



# Financial Literacy Task Force Final Report



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“All American children must be equipped with the knowledge and skills necessary to make smart decisions about their finances. This is a basic right ...”

-- President's Advisory Council on



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# Executive Summary

Senate Concurrent Resolution 97, Senate Draft 1, requests the Department of Education (DOE) to establish a task force to address the issues and challenges of implementing financial literacy education for all Hawaii public school students. The major findings and recommendations of the task force are presented in this summary.

## Definition

Financial literacy, or financial capability as it is currently defined at the federal level, is the capacity, based on knowledge, skills and access, to manage financial resources effectively. To develop this capacity, individuals must have appropriate access to and understanding of financial products, services, and concepts. Financial literacy empowers individuals to make informed choices, avoid pitfalls, know where to go for help, and take actions to improve their present and long-term financial well-being.

## Findings

There is general consensus among all sectors of the community about the importance and need for financial literacy education for all students. Research conducted by the Financial Literacy Task Force and the results of a separate stakeholder Financial Capability Survey conducted in 2015 by the Hawaii Alliance for Community-Based Economic Development provided the basis for the following findings.

- **Financial Literacy Models and Pathways.** There are financial literacy education models currently in place in Hawaii's public schools. Hawaii's core standards provide rigorous foundational knowledge and skills, and the Career and Technical Education (CTE) and Personal Transition Plan (PTP) courses are existing pathways that can be leveraged directly to engage Hawaii students in learning about financial literacy.
- **Community Resources.** There are a plethora of community resources available to schools, however there is a need for systemwide coordination of access to and use of such resources and programs. Some of the resources are unique to a community or island, others are available statewide. A coordinated effort will allow schools to match community resources to their student data, thereby ensuring relevant and culturally sensitive programs.
- **Learning Opportunities, Transition Points.** The transition from middle school to high school and the transition out of high school are ideal avenues to reach all students in providing financial literacy education. Currently, all public school students entering high school must create Personal Transition Plans that identifies benchmarks at each grade level to prepare them for college or future careers.

- **Financial Literacy Learning Standards.** It is critical that the DOE, in partnership with financial literacy experts, integrate and align the financial literacy learning standards and resources with the Hawaii Common Core Standards.
- **Profession Development.** Professional development to provide teachers with the knowledge and skills to integrate financial literacy instruction into their classrooms is essential. This will require additional financial resources.
- **Implementation and Sustainability.** There is an overarching need for a systemic effort to coordinate, integrate, and sustain financial literacy education in the schools. This includes the engagement of community partners and acquisition of resources to sustain the initiative. Other issues that need further study include addressing legal and cultural concerns, identifying aligned curricula and programs, obtaining trained and qualified financial literacy teachers, and dedicating instructional time to teaching financial literacy.

### **Recommendations**

The recommendations developed by the Financial Literacy Task Force are categorized as Near Term and Long Terms Goals.

#### **Near Term Goals**

**Recommendation 1.** Community stakeholders and the Department of Education collaborate to establish a financial literacy resource page on the Department [DOE] website that contains links to local and national financial literacy resources.

**Recommendation 2.** The DOE Office of Curriculum, Instruction, and Student Support shall identify and align the current content standards with financial literacy concepts.

#### **Long Term Goals**

**Recommendation 3.** [The DOE Office of Curriculum, Instruction, and Student Support shall] create and identify professional development opportunities for teachers to become trained to deliver financial literacy in the classroom.

**Recommendation 4.** [The Department of Education shall] consider the establishment of a position in the DOE's Office of Community Engagement in the Office of the Superintendent, dedicated to identify schools interested in participating in financial literacy integration projects and provide links to existing financial literacy providers.

**Recommendation 5.** [The Department of Education shall] encourage the Hawaii Congressional Delegation to identify and secure Federal funding to support financial literacy in Hawaii public schools.

# Context

The Task Force was established via the Hawaii State Legislature’s Senate Concurrent Resolution 97, Senate Draft 1 passed during the 2015 Legislative Session.

*See Appendix A for the Senate Concurrent Resolution 97, Senate Draft 1.*

## Our Next Generation Impact on Our Local Economy Now and in the Future

The estimated 308,045 Hawaii children and youth under age 18 represent our state and our nation’s workforce of today and tomorrow. They help drive our economy and their actions will shape confidence and growth for our island state for generations to come. How they use and understand financial resources and their abilities to obtain education and jobs, manage debt and daily expenses, overcome setbacks and plan and invest in their futures are a concern for our families, community, state, and nation as a whole. The findings and recommendations in this report aim to support the development of a more financially capable population that is both college- and career-ready upon graduation from high school.

