

Teachers' Background & Capacity to Teach Personal Finance:

Results of a National Study



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Partnering for Financial Well-Being

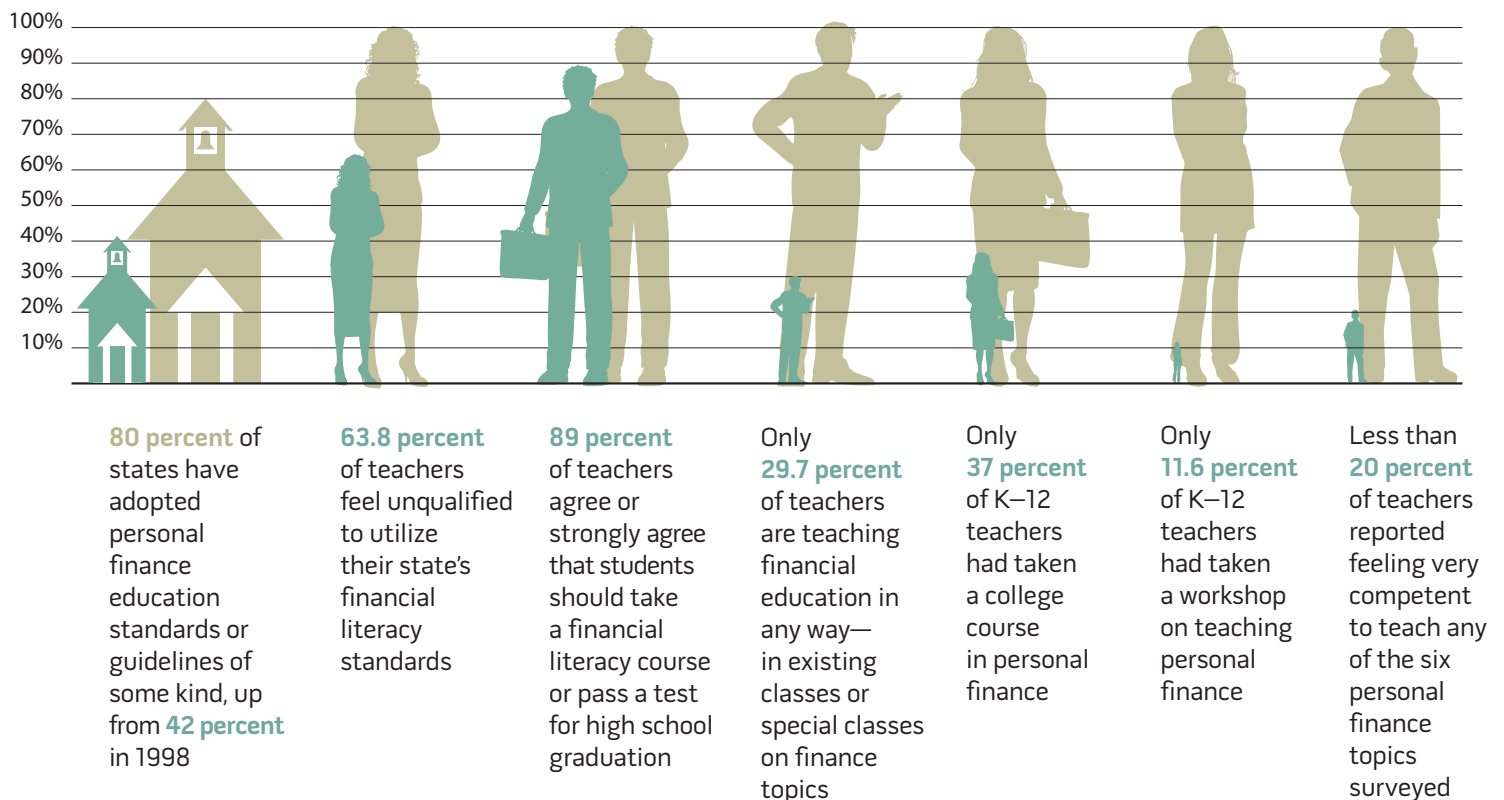
Introduction

Teachers are pivotal to the success of financial education efforts. And while public awareness of the need for financial education has been growing rapidly in recent years, very little is known about the needs and characteristics of the teachers who are called upon to deliver this education in the classroom.

Since a single accepted certification to teach financial education does not exist, teachers from diverse backgrounds—from elementary education teachers to secondary teachers specializing in vocational/technical education, social studies, or math—are being tapped to teach financial education topics that they may know very little about. In addition, it is widely recognized that teacher salaries are generally lower than other professionals with comparable education and responsibilities, adding a personal economic challenge to those individuals who are charged with teaching financial education to our nation's youth.

How do these financial issues affect our K–12 teachers? And how prepared are these educators from diverse backgrounds to teach personal finance? These are the questions that Wendy L. Way, Ph.D., and Karen Holden, Ph.D., from the University of Wisconsin-Madison, examined in “Teachers’ Background and Capacity to Teach Personal Finance,” a two-year national study funded by the National Endowment for Financial Education® (NEFE®) and completed in March 2009.

Highlights of Findings



About this Study

More than 1,200 K–12 teachers, prospective teachers currently enrolled in teacher education programs, and teacher education faculty completed online surveys for this study. Respondents were asked 30 multi-part questions about their training and education in personal finance, their opinions about the importance of financial education, and their capacity to teach these topics. Respondents also were asked about their own personal financial concerns and their experience in dealing with personal finance issues outside the classroom.

To achieve a sample representative of the United States in its diversity of populations and state personal finance teaching standards, two states from each of the U.S. census regions were selected, for a total of eight states represented in the study.

NEFE delivered survey requests via e-mail and respondents logged on to the project Web site at the University of Wisconsin-Madison to complete the survey. All K–12 teacher respondents were from public school districts within the eight states, and all prospective teachers and teacher education faculty were from the selected universities shown in Table 1.

