increasing number of complex financial decisions—how much and what kind of insurance they need, what kinds of credit to seek, what effect interest rates have, how to secure a good home mortgage, how to invest for retirement or to pay for their children’s education. Pending Social Security reform could include a component allowing workers to invest their own retirement funds. Such action would make knowledge of investment options even more imperative.

Present mandates for financial literacy education are not in place in all states, and even where they are much more is needed to assure that effective curricula standards are adopted and that students receive meaningful instruction. Parents and other care givers need to be better informed in order to help instruct their children and to provide good role models in financial decision making.

Bankruptcy filings in the United States have risen sharply in recent years due in large part to consumer and credit card debt being at an all time high. In his analysis of the 1997 Jump\$tart financial literacy survey of 1,532 high school students, Dr. Lewis Mandell, an economist and Dean of Business at Marquette University, found a correlation of high bankruptcy rates in states in which the test scores of high school seniors were low. In addition, savings rates in the United States fell 28% during the ten-year period from 1987 to 1997 to 3.8%, the lowest level in 58 years.

According to the Christian Science Monitor, teens spent \$84 billion of their own money in 1997, an increase of 12% from 1996. In addition, teens spend or influence the spending of an additional \$25 billion of family money.