## Why is Financial Literacy Important for Hawaii’s Children and Youth?

According to Hawaii State Department of Education Superintendent Kathryn Matayoshi, “by 2018, Hawaii will rank 10th in the nation in jobs requiring postsecondary degrees. Students need an entirely new level of academic skills and a strong sense of self and connection to their community to succeed and contribute to a better society. And Hawaii students know this: 89 percent of students plan to go to college, according to the last Student Exit Survey.”<sup>1</sup>

The rapidly increasing cost of attending college has the potential of severely limiting our students’ ability to become college-ready by high school graduation. Research shows that rising college costs can keep students from achieving a post-secondary degree, with more students dropping out of college for financial reasons than for poor grades. Access to age-appropriate financial literacy and financial products will empower our students, especially those residing in low-income school complex areas, to better manage their money while in college and after they graduate. Various youth financial literacy program models are currently being delivered have been successful in increasing our students’ financial knowledge, behaviors, and attitudes. In addition, extensive resources exist that can assist teachers, schools, and the Department of Education to integrate financial literacy concepts into Hawaii’s classrooms.

## What Data Supports Financial Literacy Efforts?

Financial concepts permeate each stage of life. From differentiating between wants and needs in early youth to preparing for retirement, it is evident that financial capability is a lifelong process.

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<sup>1</sup> Hawaii Department of Education Strategic Plan, 2010-2018

Financial literacy programs not only provide the knowledge of financial education, but also the ability to act on that knowledge. A very important predictor of financial literacy is socio-economic status. Large disparities in performance based on socio-economic status highlight the importance of providing all students with equal access to resources and opportunities that can improve their financial literacy. This concept will be increasingly important for the coming generations of graduates, as college is becoming more expensive, financial markets are becoming more complex, and retirement is now primarily funded by individuals instead of employers.

In an examination of data from the FINRA Investor Education Foundation's National Financial Capability Study, Mottola found that "millennials are struggling financially. In particular, they exhibit a number of problematic financial behaviors, display low levels of financial literacy and express concerns about their debt." Specific findings include that, among millennials:

- Only 24% can answer four or five questions correctly on a five-question financial literacy quiz,
- 67% have no rainy day funds,
- 60% are not saving for retirement, and
- 43% use costly non-bank borrowing methods.
- 46% are concerned that they have too much debt, and
- 55% of those with student loans are concerned that they may not be able to pay off their debt.<sup>2</sup>

Millennials are under a fair amount of financial strain and may not be fully prepared for many of the financial challenges they face given their low level of financial literacy.

According to a survey of 1,200 randomly-selected high school seniors, students ranked personal finance as the most important subject they needed to learn in school for their future success, but less than 1/3 have taken a personal finance course in school. The results of the survey substantiated students' assessment of the importance of personal finance education, showing that students who have taken a class in personal finance are more likely to engage in financially responsible behaviors such as saving, budgeting, and investing: 93% of those who have taken a class save money vs. 84% of those who have not; 60% of those who have taken a class have a budget vs. 46% of those who have not; 32% of those who have taken a class have invested money vs. 17 % of those who have not.<sup>3</sup>

Harris Interactive conducted a survey on behalf of Bank of America of 1,010 adults to explore the gap between learning and knowledge in financial education. The survey found that Americans overwhelmingly support including personal finance in the curriculum of high schools with 99% of adults surveyed saying that they believe it is important for high schools to teach students about personal finance. The survey also revealed some of the self-reported negative consequences of a lack of personal finance knowledge: 43% of U.S. adults believe they have

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<sup>2</sup> Gary R. Mottola, "The Financial Capability of Young Adults—A Generational View," FINRA Investor Education Foundation, March 2014.

<sup>3</sup> "High School Seniors' Financial Knowledge and Outlook: A Discover Pathway to Financial Survey," Discover, 2013.

missed good financial opportunities due to a lack of financial knowledge and 32% of U.S. adults believe they have made poor financial decisions as a result of their lack of knowledge.<sup>4</sup>

Organisation for Economic Co-operation and Development's Programme for International Student Assessment (PISA), concluded its report on a global study of financial literacy with this statement: "just as it was not possible to contribute to and thrive in an industrialized society without basic literacy—the ability to read and write—so it is not possible to successfully navigate today's world without being financially literate. Financial literacy truly is an essential skill for the 21st century."<sup>5</sup>

### Why is it Important to Align Federal, State, and Local Initiatives to Support Financial Literacy and Capability Programming for Hawaii's Children and Youth?



The ability of Hawaii to compete nationally and internationally will require our children and youth to earn post-secondary education degrees, learn and apply financial life skills, and serve their communities and our state economy through careers.

In June 2015, President Obama's Advisory Council on Financial Capabilities for Young Americans issued their final report with findings and recommendations to address the financial needs of our nation's children and youth. As Financial Capability Initiatives are launched through the United States Departments of Treasury, Housing and Urban Development, and Education, it is critical for the State of Hawaii to align its existing financial literacy programs with the Council's recommendations towards ensuring maximization of Federal funding investment into the State of Hawaii for financial education and financial products that can be dedicated to increasing the college- and career-readiness of students.<sup>6</sup> At the same time, it is prudent to align financial literacy programming within the State Department of Education's Strategic Plan to support our public school teachers and administrators and ensure the most effective and efficient integration of financial education for our students.<sup>7</sup>

Finally, existing financial literacy programming being implemented by various groups provides an unique opportunity to align federal, state, and local efforts and public-private partnerships to implement targeted, in-school and after-school financial literacy programming. This will

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<sup>4</sup> "Bridging the Knowledge Gap Survey," Bank of America, September 2013.