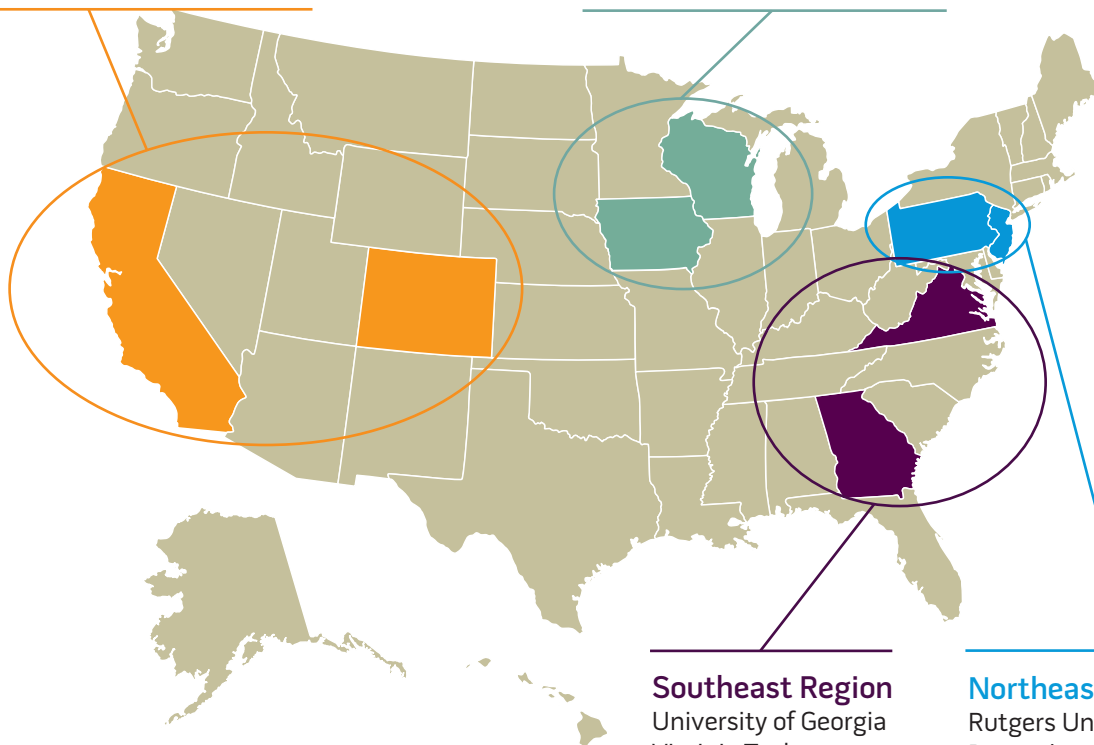
Table 1: Participating States and Universities

Western Region

California State University-Fullerton
Colorado State University

Midwest Region

Iowa State University
University of Wisconsin-Madison



Southeast Region

University of Georgia
Virginia Tech

Northeast Region

Rutgers University
Pennsylvania State University

Within the eight states, the surveyors selected public school districts that could supply teacher e-mail addresses in small, medium, and large cities. K–12 teachers were surveyed from three schools in each district (one elementary, one middle, and one high school), for a total of nine schools in each of the eight states studied.

The survey garnered a total of 1,234 usable responses from 72 schools, as shown in Table 2.

The elementary teachers surveyed were used as the reference group because their backgrounds rarely involve training in personal finance. Comparing the other teachers to the reference group shows where other teachers deviate from the norm.

Table 2: Total Number of Respondents and Response Rate.

TOTAL RESPONSES	NUMBER OF RESPONDENTS	RESPONSE RATE ¹
Prospective Teachers	627	17%
K–12 Teachers	504	15%
Education Faculty	103	17.7%
Total	1,234	

¹PERCENT OF ALL E-MAILS SENT OUT

Demographic information of the respondents—including age, gender, years of teaching experience, race, marital status, and highest degrees achieved (K–12 teachers and education faculty) or planned (prospective teachers)—is shown in Table 3 on page 5.

More than 1,200
K–12 teachers, prospective
teachers, and teacher education
faculty representing **four U.S.
census regions** responded
to questions about their personal
and educational backgrounds
in financial education.

Table 3: Demographics of Survey Respondents

	PROSPECTIVE TEACHERS	K-12 TEACHERS	EDUCATION FACULTY	NATIONAL AVERAGES ¹
MEDIAN AGE	23	43	50	46
% Female	85.1%	71.3%	56.9%	75.0%
% Male	14.9%	28.7%	43.1%	25.0%
YEARS OF TEACHING EXPERIENCE	NA	10	0.6	14
RACE				
White	85.7%	83.9%	91.0%	83.1%
Black	1.6%	9.3%	4.0%	7.9%
Hispanic	6.3%	3.6%	1.0%	6.2%
Other (American Indian, Asian, Pacific Islander)	6.4%	3.0%	3.9%	2.7%
MARITAL STATUS				
Married/Partnered/ Significant Other	17.4%	71.2%	83.1%	73.1%
Never Married	15.2%	81.4%	14.6%	5.0%
Divorced/Widowed/Other	1.3%	13.3%	11.9%	11.7%
HIGHEST DEGREE ACHIEVED (K-12 TEACHERS OR EDUCATION FACULTY) OR PLANNED (PROSPECTIVE TEACHERS)				
Bachelor's	70.3%	45.8%	0%	43.1%
Master's or Specialist	16.8%	51.8%	12.8%	56.0%
Doctorate	0%	1.7%	87.2%	0.8%
Other (including less than Bachelor's degree)	1.5%	0.8%	NA	0.2%
Certification Only	11.4%	NA	NA	NA

NOTES:

¹SOURCE: GENDER AND RACE: NCES (2007D) TABLE 11; MARITAL STATUS: NCES (2007C) TABLE 66; YEARS OF TEACHING EXPERIENCE.

