

Community Investments Vol. 10, Issue 3 Getting High Marks for Service: Financial Education in Schools

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Financial education in primary and secondary schools is an increasingly sought after element of school curriculum development. Educators, businesses, community groups and parents realize that instruction in the fundamentals of banking and finance can help children grow up to be responsible adults. Recognizing the rewards of educating and empowering students with the tools of financial literacy, the financial community is becoming an active and growing force in the education sector.

What are the Rewards?

Banks can benefit from involvement in financial education by receiving credit under the service test of the Community Reinvestment Act (CRA), provided bank activities are directed to low-and moderate-income people.

Since banking services are often scarce or non-existent in underserved communities, many adults, also deprived of financial education, are not in a position to educate their youth. Fortunately, there are programs designed to address these needs and some are described here. You might want to consider joining one of these programs, seeking similar programs in your area, or even creating your own program.

Finance on Friday

Among the largest and best known programs offering financial education is Junior Achievement (JA). Founded in 1919, JA reaches nearly 2.7 million U.S. students across the nation. The organization aims to educate and inspire young people to value free enterprise, understand business and economics, and become work-force ready.

Using a structured financial education program with “school-to-career” transition programming and age-appropriate curricula (K-12), JA was developed and is implemented by classroom volunteers from the business community both in the U.S. and in approximately 100 countries world-wide.

Corporate support is essential to the success of JA’s programs. An example of how local business has supported JA is “Finance on Friday,” a financial education event sponsored and underwritten by Visa International (Visa) through a community affairs grant in coordination with the Bay Area Urban Bankers Association. The activity involved over 1,500 economically disadvantaged students at two elementary schools in Oakland, California. Approximately 55 volunteers from Visa and the banking community participated in the event, which featured personal finance, community development, entrepreneurial skills, goal planning, and personal achievement.

Banking on the Future

In southern California, a local non-profit, Operation Hope (OH), has implemented its own program known as “Banking on the Future” (BOTF). OH works in partnership with various organizations and individuals including banks, schools, public service agencies and corporations to bring BOTF to inner-city classrooms. Youth learn the fundamentals of opening and maintaining bank accounts, budgeting, and the importance of credit.

International Bank of California Vice President and CRA Officer Richard Oladapo appreciates that BOTF focuses on low-and moderate-income communities. Apart from tangible CRA benefits, the BOTF program helps foster the growth of fiscally responsible adults. Therefore, Oladapo believes that inner cities are an ideal location for the BTOF program because they have an abundance of children and adults with the potential to develop and grow successful business ventures.

Kids Own Bank

Banker Don Cohen, a community real estate lender for the Associated Bank of Milwaukee (AB), works with an educational program facilitated by the Milwaukee Education Trust named "Kids Own Bank" (KOB). After the successful launch of the first elementary school KOB, Cohen asked the University of Wisconsin, Milwaukee to develop an expanded KOB education program in partnership with his bank.

KOB is a school savings program that utilizes a comprehensive, ten-lesson financial education curriculum. It requires active participation by students in the actual operation of their own bank. The program relies on a series of comic books published by the Federal Reserve Bank of New York and on other free publications available from the Federal Reserve System. AB, one of the program sponsors, provides deposit and withdrawal slips and "passbooks" for participating students. When each student's account reaches nine dollars, AB, or in some cases another corporate sponsor, agrees to provide the last dollar. When each account reaches ten dollars, it is transferred to AB and converted into a conventional savings account.

The KOB program is directed at schools in low- and moderate-income areas. Cohen identifies qualified schools based on the percentage of each school's enrollment that is in government-sponsored school lunch programs.

In just four years, 39 schools throughout the state have implemented the program and other states want to replicate it. "Just as rewarding," Cohen says, "is knowing that the program serves a dual purpose: educating parents as well as children in the fundamentals of financial education."

Bank At School

Although classroom instruction and the experience of saving money are important, exposure to financial institutions is also useful. Illinois' "The Bank At School" program provides this exposure. It was developed and sponsored by the Illinois State Treasurer's Office as a joint effort with elementary schools and financial institutions. The program consists of two sections, classroom instruction and "bank day". During "bank day" students take a field trip to their sponsor-bank and are exposed to bank operations through practical student-teller training. They also are given the opportunity to open a personal savings account.

To date, the program has enjoyed the successful participation of approximately 108,000 students, 675 school districts, and 400 partnering financial institutions. To ensure the program is accessible to youth of different backgrounds and ethnicities, the teacher's manual has been translated into six foreign languages.

Conclusion

With numerous programs available and seemingly limitless resources and possibilities, becoming a player in the financial education arena could not be easier. Banks can provide services such as classroom-instruction and technical assistance or can participate on the boards of organizations that further financial education.

In any case, bank involvement in financial education in schools is a "win-win" situation. Banks can further their CRA goals and at the same time

promote and foster the development of a generation of financially educated adults.

For more information on "Banking on the Future" contact Operation Hope's Lashan Epperson, Program Manager, Banking on the Future & Entrepreneurial Training at (213) 891-2909.

For more information on "Kids Own Bank" contact Don Cohen, Associated Bank, Milwaukee at (414) 283-2284 or Paul Hausman, University of Wisconsin-Milwaukee at (414) 227-3265. For more information on "The Bank at School" program contact Illinois State Treasurer Judy Baar Topinka's Office at (217) 782-6540. Also look for the JumpStart Coalition for Personal Financial Literacy, a non-profit organization based in Washington D.C. that consists of a wide range of organizations including federal agencies, universities and nonprofit associations. Banks interested in learning more about the organization, and opportunities for participation in the program should contact Dara Duguay, Executive Director, at (202) 466-8610.

About the Author



Jessica Hebert is a portfolio manager and senior examiner at the Federal Reserve Bank of San Francisco, where she has spent the past seven years in positions of increasing responsibility. In her current assignment with the Community Affairs Unit, she assists financial institutions in boosting their CRA performance. Prior to her career at the Federal Reserve Bank, Ms. Hebert worked for Bank of America, where she completed its Preferred Banking Commercial Lending program, and worked in Retail

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