[http://www.harrisinteractive.com/vault/091713\\_PACE\\_Schools%20for%20Tomorrow%20anel%20%28local%29\\_FINAL.pdf](http://www.harrisinteractive.com/vault/091713_PACE_Schools%20for%20Tomorrow%20anel%20%28local%29_FINAL.pdf)

<sup>5</sup> <http://www.oecd.org/pisa/keyfindings/PISA-2012-results-volume-vi.pdf>

<sup>6</sup> Financial Capabilities for Young Americans Final Report, President Obama's Advisory Council on Financial Capabilities, April 2014

<sup>7</sup> Ibid. 1

increase the college- and career-readiness of our Hawaii children and youth, setting Hawaii on a path toward greater economic self-sufficiency for future generations.

# Formation and Structure of Task Force & Subcommittees

The Department of Education established the Financial Literacy Task Force according to the requirements of SCR 97, SD 1, which states the members consist of the following:

- (1) The President of the Hawaii State Teachers Association or the President's designee;
- (2) Three individuals with experience as a teacher, vice-principal, or principal to be chosen by the Superintendent of Education;
- (3) Three individuals from financial institutions to be chosen by the Chair of the Senate Committee on Education; and
- (4) Three individuals to serve as at-large members to be chosen by the Chair of the House of Representatives Committee on Education;

*See Appendix B for a list of Task Force Members.*

## Task Force Meetings

The DOE Financial Literacy Task Force conducted four meetings from August to December 2015. These meetings consisted of the identified Task Force members:

- August 12<sup>th</sup>
  - Members in Attendance: Rosanna Fukuda, Caroline Kim, Jeff Gilbreath, Theresa Kong Kee, Ken Hiraki, Cary Miyashiro, Fran Bellinger, Elizabeth Higashi, Kathy Morris
- September 9<sup>th</sup>
  - Members in Attendance: Fran Bellinger, Elizabeth Higashi, Rosanna Fukuda, Geal Talbert, Cary Miyashiro, Kathy Morris, Jeff Gilbreath, Caroline Kim, Ken Hiraki

- October 14<sup>th</sup>
  - Members in Attendance: Geal Talbert, Elizabeth Higashi, Fran Bellinger, Cary Miyashiro, Kathy Morris, Rosanna Fukuda, Jeff Gilbreath, Ken Hiraki
- November 18<sup>th</sup>
  - Members in Attendance: Fran Bellinger, Elizabeth Higashi, Rosanna Fukuda, Geal Talbert, Cary Miyashiro, Kathy Morris, Jeff Gilbreath, Caroline Kim, Ken Hiraki, Theresa Kong Kee

A Financial Literacy Standards Subcommittee was established during the August Task Force meeting and consisted of the following Task Force members who volunteered to participate:

- August 19<sup>th</sup>
  - Members in Attendance: Theresa Kong-Kee, Rosanna Fukuda, Jeff Gilbreath, Cary Miyashiro, Elizabeth Higashi, Fran Bellinger, Caroline Kim

## Process

Prior to the convening of the first task force meeting, a stakeholder survey facilitated by the Hawaii Alliance for Community-Based Economic Development was sent to the community to gather information on current youth financial literacy initiatives across the state, both in public schools and outside of school. Participants were also asked to provide input as to how they would like to see education reforms take place. This information was provided to Task Force members to help guide the discussions.

While the first two meetings followed an agenda, the dialogue was allowed to flow naturally to encourage an organic problem solving process. This allowed for new ideas and questions to be raised and answered in subsequent meetings. Meeting three followed the Design Thinking process to help the group to creatively come to conclusions for final recommendations.

### Meeting One ~ August 2015

The initial meeting of the Task Force was spent introducing the members, reviewing the substantive content of SCR 97, and familiarizing the members with the Department of Education's Strategic Plan. The conversation shifted to high school graduation requirements. Where to fit a mandated financial literacy course in the curriculum was quickly raised as an issue. It was identified that the Personal Transition Plan requirement could serve as a vehicle to reach all high school students. This was supported by statements about connecting to students who may drop out later in their high school careers. To keep students in school they need to be

offered choices such as sports, band and theater, and that adding a course takes away from the ability to make those choices available.

After an overview of the Social Studies C3 framework and a discussion of where financial literacy concepts might fit, the basic definition of *financial literacy* was clarified. A review of the stakeholder survey results sparked a discussion stressing that each school needs the flexibility to implement and that equal access and opportunity are things to be heavily considered. A proposal for a survey to gather teacher input was made but tabled as the DOE is inundated with teacher and school surveys. Task Force members were provided the federal Consumer Financial Protection Bureau (CFPB) framework, to help identify potential recommendations. It was requested that these recommendations be brought to the second meeting to be further discussed.

While no chair was selected in the first meeting, it was proposed that the second meeting include a representative from the Office of Curriculum, Instruction, and Student Support, as well as a representative from a middle or elementary school.

### Subcommittee: Outline Basic Financial Literacy Standards

A subcommittee was held to discuss standards that might be taught in conjunction with existing courses. Only one set of standards, JumpStart's "National Standards in K-12 Education," were reviewed. An initial listing of standards was done as an example of the alignment that needs to take place. That rough draft is not included in this report since other standards were not reviewed and the task force did not have an opportunity to do a thorough review. It is recommended that the Department review other financial literacy standards toward alignment to the Hawaii Core Standards. An alignment document will be created.