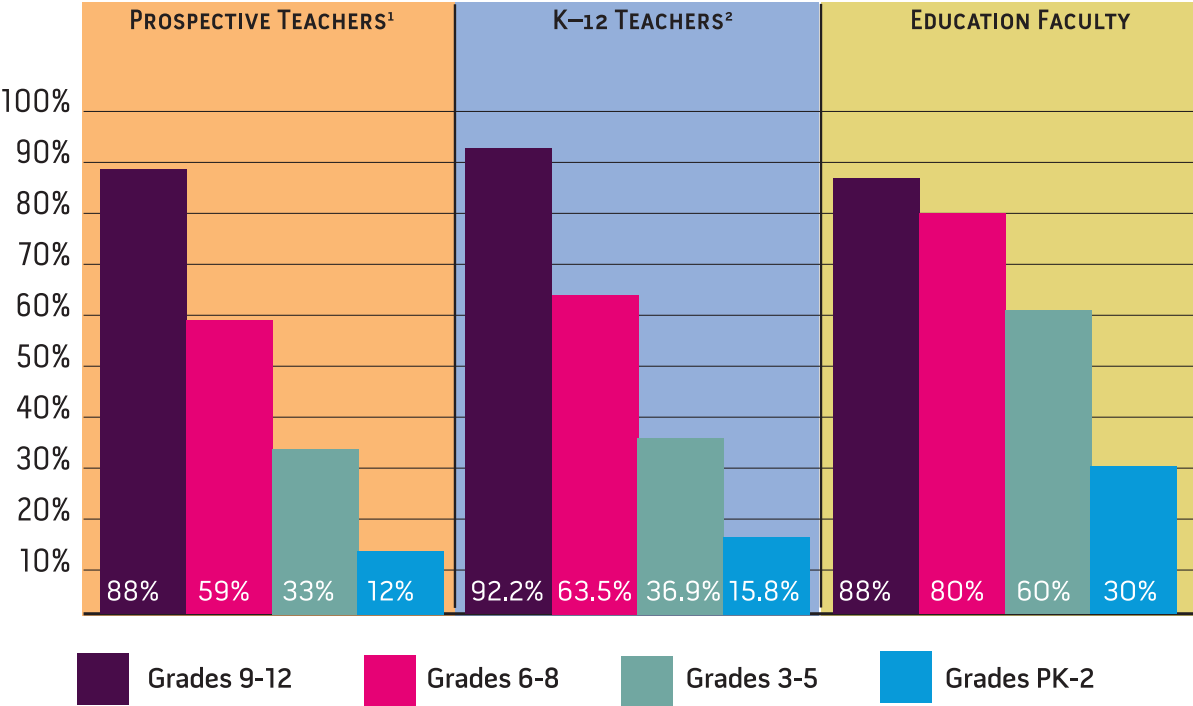
NA = NOT AVAILABLE.

Finding No. 1: Teachers recognize the need for financial education

- Most teachers see financial education as appropriate for higher grades, with lesser importance for elementary school children.
- A significant percentage of K–12 teachers— 89 percent —agree that students should take a financial education course or pass a test for high school graduation.
- A majority of teachers are at least moderately supportive of incorporating financial education into their subject areas.

Teachers clearly believed that financial education should be taught to students, especially in high school. In the survey responses, the majority of teachers, prospective teachers, and education faculty agreed that financial education should be taught in high school. To a lesser degree, teachers and prospective teachers believed it is appropriate for middle school; fewer still thought it should be taught in elementary school (see Table 4). Much higher percentages of education faculty (compared to K–12 teachers or prospective teachers) believed that financial education should be taught in elementary and middle school grades.

Table 4: At What Grade Level Should Financial Education be Taught?



NOTES: RESPONDENTS WERE ABLE TO CHOOSE MULTIPLE ANSWERS FOR THIS QUESTION.
¹THE MAJORITY OF K-12 TEACHERS WHO RESPONDED TO THIS SURVEY (53.9 PERCENT) TAUGHT GRADES 9-12.
²OF THE PROSPECTIVE TEACHERS WHO RESPONDED TO THIS SURVEY, 42 PERCENT WERE PREPARING TO BECOME ELEMENTARY EDUCATION TEACHERS.

In addition to believing that financial education should be taught in high school, a majority of K–12 teachers (89 percent) strongly or moderately agreed that students should either be required to take a financial education course or pass a financial literacy test for high school graduation. Consistent with their beliefs about the age-appropriate nature of the topics, 51.4 percent of K–12 teachers strongly or moderately agreed that financial education is too complicated for elementary school children (see Table 5).

Prospective teachers, 42 percent of whom are preparing to teach elementary school, professed similar opinions. The high percentage who believed that financial education is too complicated for young children is a potential challenge to the introduction of personal finance at the lower grade levels.

Table 5: Respondents’ Opinions About Financial Education for Elementary and High School Students

STATEMENT	STRONGLY DISAGREE			MODERATELY AGREE			STRONGLY AGREE		
	Prospective Teachers	K–12 Teachers	Education Faculty	Prospective Teachers	K–12 Teachers	Education Faculty	Prospective Teachers	K–12 Teachers	Education Faculty
Financial literacy concepts are too complicated for elementary school children	44.1%	48.6%	83.3%	49.3%	42.9%	14.7%	5.9%	8.5%	2.0%
Students should be required to take a financial literacy course or pass a test for high school graduation	14.0%	11.0%	20.6%	46.7%	42.8%	50.0%	39.3%	46.2%	29.4%

While the education faculty were less supportive of high school courses and testing (79.4 percent), they strongly disagreed that these topics are too complicated for elementary school children. In fact, only 16.7 percent of education faculty strongly or moderately agreed that financial education is too complicated for elementary school children. This suggests a more favorable view among education faculty of the capacity of young children to grasp personal finance concepts, but a more negative view of required coursework or testing to ensure that learning at any grade.

Few K–12 teachers (only 10.1 percent) or education faculty (7 percent) saw financial education as something that should be a major part of their own subject matter area. But a majority of teachers (79.7 percent) and education faculty (72 percent) were at least moderately supportive of incorporating financial education into their subject areas. Much smaller percentages (43.8 percent for teachers and 32 percent for education faculty) believed that teachers are well prepared to do so.

Finding No. 2: Few teachers currently are teaching financial literacy

- Only 29.7 percent of K–12 teachers have taught financial education topics.
- Having taken a personal finance course for credit is an important predictor of teaching personal finance.
- Only 37 percent of K–12 teachers had taken a college course with financial education–related topics.
- Most financial education is delivered by integration into other disciplinary courses, rather than in separate, stand-alone courses.
- Teachers with backgrounds in vocational/technical education, social studies, and math are more likely than others to teach financial education topics.

