Personal Financial Literacy:
A Critical Need for Today’s Youth

The Situation
Most high school students graduate with few of the personal financial skills they need to support themselves. America’s young people are leaving school without any basic skills in personal finance, putting them at high risk of becoming adults who end up over their heads in debt, in bankruptcy court or without adequate savings to retire. In a nationwide survey by the Jump$tart Coalition, 12th graders’ level of knowledge of personal finance basics was measured. On average, participants in the 2002 survey answered 50.2% of the questions correctly – a failing grade based upon the typical grade scale used by schools.

Our Response
To help increase personal financial literacy among America’s youth, University of Idaho Extension Educators are offering “Welcome to the Real World” which is an active, hands-on, real-life simulation which gives young people the opportunity to make lifestyle and budget decisions similar to those adults face on a daily basis. Program participants received a monthly “salary” for their chosen career and then proceed through the Real World activity, deducting taxes, determining a savings amount, and spending their monthly “salary” on the necessary and luxury items that reflect the lifestyle they have chosen. Using sample savings and checking accounts registers, checkbooks and deposit slips, students learned how to record and manage their accounts. Students made spending choices in the areas of housing, transportation, insurance, utilities, groceries, clothing, and entertainment. After each spending choice was made students were required to write a check and balance their checkbooks.

Program Outcomes
One hundred and fifty-three students throughout the Magic Valley area received this training in April of 2002. Ninety-three percent of the participants surveyed showed a positive increase in their understanding of basic financial literacy upon completion of the workshop. Respondents felt they would now be able to balance a checkbook, open a checking and savings account, keep track of their expenses, and balance income and spending.
Participants’ Responses
“This is a lot harder than I thought it would be, there sure are a lot of expenses to pay when you are on your own.” “This really changed my future because now I know how to balance my checkbook.” “I learned that the real world is not as easy as it seems and going to college is really important.” “I learned that real life is not cheap, and if you don’t have a good job you will not succeed.” “It helped me to learn not to spend too much money.” “This really opened my eyes, I learned the importance of a budget and a good job.” “I realized that you have to pay a lot of bills and that the money runs out fast in the real world.”

The Future
This program has received very positive evaluations from students, school personnel, school administrators, 4-H leaders, parents, and Extension Educators. This program will be presented in many more Magic Valley Schools with the start of the 2002-2003 school year.

For More Information
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Cooperators and Co-Sponsors
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