### Meeting Two ~ September 2015

Meeting Two opened with an update on the financial capability policy briefing held at the Hawaii State Capitol in August 2015. Task Force members were updated on initiatives at the federal level for financial capability, which included allocation of federal funds to support efforts at the state level. The Task Force was given a brief presentation on Career and Technical Education (CTE) in the DOE. The Task Force learned that the different grade levels are presented CTE in different forms. The focus in elementary school is more on awareness of different career pathways, while middle school is the exploratory stage. Middle schools often present students with a wheel of opportunities to explore. CTE focus in high school is on creating occupational plans and articulating that to post secondary. It was mentioned again that the Transition to High School course maybe the best fit for financial education.

Teacher training and time were raised as a concern for integrating financial literacy concepts into any content area. Efforts are already underway to meet with Hawaii State Teachers Association (HSTA) to develop a professional development (PD) course. Additionally, the subcommittee raised the question about the amount of time it would take students to complete each benchmark. Further questions and discussion ensued around the availability of curricular resources and

partnerships as many or within a certain community or geographic area. A suggestion was made that creating a resource center would allow teachers and schools the flexibility to incorporate financial literacy where and how they see fit.

The discussion turned to whether or not the Task Force would recommend mandated action by the legislature. While no definitive decisions were made on that issue, it was decided that a resource list of financial literacy community providers should be compiled. The Office of Curriculum, Instruction and Student Support should identify resources necessary to develop recommendations towards ensuring an opportunity for students to receive financial literacy instruction, prior to graduation from high school. The session concluded with appointment of the Task Force Chair, Ken Hiraki.

### Meeting Three ~ October 2015

Meeting Three applied an innovative approach to problem solving: Design Thinking. The meeting began by broadly identifying what aspirational goals the task force were seeking to achieve. Issues mentioned included: creating a capable population, using financial literacy to address college and career readiness, and ending poverty. The group was then queried on what school would need to resolve the identified goals. The responses included the need for financial education teachers at each level of schooling, partnerships to support in-class instruction, and student opportunities to apply their knowledge through reality fairs. The group identified a list of benefits of achieving the aspirational goals, including:

- Ending Poverty
- A Strong Local Economy
- An Empowered Student Body
- Financial Mobility
- Less Crime
- Healthier Families; and
- Higher self esteem & self efficacy

The group identified many stakeholders in financial education and the limitations each faced. These are noted in the graphic below. The Task Force was divided into smaller working groups to identify near and long term goals. These spirited and inspired discussions resulted in the recommendations that are addressed in the “Policy Recommendations” section in this report.



# Findings

The Findings identified through the meetings of the Task Force and its Subcommittee provide the context for policy recommendations of the Task Force. Additionally, the Financial Capabilities Survey facilitated by the Hawaii Alliance for Community-Based Economic Development completed by 64 organizations and entities, including a variety of nonprofits, financial institutions, government agencies, schools, and other stakeholders provide further contextual support for the Findings. The survey was administered in June 2015, prior to the Task Force’s initial meeting, and is therefore not an official product resulting from the Financial Literacy Task Force. *Financial Capability Survey Results are available upon request.*

## 1. Financial Capability vs. Financial Literacy

During President Obama's Administration, the Federal Government's focus has shifted from financial literacy to financial capability. On January 29, 2010, the President signed [Executive Order 13530](#), creating the President's Advisory Council on Financial Capability ("Council") to assist the American people in understanding financial matters and making informed financial decisions, and thereby contribute to financial stability. Financial capability is the capacity, based on knowledge, skills, and access, to manage financial resources effectively. In order to develop this capacity, individuals must have appropriate access to and understanding of financial products, services, and concepts. Financial capability empowers individuals to make informed choices, avoid pitfalls, know where to go for help, and take other actions to improve their present and long-term financial well-being.

The Task Force identified the need to utilize the term and the definition of financial capability in the future to attract the maximum amount of federal funding. However, for the purpose of this report, the term “financial literacy” is being used as this was terminology used in the formation of the Task Force.

## 2. Lack of Teacher Time to Deliver Financial Literacy Programs

In June 2015, a survey was created to assess the current state of financial capability efforts in Hawaii and to receive feedback to guide the Task Force discussion. For those survey participants who indicated they offer/facilitate financial literacy programs and curriculum, teacher time constraints was a commonly mentioned barrier. Given the limited face time with students and high demands on both the state and federal levels, as well as parents and other community members, it is no surprise that this was frequently mentioned.

## 3. Need for Coordination of Financial Literacy Resources and Programs

Another recurring theme of the Financial Capability Survey was the inconsistent access to programs and curriculum in schools. Some providers were able to deliver financial literacy services. Some providers are challenged by the fact that they must work with schools directly

and individually, rather than by complex or district. As each school has its own administrative structure, there is no way to uniformly connect to each school to provide services. While efforts are currently being made statewide, providers are challenged by the piecemeal manner in which they must interact with each school. School administrators also do not have the time to search for the various programs. A coordinated effort such as a list of resources and agencies would ensure efficiency for service providers in accessing schools and students.