Prospective teachers are no more likely to have taken a course in financial education than teachers who have completed their degrees many years earlier.



In order to understand teachers’ educational backgrounds in personal finance and their experiences in teaching financial education topics in the schools, respondents were asked what personal finance courses they had taken in college (and high school for the prospective teachers), what non-credit workshops or seminars they had attended, and what, if any, personal finance courses they had taught.

As shown in Table 6, 37 percent of teachers and 30.8 percent of prospective teachers had taken a college course in personal finance for credit. The courses most frequently cited were economics or consumer education. Only a few teachers (2.6 percent) and prospective teachers (0.3 percent) had taken a methods course on teaching personal finance. Interestingly, these data suggest little change in emphasis on teachers’ training in personal finance content. Prospective teachers are not more likely to have taken a course with personal finance-related content in college than have current K–12 teachers who have completed their degrees (some many years earlier).

When K–12 teachers were asked about non-credit workshops taken in the last three years, less than 20 percent had taken one on either content or teaching methodology regarding personal finance.

Table 6: Formal Education in Financial Education Topics for K–12 Teachers and Prospective Teachers

	HIGH SCHOOL COURSE (FINANCIAL EDUCATION TOPICS)	COLLEGE COURSE (FINANCIAL EDUCATION TOPICS)	NON-CREDIT WORKSHOP (FINANCIAL EDUCATION TOPICS)	NON-CREDIT WORKSHOP (TEACHING FINANCIAL EDUCATION)	COLLEGE COURSE (TEACHING FINANCIAL EDUCATION)
Prospective Teachers	19.9%	30.8%	NA	NA	0.3%
K-12 Teachers	NA	37.0%	18.9%	11.6%	2.6%

NOTES:
NA = NOT AVAILABLE.

Study data suggest that **teachers** recognize the importance of financial education.

Formal education is a predictor of teachers’ own perceived competence to teach specific topics, so the fact that teachers are acquiring little formal education in personal finance is important. As states increasingly call for more attention to curricula and/or testing in personal finance, the data suggests that teacher education curricula needs to reflect those additional requirements.

Although few of the K–12 teachers reported having taken formal courses or workshops on financial education topics, they have sought out financial information through more informal avenues and for the purpose of addressing their own financial well-being, as shown in Table 7. About half had consulted a financial planner, one-third had consulted a benefits specialist at their workplace, and nearly one-fourth had attended a workplace presentation on a financial topic. Not surprisingly, prospective teachers were much less likely to have engaged in these practices, although nearly 12 percent had consulted a financial planner. These data suggest that K–12 teachers recognize the importance of financial education and seek it out for specific purposes, rather than study it in a more formal way.

Table 7: Informal Education in Financial Education Topics.

	PROSPECTIVE TEACHERS	K–12 TEACHERS
Financial Education		
Consulted with professional financial planner	11.8%	50.4%
Consulted benefits specialist at work	5.6%	33.8%
Attended workplace presentation on financial topic	9.4%	23.3%

Formal education is a predictor of teachers’ own perceived competence to teach specific financial topics, so the fact that teachers are acquiring little formal education in personal finance is important.

According to the study, some teachers shape their ideas of what personal finance is and should be through their own personal financial experiences, rather than through professional development focused on how to teach with methods and materials appropriate for the diverse body of K–12 students.

The percentage of K–12 teachers and education faculty who have taught a course in personal finance are similar: 29.7 percent for K–12 teachers and 27.4 percent for education faculty (see Table 8). Of the K–12 teachers who have taught financial education topics, 25.5 percent reported that they integrated financial education topics into a regularly offered credit course rather than offering a separate, stand-alone course.

How does a teacher’s background relate to the likelihood that he or she will take or teach a formal course with personal finance content? Gender and subject matter background are the only statistically significant predictors of the probability of having taken a for-credit course with personal finance content:

- Female teachers were about half as likely as male teachers to have taken a formal course related to personal finance.
- Social studies teachers were more than three- and-a-half times more likely than the reference group to have taken a formal course related to personal finance.
- Vocational/technical education teachers were nearly five times more likely than the reference group of elementary education teachers to have taken such a course.
- The concentration in vocational/technical education and social studies is consistent with the traditional expectation that those teachers would teach in the content areas of personal finance.
- In terms of teaching, those who have taken a personal finance course for credit, regardless of their discipline, were more than three times more likely to teach a personal finance course.
- Those with backgrounds in vocational/technical education and social studies were more likely to teach a personal finance course, just as they had been more likely to take one.
- Teachers of math also were more likely to teach a personal finance course, even though they were no more likely to have taken one.
- Females were no less likely to teach personal finance topics, even though they were less likely to have taken one.



Table 8: Percent of Teachers Who Have Taught Personal Finance Courses

	PROSPECTIVE TEACHERS ¹	K-12 TEACHERS	EDUCATION FACULTY
Have Taught Personal Finance Courses	5.4% ²	29.7%	27.4 % at K-12 level; 16.5 % at college level

NOTES:

¹OF THE PROSPECTIVE TEACHERS, 76.6 PERCENT HAD COMPLETED THEIR TEACHING PRACTICUM AND 19.5 PERCENT HAD COMPLETED THEIR STUDENT TEACHING.

²OF THE PROSPECTIVE TEACHERS, 5.4 PERCENT REPORT HAVING TAUGHT FINANCIAL EDUCATION LESSONS DURING THEIR PRACTICUM OR STUDENT TEACHING EXPERIENCES.

Finding No. 3: Teachers do not feel prepared to teach personal finance

- Less than 20 percent of teachers and prospective teachers reported feeling very competent to teach any of the six personal finance concepts surveyed.
- Teachers and prospective teachers felt least competent in the more technical topics of risk management and insurance, saving and investing, and financial responsibility and decision making.
- Having taken a college course in personal finance or being in vocational/technical education were major predictors of teachers feeling competent to teach personal finance.
- Education faculty felt no more competent to teach the six personal finance concepts surveyed than did K-12 teachers.

State mandates had **no influence** on whether a teacher had taken a course in personal finance, taught a course, or felt competent to teach a course.

