

Richmond Times-Dispatch

Virginia's high school students now required to learn financial literacy



John Marshall High students Elijah Jones, 16,

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Published: October 02, 2011

Elijah Jones is the head teller for a new branch of New Generations Federal Credit Union, and he's only a junior in high school.

The hands-on financial knowledge Jones and classmates Malakiya Abdussabur and Jakina Bunting gain while operating the branch at Richmond's John Marshall High School will prove to be invaluable once they graduate from high school.

The students know the lessons they learn while working in the branch will help them understand how to best handle their own finances when they are adults.

"I feel like it's important because if you learn at an early age, then you are better off in the future. ... You are able to know what debt is and how to avoid it," said Jones, whose goal is to open his own business.

The partnership between the credit union and Richmond Public Schools comes at a time when Virginia's high school students — beginning with the current freshman class — are required to pass economics and personal finance in order to graduate. The requirement doesn't apply to current sophomores, juniors and seniors.

Financial professionals in the Richmond region said the timing is perfect to incorporate financial literacy into a school's curriculum. America is in the midst of economic doldrums and faces a trillion-dollar deficit.

Jane Watkins, president and CEO of the Virginia Credit Union, said the best way for people to make good financial choices is to arm them with good education.

Offering teenagers, who are on the cusp of entering college or the workforce, the opportunity to learn financial literacy is a worthwhile endeavor, financial experts say.

"We don't want to have students leaving high school, entering the 'real world' and needing to function effectively in our global economy, but not having a clue what that means," said Sarah Finley, executive director of the Virginia Council on Economic Education.

School officials haven't always been receptive to mandates placed on them by the General Assembly, especially when funding doesn't accompany them.

Richmond School Board member Kimberly Gray said there can be push back from school divisions when unfunded requirements are passed down to localities. Systems must develop curriculum and hire or train teachers to teach the new subject, she said.

But, in this case, she said, the benefits of financial literacy are priceless.

"In the wake of the economic downturn, it is critical for our kids to know how to make the best choices when it comes to finances," said Gray, who used to work as a bank teller. "A lot of those students don't understand ... the difference between a credit card and a debit card."

To prepare for the new course, nearly 600 teachers statewide have taken part in economics and personal finance learning seminars offered by the Virginia Council on Economic Education through university centers for economic education across the state.

Suzanne Gallagher, director of Virginia Commonwealth University's Center for Economic Education, has led three seminars in economics and two in personal finance. The classes, held eight hours a day for five or six days, present the material mostly through hands-on simulations and guest speakers.

Participating teachers receive at least 40 instructional hours and take home resources and creative lessons to help them impart the knowledge and skills to their own students.

"We really believe that when people experience something, they'll remember it," Gallagher said. "We do a lot of simulations because we want to make the concepts real. Also, these are simulations the teachers can use with their own students."

Upon completion, teachers receive many resources, including "Virtual Economics," a CD that includes more than 1,200 lessons they can use in the classroom. The Richmond area's four largest school divisions — Henrico, Chesterfield and Hanover counties and the city of Richmond — are using their own individual touches to implement the courses.

Chesterfield and Henrico, for example, will integrate the economic and personal finance course into their high schools for the 2012-13 academic years. However, an online option is available to students without interfering with other subjects.

"Online courses provide students flexibility and will allow them to pursue their usual elective courses, such as physical education, music and art," said Henrico School Board Chairman Lamont Bagby, a former high school business teacher.

During the recent ribbon-cutting for the student-run New Generations branch, Richmond schools Superintendent Yvonne W. Brandon recounted a story about her daughter who was making plans to spend her first paycheck.

But once her daughter received it and examined it, she asked, "Who is FICA?" a reference to the Federal Insurance Contributions Act tax imposed by the federal government to fund Social Security and Medicare.

Students taking financial literacy will learn — among the 18 Standards of Learning — about the role of government in the economy, but also how to budget living and leisure expenses and how a credit card can affect a personal finance plan.

"They will understand how a credit card has some consequences at the end, so they won't be in the shape some of our young people are, because they have a firm foundation on credit and personal finance," Brandon said.

No one ever wants to end up in debt, but it can happen. Watkins said that once people are headed down a financially unsound path, sometimes it's hard to reverse course.

"It's not like they wanted to get in debt over their heads ... it's just not fully understanding the implications," Watkins said.

Bruce Whitehurst, president and chief executive of the Virginia Bankers Association, said financial literacy should be offered in every school in every state in America.

While students will gain an understanding that benefits their personal finances, the benefits are deeper than that, financial professionals said. These skills will help create a better, deeper workforce, Whitehurst said.

"People that are comfortable managing their finances, because they have a basic knowledge and how it applies to them personally, they're going to have a better understanding of how business works," he said.

Finley, from the Virginia Council on Economic Education, said the course will make people more informed voters because they will understand the role government plays in a market economy. They will form their own opinions about that role, and financial literacy builds that foundation to be able to ask the right questions, she said.

"Basically, this education allows people to participate in their lives in a way that they understand their choices and consequences and can be proactive in their endeavors," said Jeffrey R. Leopold, chief marketing officer with Genworth Financial, the Henrico-based insurance giant.