#### 4. Transition Points are the Best Opportunities to Reach All Students

The transition from middle school to high school and the transition out of high school are ideal avenues to reach all students. All public school students entering high school must create a Personal Transition Plan which has benchmarks at each grade level to prepare for students for college or future careers. Some high schools offer a .5 credit Transition to High School course as a requirement for all incoming freshman, or those in a certain pathway. Advisory sessions are held prior to student's exit from high school. Each of these avenues presents the potential to provide all students an opportunity for financial education.

#### 5. Need to Identify Financial Literacy Resources that Align to Hawaii Core Standards

With the adoption of Hawaii Core Standards, the DOE is undergoing, and will undergo, significant changes to meet these standards. It is critical that the DOE, in partnership with financial literacy experts, identify resources that align to the Hawaii Core Standards.

#### 6. Need for Professional Development Training of Teachers to Deliver Financial Literacy

Professional development training for teachers has been identified as a critical resource necessary to integrate financial literacy. Without access to professional development training, teachers are less likely to deliver financial literacy in the classroom. Professional development opportunities should be identified or developed to provide teachers with skills to integrate financial literacy in the classroom and according to Hawaii Core standards. Funding must be provided for this to occur.

#### 7. Sustainability of Financial Literacy Programs for Schools

Coordination of community resources, professional development for teachers and administrators, the provision of additional time for teaching and learning and effort to align DOE programs requires substantial time and effort. In building out and integrating financial literacy into the DOE, options for school support, engagement with community partners, and resource sustainability will be need to be considered.

# Financial Literacy Education and Resources

The following Financial Literacy Education and Resources were identified during Task Force meetings and the Financial Capability Survey conducted in June 2015.

## Public Schools

Career and Technical Education and Personal Transition Plan courses are existing pathways which can be leveraged to engage Hawaii students in learning about financial literacy. The following models highlight how financial literacy is integrated into these existing courses.

### **MODEL: KAPAA HIGH SCHOOL**

Kapaa High School is a member of the Hawaii Academy (15 total) Schools Consortium that focuses on building relevance, rigor and relationships in helping all students to begin working toward career pathways that they are interested in. Beginning in grade 9, students are in Huis (Hui Ikaika & Onipaa) and in the HOPES or IDEAS academies based on their career interests for grades 10 - 12. A common feedback received from each graduating class was the lack of financial knowledge in preparing students for post high school.

To fill this need, Kapaa High School partnered with Junior Achievement of Hawaii to deliver financial literacy programming. Junior Achievement programs deliver hands-on and activity-based programs and curriculum delivered by volunteers from Kauai Chamber of Commerce, Kauai Rotaries, and Keiki to Career, all 1000 plus students receive financial literacy curriculum beginning in grade 9 culminating with entrepreneurship as seniors. Students appreciate this relevant experience as they develop positive financial management habits, confidence to venture into entrepreneurship and ultimately bridge school academics in achieving/owning their economic dreams. Partnering with volunteers from the Kauai business community brought that missing element of economics and business into all of the Kapaa High School classrooms. Feedback from teachers and parents continue to be very positive.

Kapaa's High School has also created two courses, Transition to High School (Grade 9) and Transition to College and Careers for the upper grades. Through these courses, we can better prepare students for college, career and citizenship where Junior Achievement curriculum plays a key part in preparing students for the world of work.

### **MODEL: WAIPAHAU HIGH SCHOOL**

Waipahu High School is also a member of the Hawaii Academy Schools Consortium. All students choose to participate in one of six pathways: Arts & Communication, Business,

Academy of Health and Sciences, Industrial Engineering and Technology, Public Human Services, and Academy of Natural Resources.

Currently all tenth grade students participate in a half credit course called Guidance, which focuses around completing the required assignments for students Personal Transition Plan.

This school year, the guidance course is piloting the implementation of basic financial literacy concepts such as savings and budgeting to help students make better financial decisions for their future. Guidance teachers use the Banzai Interactive online program, sponsored by HawaiiUSA Federal Credit Union. Students who wish to continue their financial literacy education can participate in elective courses, such as Academy of Finance, Entrepreneurship, and Accounting.

Last school year, approximately 200 Seniors had the option to participate in a Financial Reality Fair sponsored by Matanuska Federal Credit Union. The Financial Reality Fair was a life scenario simulation, which gave students an opportunity to experience making financial decisions. This school year, Waipahu High School plans to increase the Financial Reality Fair to all Seniors (approximately 500).