How competent do teachers feel to teach personal finance? To gain a sense of teachers' perceptions of their own preparedness to teach, teachers were asked how competent they felt to teach specific topics included in educational standards such as those identified by the Jump\$tart Coalition (2007) and in the NEFE High School Financial Planning Program® (HSFPP) (2007). The study surveyed teachers on the following six topics: income and careers, planning and money management, credit and debt, financial responsibility and decision making, saving and investing, and risk management and insurance.

As shown in Table 9, relatively few teachers reported feeling "very competent" in any of the six topic areas. Teachers felt most competent to teach in the content areas of income and careers, and in planning and money management, but even for these topics fewer than 20 percent reported feeling "very competent." Teachers felt the least competent to teach risk management and insurance (52.7 percent said they felt "not very competent"). Nearly half of the teachers also felt "not very competent" to teach saving and investing (46.4 percent) and financial responsibility and decision making (40.8 percent). Both teachers and education faculty reported virtually the same level of competency with financial topics.

Table 9: Respondents' Perceived Competency to Teach Financial Education Topics

TOPIC	NOT VERY COMPETENT			ADEQUATELY COMPETENT			VERY COMPETENT		
	Prospective Teachers	K-12 Teachers	Education Faculty	Prospective Teachers	K-12 Teachers	Education Faculty	Prospective Teachers	K-12 Teachers	Education Faculty
Income & Careers	36.2%	26.6%	37.0%	51.4%	54.1%	37.0%	13.0%	19.3%	26.0%
Planning & Money Management	28.3%	31.7%	30.3%	53.6%	50.2%	50.5%	18.1%	18.1%	19.2%
Credit & Debt	50.2%	33.3%	32.7%	36.3%	49.9%	46.5%	13.6%	16.9%	20.8%
Financial Responsibility & Decision Making	36.8%	40.8%	33.7%	51.3%	46.5%	46.5%	12.0%	12.7%	19.8%
Saving & Investment	50.1%	46.4%	44.6%	43.3%	41.8%	40.6%	6.6%	11.9%	14.8%
Risk Management & Insurance	67.4%	52.7%	43.6%	29.2%	39.1%	41.6%	3.4%	8.2%	14.8%

According to the survey results, teachers who had taken a personal finance course in college are more comfortable teaching financial education concepts. In fact, these teachers were 50 percent more likely to rate themselves as competent in teaching financial literacy. Teachers in vocational/technical education fields were significantly more likely than elementary education teachers (the reference group) to feel competent to teach in each of the six topic areas. Teachers in states with and without educational testing or course mandates expressed no difference in teaching competency.

Finding No. 4: Teachers do not feel qualified to use state standards

- Today, 80 percent of states have adopted personal financial education standards or guidelines, up from 42 percent in 1998.
- In those states, 63.8 percent of teachers and 61.5 percent of prospective teachers do not feel qualified to teach to their state's financial education standards.
- State mandates had no influence on whether a teacher had taken a course in personal finance, taught a course, or felt competent to teach a course.
- Education faculty were no more familiar with state financial education standards than K–12 teachers.

While the number of states with financial education standards and guidelines has almost doubled in the last decade, a majority of K–12 teachers (63.8 percent), prospective teachers (61.5 percent), and education faculty (60.4 percent) reported feeling “not well qualified” to teach to these standards. Even higher percentages of K–12 teachers, prospective teachers, and education faculty reported feeling “not well qualified” to use the Jump\$tart standards (Jump\$tart Coalition, 2007) (see Table 10). In addition to those reporting they were not well qualified to use their state standards, 14.7 percent of K–12 teachers, 22.1 percent of prospective teachers, and 27.7 percent of education faculty reported not feeling familiar with their state standards in the first place.

Table 10: Respondents’ Perceived Qualification to Use State Standards for Designing Financial Education Programs

TYPE OF STANDARD	NOT WELL QUALIFIED			ADEQUATELY QUALIFIED			VERY WELL QUALIFIED			NOT FAMILIAR WITH		
	Prospective Teachers	K–12 Teachers	Education Faculty	Prospective Teachers	K–12 Teachers	Education Faculty	Prospective Teachers	K–12 Teachers	Education Faculty	Prospective Teachers	K–12 Teachers	Education Faculty
JumpStart Standards	66.6%	71.0%	68.3%	7.9%	8.4%	4.0%	0.9%	3.4%	3.0%	24.6%	16.9%	24.8%
Home State Standards	61.5%	63.8%	60.4%	15.2%	15.8%	10.9%	1.2%	5.7%	1.0%	22.1%	14.7%	27.7%

Today, **80 percent** of states have guidelines for financial education, but more than **60 percent** of K–12 teachers and prospective teachers reported being “not well qualified” to teach to the standards.

Today, 80 percent of states have standards and guidelines for financial education, up from 42 percent in 1998. Given this growth in support for financial education, researchers Way and Holden expected that these educational policies would have some influence on whether teachers had taken or taught a course related to financial education, or felt competent to teach a course in these topic areas. However, in states with educational testing or courses mandated, the mandates had no influence on whether teachers had taken or taught a course in personal finance, and teachers expressed no difference in teaching competence.

The number of education faculty who felt they were “not well qualified” to use personal finance education standards (60.4 percent) is far greater than the number reporting they felt “not very competent” to teach the topics (32.7 to 44.6 percent for the six topic areas described previously).

Finding No. 5: Teachers do not feel qualified in financial education pedagogy

- More than half of K–12 teachers, prospective teachers, and education faculty reported feeling “not well qualified” to design curricula, employ instructional strategies, or address learner needs for financial education.
- Teachers view team teaching and collaborating with parents and the local financial services community as positive strategies to employ for teaching financial education.

Overall, respondents were open to various teaching methods, including **team teaching** and **collaboration with parents** and the **local financial services community**.



Teachers feel limited in their abilities to design curricula with financial education concepts integrated into their specific discipline, employ instructional strategies, and assess specific learner needs. In almost all of the categories surveyed, over half of K–12 teachers, prospective teachers, and education faculty reported themselves as “not well qualified” in these pedagogical domains. However, prospective teachers feel more comfortable than K–12 teachers or education faculty in the use of online resources (Web sites and other online tools) and their ability to determine how their students’ social or cultural background relates to their financial literacy understanding (see Table 11).

