

Personal Financial Education Requirements for High School Students: Implications for Policy in Native American Communities

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Native American students have consistently scored low on the National JumpStart Coalition survey compared to all demographic groups three of the five years data were available. Mean scores ranged from 38.6% (2000) to 48.8% (1997), with an average score of 44.7% for all years (Mandell, 2008). In comparison, scores for all participants ranged from 48.3% (2008) to 57.3% (1997), with an average score of 52% for all years (Mandell). Jorgensen and Mandell (2007) identified potential causes for low financial literacy scores of Native American students based on data from the 2006 survey. First, a correlation existed between the students' financial knowledge level and income and education level of their parents. Students with a higher financial knowledge level also indicated their parents had a higher income and education level. Students with a lower financial knowledge level indicated their parents had a lower income and education level. A second cause identified by Jorgensen and Mandell related to the 2006 survey results showing students who had their own checking and savings account tended to be more financially literate. On reservations, banking relationships are relatively uncommon. For example, the Pine Ridge reservation has one bank in the three counties that make up the reservation (Banks & Credit Unions, 2008). Lastly, the survey results indicated students get most of their financial knowledge from home, school, or personal experience which indicates families and communities are an important influence on the development of financial literacy skills.

The purpose of this study was to identify financial knowledge and behavior for Native American students who have taken a personal finance course compared to Native American students who have not. The primary interest is to assess the impact of personal finance course requirements for a population who has historically scored low on a financial literacy survey. This information could be used to inform personal financial education policy.

A secondary analysis was conducted of survey data collected through the Oweesta JumpStart Study. The survey instrument was composed of two components: the first included questions asking what the participants knew, and the second included questions identifying who were the participants which included specific Native American demographics (Anderson, et al, 2008). For this study, frequency of sample responses was analyzed to determine number of Native Americans and number who have taken a personal finance course. A correlation analysis was conducted to determine the relationship between financial knowledge, having taken a personal finance course and whether the participant identified as Native American. Financial knowledge is a dependent variable in this study measured by the cumulative score of questions 1–31. Over two-thirds (67.5%) of the sample took either a portion or all of a semester course in personal finance. According to the Council on Economic Education Survey of the States (2009) South Dakota has a personal finance graduation requirement and Montana and New Mexico do not. South Dakota and Montana do have personal finance standards required to be implemented.

Financial knowledge was measured using the mean score from cumulative responses for questions one through 31. For the total sample group, the mean cumulative score resulted in a failing score of 40%. Montana (44.8%) and South Dakota (43%) results were a little higher than the total sample. Standard deviation for each group was four, indicating the variability for each group was similar. For the total sample group, means and standard deviation indicates 66% of the sample had taken a semester course in personal finance. A strong positive relationship was found between knowledge score and having taken a course in personal finance ($r = .140$) which indicates that if a student had a higher knowledge score they had taken a personal finance course. A strong negative relationship was found between knowledge score and being Native American ($r = -.261$) which indicates that if a student had a higher knowledge score they were not Native American. Having taken a personal finance course was negatively correlated with being Native American ($r = -.137$). Similar results are found for the South Dakota group although the relationship is not as strong. A strong negative relationship exists between knowledge score and being Native American ($r = -.310$) for the Montana group. A weak relationship exists between knowledge score and having taken a personal finance course ($r = .048$). The New Mexico group did not result in strong relationship for any variables.

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Previous studies have shown that personal finance education does result in a change in knowledge and behavior (Bowen & Jones, 2006; Fox, Bartholomae, & Lee, 2005; Hogarth, 2002; Martin & Olivia, 2001). Since 1998, 13 states have implemented the policy to require students to take a personal finance course. However, the Jump\$tart Coalition survey does not show results that indicate financial literacy levels are increasing for high school students (Mandell, 2006). Results are more alarming for Native American students with an average financial knowledge score of 40%. Financial education programs need to engage participants and provide motivation for meeting financial goals (Varcoe et al. 2002; Varcoe & Wooten-Swanson, 2009).

Finding from this study suggest that Native American students had lower financial knowledge score than non-Native Americans. Non-Native American students were more likely to have taken a personal finance course. Students who took a personal finance course had a higher financial knowledge score, which supports the policy requiring high school students to take a personal finance course. Although, there is inconsistency in the effect of the education if non-Native American students attending the same school as Native American students have a higher financial knowledge score.

Recommendations for personal finance education policy within states that have a personal finance requirement are to collaborate with schools with similar demographic populations. Collaboration would involve identifying needs, goals and motivations of the high school students that relate to personal financial knowledge. This process would result in either the development or identification of a personal finance curriculum that not only meets the required standards but also engages the students in the course.

In conclusion, personal financial education can increase financial literacy levels. States that require personal financial education courses for students are providing opportunities for financial literacy levels to increase. Financial decisions will be made with that will help families use their financial resources to improve their well-being. An increase in financial literacy levels may ultimately lead to lower bankruptcy rates, fewer home foreclosures, more financial secure retirees and less consumer debt.

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