Financial capability programs managed by local nonprofit organizations and the University of Hawaii also provide in-school learning opportunities, in partnership with public schools. The following case studies highlight how financial capability programs are being integrated through such partnerships:

### **MODEL: UNIVERSITY OF HAWAII, WEST OAHU HOOLOMUA GEAR UP PROJECT**

During the 2014-15 school year, Hawaiian Community Assets (HCA) and Bank of Hawaii (BOH) conducted a Youth Savings Pilot Project supported by the Federal Deposit Insurance Corporation and in partnership with the University of Hawaii, West Oahu Hoolomua GEAR UP program. Through the project, 471 students from the 10<sup>th</sup> grade classes at Waianae and Nanakuli High Schools completed 3 hours of in-school financial literacy instruction on budgeting, saving, and banking featured in Kahua Waiwai: Building a Foundation of Wealth©, a financial education curriculum developed for and by Hawaii youth in 2009. Workshops were delivered by certified Kahua Waiwai Financial Trainers who successfully completed a 16-hour certification course and exam with HCA. Pre-project surveys were completed by the student participants prior to receiving instruction, revealing that 53% of all students were Native Hawaiian and 71% of all students either had no savings account or did not know how much they had in savings.

After completion of 3 hours of in-school financial literacy instruction, 100% of students reported that they identified savings goals related to college- and/or career-readiness. 223 of the 471 students completed an additional 3 hours of instruction at a group event on the University of Hawaii, West Oahu campus which reviewed the information covered during the in-school instruction and offered students the opportunity to open match savings accounts with BOH for college and career goals. The following outcomes were reported at the end of the pilot project:

Students who completed at least 6 hours of Kahua Waiwai Financial Education reported increases in financial services knowledge. Certified Kahua Waiwai Financial Trainers

distributed and collected pre- and post-assessments to measure the increase in financial services knowledge among students who completed 3 hours of in-school instruction and 3 hours of out-of-school instruction. HCA utilized the Assets for Independence's nationally-normed Financial Capability Assessment as the evaluation tool. Overall, students who completed at least 6 hours of Kahua Waiwai Financial Education reported a/an:

- 15% increase in understanding that when a person gets a loan that they are borrowing from their future income;
- 10% increase in understanding that “bouncing checks” can result in the account holder being listed in a database that can keep them from opening a bank account;
- 9% increase in understanding that it is important to shop around for checking accounts, because banks and credit unions do not all charge the same fees;
- 8% increase in understanding that there are free financial counseling services available to individuals who experience financial problems, and;
- 11% increase in understanding that if someone knows your birth date and social security number that they can steal your identity.

Students who completed at least 6 hours of Kahua Waiwai Financial Education were less worried about meeting their monthly expenses and more likely to take action steps for career- and/or college-readiness. 39% of students who completed 6 hours of Kahua Waiwai Financial Education reported that they rarely worry about being able to meet monthly expenses versus 27% of students who completed 3 hours of Kahua Waiwai Financial Education. Furthermore, 19% more students who completed 6 hours of Kahua Waiwai Financial Education took action steps to increase their career- and/or college-readiness, by applying for jobs/internships or college, versus students who completed just 3 hours of Kahua Waiwai Financial Education.

32 students opened Youth MATCH Savings Accounts to reach their college and career goals. 32 students who completed at least 6 hours of Kahua Waiwai Financial Education opened Youth MATCH Savings Accounts and started to save toward their savings goals. Since March 27, 2015, students have collectively saved \$2,500 and made no withdrawals from their accounts, which has qualified them for \$1,120 in matching funds from HCA.

## Community

Various local organizations offer training and technical assistance programs to train teachers as well as volunteers and staff from nonprofit organizations, government agencies, financial institutions, and businesses to deliver financial literacy. The following case study highlights an example of a training and technical assistance program that is being tailored as a professional development course for public school teachers.

### **MODEL: HAWAII YOUTH FINANCIAL KULEANA PROJECT**

In 2013-14, Aloha United Way (AUW), Hawaiian Community Assets (HCA), and Hawaii Council on Economic Education (HCEE) partnered to deliver the Hawaii Youth Financial Kuleana Project funded by FINRA. The project's goal was to utilize a train-the-trainer model to certified staff and teachers from nonprofit service providers, schools, businesses, and financial institutions to deliver culturally-relevant financial education to Hawaii youth, under 18. During

the project period, 91 individuals were trained as Kahua Waiwai Financial Trainers and certified to deliver the Kahua Waiwai: Building a Foundation of Wealth© curriculum, a culturally-relevant, place-based financial education curriculum developed for and by Hawaii youth.

The Project implemented an evaluation framework that included Assessments to be completed by trainers and participants prior to workshops and after completion of workshops. Pre- and Post-Assessments were administered by HCA during trainer workshops, while Pre- and Post-Assessments were administered by certified financial trainers during Kahua Waiwai Financial Education workshops. Completed Pre- and Post-Assessments collected by trained financial trainers were submitted to HCA with Training Reports and sign-in sheets. HCA then reviewed the reports and input and analyzed the data. Over the project period, certified Kahua Waiwai Financial Trainers served 1,092 youth, under age 18, with Kahua Waiwai Financial Education and technical assistance support provided by HCA. 100 percent of youth participants who completed a Kahua Waiwai Financial Education workshop reported increases in budgeting, savings, banking, credit, and/or asset management. Data from the Hawaii Youth Financial Kuleana Project are available upon request.