Table 11: Respondents’ Perceived Qualification in Other Pedagogical Domains: Percentage Reporting “Not Well Qualified”

PEDAGOGICAL DOMAIN	PROSPECTIVE TEACHERS	K–12 TEACHERS	EDUCATION FACULTY
DESIGN CURRICULUM & RESOURCES			
Integrate financial literacy concepts in your discipline(s)	53.7%	54.6%	54.0%
Use online financial literacy learning resources	45.7%	55.9%	53.0%
EMPLOY INSTRUCTIONAL STRATEGIES			
Modify financial literacy methods and content for diverse learners with varying ability levels	56.6%	58.0%	62.0%
Develop examples and case studies to explain financial literacy concepts	58.0%	60.0%	60.6%
ASSESS LEARNER NEEDS			
Assess students’ existing understanding of financial literacy concepts	53.9%	49.3%	60.0%
Determine how social/cultural background relates to financial literacy understanding	42.7%	54.3%	62.2%
Assess degree to which instruction affects students’ financial behaviors	51.4%	56.9%	52.0%

Overall, K–12 teachers are open to various teaching methods that might be employed to implement financial education, including team teaching (38 percent strongly agreed), collaboration with parents (36 percent strongly agreed), and the local financial services community (31 percent strongly agreed). Prospective teachers are even more open to these various methods of teaching, with 57 percent reporting that they would be open to team teaching, 47 percent reporting that they would encourage collaboration with parents, and 30 percent strongly agreeing that collaboration with the local financial services community would make teaching financial literacy more effective.

Finding No. 6: A majority of teachers are open to further education in financial literacy

- A little more than two-thirds of prospective teachers and nearly three-quarters of teachers said they would be “somewhat likely” to participate in further education on teaching financial literacy.
- Teachers and prospective teachers who would be interested in additional training are those who have had a college course in personal finance or who have backgrounds in vocational education or social studies.

When asked about their willingness to participate in additional training, close to one-fourth of teachers (22.2 percent) said they would be “very likely” to do so and another 51.7 percent said “perhaps” they would. Teachers who had taken a college course for credit related to personal finance are nearly twice as likely to express this willingness to participate in further education related to teaching personal finance. Vocational/technical education teachers are nearly four times more likely than others to say they would be “very likely” to participate in professional development activities related to financial education.

As shown in Table 12, a little more than two-thirds of prospective teachers said they would be willing to attend additional training (beyond what was required for their program) on teaching financial education. Twice as many K–12 teachers as prospective teachers said they would be “very likely” to do so. Prospective teachers who have backgrounds in social studies were nearly three times as likely, and those who have backgrounds in vocational education were nearly six times as likely as the reference group (elementary education teachers), to say they were “very likely” to attend further education on teaching personal finance. This is consistent with the fact that social studies and vocational education teachers traditionally have been responsible for teaching personal finance topics.

Table 12: Openness to Attending Further Education on Teaching Personal Finance

	NOT LIKELY	SOMEWHAT LIKELY	VERY LIKELY
Prospective Teachers	31.7%	56.4%	11.9%
K–12 Teachers	26.2%	51.6%	22.2%

More than 70 percent of K–12 teachers indicated they were “very likely” or would “perhaps” be willing to participate in formal financial education training.

Finding No. 7: Teachers’ financial concerns are focused on retirement needs and income adequacy

- The financial concerns expressed by teachers and prospective teachers are similar to those that characterize the general U.S. population.
- Chief among teachers’ financial concerns was knowing whether they will have enough money for retirement (48.9 percent).
- Income adequacy was the top financial concern for prospective teachers (59.3 percent).
- Both teachers and prospective teachers reported adhering to financial practices associated with financial well-being.

Expertise in personal finance develops over time for most people and it grows within multiple contexts, from paying bills to purchasing real estate, and from applying for loans to saving for retirement, along with a multitude of other activities. Teachers are quite engaged with the personal finance system through their own experiences (see Table 13) and these experiences also contribute to the knowledge they bring to the classroom.

Table 13: Personal Financial Experiences of K–12 Teachers and Prospective Teachers

PERCENT WHO HAVE EVER:	PROSPECTIVE TEACHERS	K–12 TEACHERS
Purchased real estate property for personal use	9.0%	83.4%
Taken out a mortgage	8.1%	82.7%
Contributed to voluntary employer-sponsored retirement account	13.4%	73.4%
Applied for a bank or credit union loan other than a mortgage	26.9%	72.9%
Contributed to another retirement plan such as an IRA	14.2%	71.0%
Often/always planned and set goals for financial future	48.5%	70.0%
Refinanced a mortgage or home loan	4.8%	65.4%
Purchased stocks, bonds, mutual funds apart from retirement accounts	23.8%	54.5%
Developed a financial recordkeeping system	39.5%	54.2%
Created a legal financial will and/or estate plan	4.1%	34.8%

In addition, both groups practice a number of financial behaviors that typically are recommended to ensure financial security, as shown in Table 14.

Table 14: Personal Financial Practices of Prospective Teachers and K–12 Teachers

FINANCIAL PRACTICES	PROSPECTIVE TEACHERS	K–12 TEACHERS	U.S. HOUSEHOLDS ¹
Usually paid all bills on time	93.9%	92.6%	88.0%
Reviewed credit report	36.6%	74.3%	58.0%
Maintained fund for unexpected expenses	48.5%	70.6%	63.0%
Read about money management	23.0%	53.8%	20.0%
Prepared own personal income tax	32.0%	49.1%	40.0%
Reconciled checkbook every month	38.3%	57.2%	75.0%
Usually paid credit card balances in full each month	70.4%	54.1%	61.0%
Used a written spending plan	29.1%	38.0%	46.0%
Calculated net worth	12.7%	37.8%	40.0%

NOTES:

¹HILGERT, HOGARTH, & BEVERLY, 2003. THESE DATA ARE FOR U.S. HOUSEHOLDS. THE NEFE SURVEY ASKED INDIVIDUALS ABOUT THEIR OWN PERSONAL PRACTICES, NOT ABOUT THEIR HOUSEHOLD PRACTICES.

K–12 and prospective teachers practice a number of financial behaviors that typically help ensure financial security.

