New Class Helps High School Students Understand Credit

The Situation
In 1998, District IV educators began offering a high school financial management class titled, “Welcome to the Real World.” This 2-3 day course focuses on career information, budgeting, and check writing. Welcome to the Real World has been a very popular class for high school consumer economics, adult living, and vocational Ag classes. Several of these teachers commented that they wished they had as concise a class that focused the students learning on credit cards and loans.

Our Response
In 2003, three extension educators worked on developing a “credit course” as a separate course that would supplement Welcome to the Real World. “Give Me Credit!” was developed to include handouts, lecture, and activities. A class at Independence High School in Blackfoot piloted the course. Marilyn Bischoff, FCS Specialist in money matters, also reviewed the class.

Program Outcomes
Sixty-nine students have participated in “Give Me Credit!” through the end of the 2003-04 school year. A pre-test and a post-test were given to the students.

Highlights of the survey results include:

Pre-test: My level of knowledge about the use of credit = 3.015
(1=very good, 2=good, 3=fair, 4=nonexistent)
• The student’s knowledge about the use of credit was only slightly less than fair.

Post-test: The following questions used a 4-point Likert scale, 4=strongly agree, 3=agree, 2=disagree, 1=strongly disagree.
• The program was interesting: 3.058
• The information was helpful: 3.449
• The activities were helpful: 3.29
• Participating in the program will help me in the future: 3.391

From the post-test we learned that:
• 65 percent of students were able to name two credit traps to avoid.
• 75 percent of students were able to name two things that will hurt their credit score.
• Every student knew that they have a right to obtain a copy of their credit report.
• 75 percent of students knew that a maximum of 20 percent of net pay should go to loan payments.

Topics covered include: what is credit, benefits of credit, credit terms, debit versus credit, shopping for the best credit card, credit traps, learning how long it takes to pay off credit cards, installment loans, credit limits, credit scores, credit history, and the responsibility of having and keeping good credit. Three one-hour class periods are needed to cover all the topics.
Three questions were compared from pre to post-test. Using a chi-square statistic, it was determined that question one and three were not significantly different and that question two was significantly different from post to pre-test.

1. Your credit history from high school or college will be erased when you are age 21.
2. Your credit report tells you how much credit you have left on your credit card.
3. Making a minimum payment on your credit card debt keeps you from paying interest on the balance.

<table>
<thead>
<tr>
<th>Question</th>
<th>% correct pre-test</th>
<th>% correct post-test</th>
</tr>
</thead>
<tbody>
<tr>
<td>One</td>
<td>93</td>
<td>91</td>
</tr>
<tr>
<td>Two</td>
<td>36</td>
<td>51</td>
</tr>
<tr>
<td>Three</td>
<td>81</td>
<td>80</td>
</tr>
</tbody>
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Teacher comments from the first year of offering included:

- Very well done.
- Thank you for coming to our class the information you presented was very timely. The activities were very appropriate. I hope the students will apply the lessons to their lives.
- Students would stay on track better if program spanned two days incorporated into classroom. Excellent info on credit - every HS student needs this credit knowledge to work with!

Students could make comments about the program on their evaluation. Here are a few of the comments we received.

- I will watch what I do with my credit in the future.
- I know now to be careful on what credit cards to purchase, and that I can destroy my good credit easily.
- It’s made me learn to be more cautious about getting a credit card because eventually it could come back to haunt you if you’re not careful.
- It gets harder when you are out on your own.
- It has helped me know what I should look for when I get a credit card of my own.
- It has helped me take a better look at my finances.
- Yes, it helped show me that credit cards aren't the ideal method of payment, especially for me.

- Credit cards can be ok if you pay quickly on them and to stay out of credit traps.

**For More Information**

Linette R. Riley, Extension Educator  
Power County Extension  
569 Bannock Ave.  
American Falls, ID 83211  
208-226-7621  
Fax: 208-226-7623  
Email: linetter@uidaho.edu

Marnie R. Spencer, Extension Educator  
Bingham County Extension  
1600 Highland Dr, #1  
Blackfoot, ID 83221  
208-785-8060  
Fax: 208-785-2511  
Email: marniers@uidaho.edu

Janice Stimpson, Extension Educator  
Fremont County Extension  
St. Anthony, ID 83445  
208-624-3102  
Fax: 208-624-4442  
Email: jstimpson@uidaho.edu

Barbara Petty, Extension Educator  
Bonneville County Extension  
Idaho Falls, ID 83402  
208-529-1390  
Fax: 208-529-1391  
Email: bpetty@uidaho.edu

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