The Department of Commerce and Consumer Affairs as well as Hawaii credit unions have been active in delivering and supporting programs within communities across the state that increase access to financial literacy for students and their families. The following case studies highlight how such programs provide additional opportunities for delivering financial literacy and their success in being tailored to students during the school day or through afterschool programs:

## **RESOURCES: DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

### **Investor Education Program**

The Department of Commerce and Consumer Affairs Office of the Securities Commissioner (OSC) has an Investor Education Program which conducts statewide outreach to the public focusing on safe and wise investing and fraud prevention. The Investor Education Program has a wide range of free resources to support teachers and students in the area of investor, financial and economic education. In addition to our state materials, we also provide our federal partners' materials who include U.S. Securities Exchange Commission (SEC), U.S. Commodity Futures Trading Commission (CFTC), North American Securities Administrators Association (NASAA), Financial Industry Regulatory Authority (FINRA), Investor Protection Trust (IPT), Consumer Financial Protection Bureau (CFPB) and various Federal Reserve Offices.

### **LifeSmarts Program**

In 2012, the Office of the Securities Commissioner became the designated State Coordinator and manages the program year round. LifeSmarts was created in 1994 and is a program of the National Consumer League (NCL) brought to Hawaii by the Department of Commerce and Consumer Affairs Office of the Securities Commissioner in partnership with the Hawaii Credit Union League and many other local sponsors. Our office actively delivers and supports LifeSmarts statewide in an effort to increase the student's knowledge in five topic areas 1) consumer rights & responsibilities, 2) personal finance, 3) health & safety, 4) technology and 5) environment. LifeSmarts is aligned with Common Core States Standard Initiative (CCSSI), can

be part of a school day or afterschool learning activity and easy on-line access for the participants.

Data that highlights the participation of LifeSmarts over the past years are available upon request.

### **Hawaii Council on Economic Education**

The Department of Commerce and Consumer Affairs Office of the Securities Commissioner in partnership with Hawaii Council on Economic Education (HCEE) provides the Stock Market Simulation (SMS) which is a free interactive tool that helps students in grades 3-12 learn how to invest and save for their future. HCEE provides teacher-training workshops and state of the art curricula so teachers can help their students learn about economic and financial concepts, set goals, and manage money by using practical math and research skills. Data that highlights the participation of SMS over the past years are available upon request

### **RESOURCES: FINANCIAL REALITY FAIRS**

A Financial Reality Fair is a 2.5 hour hands-on experience in which students, after identifying their career choice and starting salaries, are provided a budget sheet requiring them to live within their monthly salary while paying for basics such as housing, utilities, transportation, clothing and food. Of course, there are many temptations for additional spending, and students must learn to balance their wants and needs to live on their own.

After they have visited all the booths, students will balance their budget, and then sit down with a financial counselor to review their standing. The fair is a unique opportunity for each student to experience some of the financial challenges he or she will face when starting life on their own.

### **An Important Component to a Responsible Financial Lifestyle Is Saving**

In the Financial Reality Fair experience, students are encouraged to save a minimum of 10% of their income, placing 3% in a long-term retirement investment, and 7% in a shorter-term investment. The Financial Counselors explore the importance of planning for future needs and preparing for future financial challenges through savings. The fair will tempt students to spend their income on “fun,” but the Financial Counselors will bring the focus back to saving and thrift practices.

How does the program work?

Schools would be able to connect with participating credit unions to begin the process. There are many credit union resources to assist with bringing financial reality fairs to schools. Some of these include:

- National Credit Union Foundation [www.ncuf.coop](http://www.ncuf.coop).
- Financial Reality Foundation – Operates in partnership with Matanuska Valley FCU which has a branch in Waipahu, HI [www.financialreality.org/](http://www.financialreality.org/)
- [Mad City Money](http://www.cuna.org) (CUNA) [www.cuna.org](http://www.cuna.org)
- [CU 4 Reality](http://www.cu4reality.org) (America’s Credit Union Museum) [www.cu4reality.org](http://www.cu4reality.org)

# Policy Recommendations

The following policy recommendations were identified during Task Force meetings with the vision of achieving universal financial literacy education for Hawaii public school students. The policy recommendations, categorized as Near Term and Long Term Goals, were reviewed by the Task Force during the November 18, 2015 meeting.

## Near Term Goals

**Recommendation 1.** Community stakeholders and the Department of Education collaborate to establish a financial literacy resource page on the Department website that contains links to local and national financial literacy resources.

**Recommendation 2.** The DOE Office of Curriculum, Instruction, and Student Support shall identify and align the current content standards with financial literacy concepts.

## Long Term Goals

**Recommendation 3.** The DOE Office of Curriculum, Instruction, and Student Support shall create and identify professional development opportunities for teachers to become trained to deliver financial literacy in the classroom.

**Recommendation 4.** The Department of Education shall consider the establishment of a position in the DOE's Office of Community Engagement in the Office of the Superintendent, dedicated to identify schools interested in participating in financial literacy integration projects and provide links to existing financial literacy providers.

**Recommendation 5.** The Department of Education shall encourage the Hawaii Congressional Delegation to identify and secure Federal funding to support financial literacy in Hawaii public schools.

# Appendices

Appendix **A** - Senate Concurrent Resolution 97, Senate Draft 1

Appendix **B** - Task Force Members

Appendix A - Senate Concurrent Resolution 97, Senate Draft 1

THE SENATE

S.C.R. NO.