When asked about their top financial concerns, K–12 teachers and prospective teachers reported a number of similar concerns. K–12 teachers' top financial concerns were having enough money for retirement and other concerns about income adequacy and making wise investment choices:

- Knowing whether I will have enough money for retirement: **48.9 percent**
- Determining ways to supplement my income as teacher: **40.8 percent**
- Paying for my children's college/university education: **39.4 percent**
- Whether I am using the best strategies for investing my money: **38.0 percent**
- Whether I am taking advantage of all of the tax laws that benefit me: **35.6 percent**
- Not having sufficient income to meet my needs: **33.8 percent**

Financial concerns for prospective teachers were:

- Determining ways to supplement my income as a teacher: **59.3 percent**
- Not having sufficient income to meet my needs: **56.8% percent**
- Having funds to buy a home or meet my mortgage payments: **54.4 percent**
- Paying off my college/university loans: **53.6 percent**
- Covering the cost of my continuing education requirements: **46.6 percent**
- Whether I am using the best strategies for investing my money: **46.4 percent**
- Knowing whether I will have enough money for retirement: **44.1 percent**

Financial concerns were more similar than different among teachers and prospective teachers, although some background characteristics such as age, marital status, gender, and race are important predictors of some specific concerns, such as paying for children's education versus paying off personal college loans. Though the median age of teachers was 43 and the median age of prospective teachers was 23, both teachers (48.9 percent) and prospective teachers (44.1 percent) reported similar concerns about having enough money for retirement. (By contrast, according to an ABC News/Washington Post Poll on Feb. 19–22, 2009, of 1,001 adults nationwide, the number of U.S. households concerned about having enough money for retirement exceeds 60 percent.)

The Road Ahead

As this study shows, there is a great need to expand educational opportunities in personal finance for teachers and prospective teachers in order to meet both their personal and professional needs. The researchers' suggestions for expanded educational opportunities include:

Teachers' Personal Financial Needs

Focused personal financial programs related to investment education. Having enough money for retirement was one of the chief financial concerns for K–12 teachers. They also were concerned with related issues about investment strategies, supplementing their income, and paying for their children's education. Prospective teachers' top concerns were related to income adequacy (supplementing their income, not having sufficient income to meet their needs, having funds to buy a home or meet mortgage payments, paying off college loans, etc.). While prospective teachers (median age 23) were on average far younger than K–12 teachers (median age 43), prospective teachers also were concerned about having enough money for retirement. These widespread concerns about income adequacy and retirement needs suggest that teachers and prospective teachers would benefit from programs focused on investment education.

Focused attention to financial planning for prospective teachers within the context of career development. Helping future teachers explore career paths in education—and helping them pursue those options—could enable prospective teachers to better pursue career and financial goals while also meeting state and school district continuing education requirements. Financial planning education for prospective teachers likely would be most effective if it focused on teachers' special career and financial circumstances and how they are related. Issues that add relevance to financial planning instruction for this group include the typical nine-month employment schedules, district and state continuing education requirements, options for covering costs of further education, career pathway/pay relationships and opportunities, and unique investment options for teachers.

Teachers' Professional Education Needs

More learning opportunities in both financial education subject matter and pedagogy.

All respondents (K–12 teachers, prospective teachers, and education faculty) reported feeling not well qualified to teach most of the financial topics surveyed. A top priority of respondents is subject matter help in the topics of risk management and insurance, saving and investment, financial responsibility and decision making, and credit and debt. The survey showed that K–12 teachers and prospective teachers are acquiring very little formal education in personal finance, either through credit-based courses or non-credit offerings. Since having formal education related to personal finance is a significant predictor of teachers' own perceived competence to teach personal finance topics, teachers lack of education in this area is significant. In addition, only a few teachers and a handful of prospective teachers had taken any formal course work in educational methods for teaching financial education. Given the increasing responsibility placed on individuals for their own financial health, and the increasing diversity of the U.S. population, teachers with expertise in both the content and pedagogy of financial education are critically needed.

Additional training for prospective teachers in teacher education programs. Education faculty may need to be made more aware of the importance of integrating this subject matter into the teacher education curriculum. Education faculty felt no more competent to teach specific financial concepts than did K–12 teachers, and they were not more familiar with state financial education standards.

Help with how to use standards. While 80 percent of states now have standards or guidelines for financial education in their schools, a majority of K–12 teachers, prospective teachers, and education faculty reported feeling not well qualified to use those standards. In fact, 15 to 28 percent are not familiar with the standards. This suggests that much work needs to be done to ensure that these standards are incorporated into the curriculum for prospective teachers and that K–12 teachers get the training they need to use the standards.

Help with integration of financial concepts throughout multiple disciplines, beyond just vocational/technical education, social studies, and math. Most of the financial education currently taught is through integrated—rather than stand-alone—curricula. Significant variations exist in teachers' perceived expertise in teaching personal finance based upon what they are teaching even at the time of this study. In-service education organized around homogeneous teaching specialty groups or tailored to include disciplinary-specific curricula and instruction examples within heterogeneous in-service groupings may be effective in expanding financial education beyond the areas where it traditionally has been taught.

Help with understanding the developmental nature of financial reasoning, and learning how to make financial concepts accessible at different ages, including the lower grade levels. Because a majority of teachers see financial education as a subject that is appropriate primarily for higher grades, most teachers would benefit from learning more about the developmental nature of financial reasoning, and from learning how to make financial concepts accessible at different grade levels. And given that few K–12 teachers or education faculty have taken financial education methods courses or workshops, and that much of their content-focused financial education has taken place primarily through their own financial experience (which would be complex and adult focused), it is likely that prospective teachers have not been exposed to the concept of personal financial education as a developmental process or to developmentally appropriate curricula and teaching/learning resources.

Acknowledgments

The National Endowment for Financial Education gratefully acknowledges the significant contribution to the field of financial education research made by the study team of Wendy Way, Ph.D., and Karen Holden, Ph.D. Their thorough literature review, and collection and analysis of data, combined with their thoughtful presentation of teachers' capabilities, attitudes, and interests in the context of teachers' own personal financial concerns presents a well-rounded perspective on the current state and future prognosis for financial education in America's K–12 classrooms.

Many other academic researchers, experts, and stakeholders also contributed to the significance of this project, including participating in its conception at a roundtable meeting at NEFE in April 2006, advising on the study while in process, and finally discussing the study's implications at a Salon conducted at the University of Wisconsin campus in July 2009 where 15 priorities for establishing effective financial education classrooms were identified. We gratefully acknowledge the following individuals who participated in one or more of the efforts that went into producing the study and this report:

- Cheryl Achterberg, Dean, College of Human Sciences, Iowa State University (now Dean, College of Education and Human Ecology, Ohio State University)
- Diana Borth, Family and Consumer Education Teacher, Badger Ridge Middle School, Verona, Wisconsin
- Peter Chandler, Associate Director of Investor Education, FINRA
- Virginia Clark Johnson, Dean, College of Human Development & Education, North Dakota State University
- J. Michael Collins, Assistant Professor, Consumer Science, University of Wisconsin-Madison
- Donna Cooner, Director of Teacher Education, Colorado State University
- Warren Crown, Associate Dean of Academic Affairs, Graduate School of Education, Rutgers University
- Tim Davies, Interim Director, School of Education, Colorado State University
- Kathleen deMarrais, Associate Dean for Academic Programs, University of Georgia
- Robin Douthitt, Dean, School of Human Ecology, University of Wisconsin-Madison
- Jacqueline Edmondson, Associate Dean for Teacher Education and Undergraduate Programs, College of Education, Pennsylvania State University
- Cheryl Fedje, Professor Emerita, University of Wisconsin-Stevens Point and Family and Consumer Education Senior Lecturer, University of Wisconsin-Madison
- Michael Gutter, Assistant Professor and Financial Management State Specialist for the Department of Family, Youth, and Community Sciences, in the Institute for Food and Agricultural, University of Florida
- Philip Heckman, Director of Youth Programs, Credit Union National Association (CUNA)

- Karen Holden, Professor Emeritus of Public Affairs and Consumer Science, Faculty Affiliate, Institute for Research on Poverty, Center for the Demography and Health of Aging, Institute on Aging, University of Wisconsin – Madison.
- Catherine Huddleston-Casas, Assistant Professor, Family and Consumer Sciences University of Nebraska-Lincoln
- Julie Johnson, Chair, Family and Consumer Sciences, University of Nebraska-Lincoln
- Marjorie Kostelnik, Dean, College of Education and Human Sciences, University of Nebraska-Lincoln
- David Mancl, Director of the Office of Financial Literacy, State of Wisconsin, Madison, Wisconsin
- April Mason, Dean, College of Applied Human Sciences, Colorado State University
- Christine Mayfield, Instructor, College of Education, California State University-Fullerton
- Thomas McGowan, Chair of Teacher Education, University of Nebraska-Lincoln
- Members of the NEFE Teacher Development Task Force, who provided feedback during their Denver meeting in August 2008
- Collin O'Rourke, Graduate Student, University of Wisconsin-Madison
- Ann Perkins, Assistant Professor, College of Human Development & Education, North Dakota State University
- Jane Schuchardt, National Program Leader, National Institute of Food and Agriculture (NIFA), United States Department of Agriculture
- Bridget Skelly, Education Student, University of Wisconsin-Madison
- Daisy L. Stewart, Associate Director, School of Education, Virginia Polytechnic Institute and State University
- Patricia Swanson, Extension Family Specialist, Human Development and Family Studies, Iowa State University
- Lois Vitt, Director, Institute for Socio-Financial Studies, Charlottesville, Virginia
- Wendy Way, Associate Dean, School of Human Ecology, University of Wisconsin-Madison
- David Whaley, Dean, School of Education, Colorado State University (now Associate Dean for Teacher Education, Iowa State University)

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Top 15 Research Priorities for Establishing Effective Financial Education in PreK–12 Classrooms

On July 16, 2009, on the University of Wisconsin- Madison campus, NEFE convened a group of participants representative of key stakeholders, including teacher education students, PreK–12 teachers, education faculty, funders, and researchers, along with the research team and the study's advisors to discuss the project findings and its implications. The group developed the following Top 15 Research Priorities:

1. Review the role teachers' financial education backgrounds and financial experiences play in personal finance education classroom practice.
2. Study the manner and circumstances under which the background characteristics of teachers and their classroom practices translate into student academic achievement for various school populations.
3. Examine successful personal finance education programs to identify not only best practices, but the factors such as teacher characteristics that contributed to their development and what has sustained them over time.
4. Research the inadequacies of teacher compensation (in regard to teachers' own personal economic well-being). Provide research to support additional dialog about the forms, adequacy, and equity of compensation for teachers.
5. Examine how personal finance can be successfully integrated into the core curriculum courses.
6. Examine appropriateness of state and national standards for developmental levels and cultural backgrounds. Create such standards as needed.
7. Consider how best to address personal finance and instruction preparation needs among practicing teachers and pre-service students.
8. Determine what PreK–12 schools must provide their students to distinguish what teachers must teach and the most effective methods for student learning to occur.
9. Determine the optimal places in higher education for providing personal finance teacher education.
10. Assess whether there are effective collaborative models for providing financial education. What benefits might be gained by forming various kinds of partnerships between school districts, colleges/universities, and financial services providers for providing such education? How can successful partnerships be achieved and sustained?
11. Examine what forms of pre-service and in-service personal finance teacher education are most likely to translate into effective classroom practice and/or enhanced financial security for teachers.
12. Review what is required at the college/university level to effectively train education students to teach personal finance.
13. Ascertain the most effective curricula and venues for nurturing greater personal finance knowledge and fostering its application to financial education programs for school and non-school audiences.
14. Look at the role teachers play in the initiation and expansion of school-based efforts to provide financial education. This would include whether and how subject-matter and pedagogical expertise make contributions, particularly relative to other school and community factors.
15. Examine the teacher certification standards that are optimal for supporting effective personal finance education in PreK–12 educational settings (in regard to teacher preparation). For example, should preparation involve an academic major or a minor, specific kinds of coursework, and/or a particular disciplinary background, and if so, what?

The full report is available at www.nefe.org/tntfinalreport.