97

TWENTY-EIGHTH LEGISLATURE, 2015

S.D. 1

STATE OF HAWAII

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# SENATE CONCURRENT RESOLUTION

REQUESTING THE DEPARTMENT OF EDUCATION TO ESTABLISH A HAWAII PUBLIC  
SCHOOLS FINANCIAL LITERACY TASK FORCE.

WHEREAS, money management is a lifelong issue; and

WHEREAS, few students in Hawaii's public schools are taught the  
basic concepts of financial literacy; and

WHEREAS, within a lifetime, a person may likely need to manage  
student and credit card debt, save for a wedding, save for a down  
payment on a home purchase, and save for retirement; and

WHEREAS, due to the power of compounding interest, these large  
expenditures are best managed as early as possible; and

WHEREAS, work- and money-related stress affects marriages,  
families, friendships, health, job satisfaction, and individual self-  
worth and self-esteem; and

WHEREAS, financial literacy is one of the most important skills  
to help individuals leave poverty; and

WHEREAS, financial literacy teaches young people how to think  
critically, forces discipline and organization, helps quantify future  
goals in a practical way, and demonstrates the importance of trade-  
offs which encourages thoughtful and informed decisions; and

WHEREAS, teaching personal finance concepts to young people can  
help spark an interest in fields such as business and  
entrepreneurship; and

WHEREAS, although many agree about the importance of financial literacy education for all students, certain issues and challenges need to be addressed before a program can be implemented in Hawaii public schools such as legal and cultural concerns, identification of a curriculum, time devoted to teaching, acquiring financial resources, and obtaining trained and qualified financial literacy teachers; now, therefore,

BE IT RESOLVED by the Senate of the Twenty-eighth Legislature of the State of Hawaii, Regular Session of 2015, the House of Representatives concurring, that the Department of Education is requested to establish a Hawaii public schools financial literacy task force; and

BE IT FURTHER RESOLVED that the Superintendent of Education or the Superintendent's designee serve as the chair of the task force at the initial meeting to be held no later than August 14, 2015, at which time the chair of the task force shall be elected; and

BE IT FURTHER RESOLVED that the task force is requested to comprise of the following individuals:

(1) The President of the Hawaii State Teachers Association or the President's designee;

(2) Three individuals with experience as a teacher, vice-principal, or principal to be chosen by the Superintendent of Education;

(3) Three individuals from financial institutions to be chosen by the Chair of the Senate Committee on Education; and

(4) Three individuals to serve as at-large members to be chosen by the Chair of the House of Representatives Committee on Education; and

BE IT FURTHER RESOLVED that the task force is requested to:

(1) Consider the importance and challenges of implementing financial literacy education for all public school students through a Department of Education curriculum chosen with input from industry experts, such as education regulators, administrators, teachers, and advocates;

(2) Develop recommendations and a process for requiring every public school student to participate in a financial literacy course prior to graduating from high school;

(3) Identify and address legal and cultural concerns about teaching financial literacy education;

(4) Determine the depth and breadth of financial literacy education students should receive;

(5) Identify existing programs within Department of Education schools and what financial literacy curriculum currently exists;

(6) Determine the amount of time required for each student's participation in financial literacy education;

(7) Identify the best and most relevant curriculum for students to understand, apply, and retain the concepts of financial literacy;

(8) Develop a plan to obtain the required financial and political support, such as trained teachers, to teach the selected curriculum;

(9) Develop data metrics to determine the effectiveness of the financial literacy curriculum among students over time;

(10) Develop a process for making adjustments based upon the data metrics; and

(11) Identify any other issues that need to be addressed, as determined by the task force; and

BE IT FURTHER RESOLVED that members of the task force are requested to serve without compensation; and

BE IT FURTHER RESOLVED that the task force is requested to submit a report, prepared by the Department of Education, of its findings and recommendations, including any proposed legislation, to the Legislature no later than twenty days prior to the convening of the Regular Session of 2016; and

BE IT FURTHER RESOLVED that the task force be dissolved on June 30, 2016; and

BE IT FURTHER RESOLVED that certified copies of this Concurrent Resolution be transmitted to the Superintendent of Education and President of the Hawaii State Teachers Association.

## Appendix B - Task Force Members

### *Task Force Chair*

**Ken Hiraki**, Director of Government Affairs, Hawaiian Telcom

### *Task Force Members*

**Fran Bellinger**, Teacher, King Intermediate School

**Rosanna Fukuda**, Educational Specialist, Department of Education, Office of Curriculum, Instruction and Student Support

**Jeff Gilbreath**, President, Hawaii Jump\$tart Coalition for Personal Financial Literacy

**Elizabeth Higashi**, Assistant Principal, Waipahu High School

**Caroline Kim**, President, Rising Tigers, LLC

**Theresa Kong Kee**, Investor Education Specialist, Department of Commerce and Consumer Affairs (DCCA) Office of the Securities Commissioner

**Cary Miyashiro**, Marketing Representative, Hawaii USA Federal Credit Union

**Kathy Morris**, Member Relations Manager, Hawaii Credit Union League

**Geal Talbert**, Vice President - Wealth Management, UBS Financial Services, Inc.