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Financial Literacy Improves Among Nation’s High School Students

Jump$tart Questionnaire for Seniors Reveals Moderate Gains

WASHINGTON - April 1, 2004 - A nationwide survey conducted for the Jump$tart Coalition for Personal Financial Literacy reveals that for the first time since 1997, high school students are reversing declining scores and are demonstrating increased aptitude and ability to manage financial resources such as credit cards, insurance, retirement funds and savings accounts.

The comprehensive survey of more than 4,000 high school students in 33 states measured 12th graders’ level of knowledge of personal finance basics, and compared the results with those from similar surveys conducted in 2002, 2000 and 1997. On average, students who participated in the 2004 survey answered 52.3 percent of the questions correctly. This year’s score is up from 50.2 percent in 2002 and 51.9 percent in 2000.

Even with modest gains in financial literacy among high school seniors, students did not match 1997 aptitude levels when 57.3 percent of students answered their questions correctly. This year, 65.5 percent of students failed the exam and 6.1 percent scored a C or better. A failing grade was based upon a typical scale used by many public schools around the nation (90-100%=A, 80-89%=B, etc.) The researcher for all four studies was Lewis Mandell, Ph.D., professor of finance and managerial economics at the University of Buffalo School of Management.

“I am encouraged that the survey results show the downward trend reversing among high school seniors as they become more aware of the need for financial literacy in a competitive job market,” said Professor Mandell. “If parents, educators and school administrators continue to work together and emphasize the need for sound money management skills, we will likely see scores improve in the years ahead,” he added.

“Interest in teaching financial literacy in public schools surged this year with 24 state bills, resolutions and proclamations introduced in the first quarter of 2004 alone,” said Dara Duguay, executive director of the national Jump$tart Coalition. “Congress also established a new Financial Literacy and Education Commission to coordinate federal agencies’ financial education efforts, so we hope this added emphasis on the need for Americans to become financially literate will translate into increased interest in our nation’s schools,” she added.

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The questionnaire also revealed a positive impact on students attending required money management courses in high school. Of those students who took a full semester of money management courses, the students attending required classes did better (54.1 percent) than those where it was required only for some students (50.6 percent) and those where money management classes were electives (52.7 percent).

"Merrill Lynch sponsored this survey because we believe, like the Jumpstart Coalition, that more should be done to measure, document and improve youth financial literacy. As financial products and choices for America's youth continue to increase, so should the knowledge and learning that enables them to make important life decisions." said FVP Eddy Bayardelle, head of Global Philanthropy at Merrill Lynch. "The Jumpstart Coalition has articulated the need, now it's time for the rest of us reach out and be part of the solution."

Other findings from the 2004 survey include:

- Parental involvement plays a great role in the financial education and literacy of young people, as the vast majority of students say they are learning most of their money management skills at home. Of the students surveyed, 58.3 percent said skills are learned at home, verses 19.5 percent of students who said they learn such skills at school, and 17.6 percent from experience.

- Having parents with a higher education helped. Of the students whose parents have college degrees, 55.4 percent answered the questions correctly, versus 44.6 percent of the students whose parents did not finish high school.

- Students who are planning to continue their education did better than those who aren’t. The test results show that 55.0 percent of self-described, college-bound seniors answered the questions correctly, versus 41.9 percent of the students who plan no further education.

- Survey questions were divided into four categories: income, money management, saving and spending. High school seniors did a far better job of correctly answering questions about income (62.9 percent) and spending (55.4 percent) than they did about money management (45.4 percent) and saving (41.0 percent).

- The percentage of students who do not use a credit card was 68.2 percent (versus 67.8 percent in 2002, 69.1 percent in 2000, and 70.8 percent in 1997). Eleven point four percent use their own card (versus 12.1 percent in 2002, 9.2 percent in 2000 and 7.7 percent in 1997). In addition, 15.7 percent use their parents’ card (versus 15.4 percent in 2002, 18.3 percent in 2000, 17.2 percent in 1997) and 4.8 percent use both their own and their parents (versus 4.7 percent in 2002, 2.8 percent in 2000, 4 percent in 1997). Over one third (43.3 percent) of the 2004 students have an ATM card, compared with 35.9 percent in 2002, 31 percent in 2000, and 31.5 percent in 1997.

- Nearly 78 percent of the students have a savings and/or checking account with a bank. The 22.1 percent of the students without any bank account scored lower (47.4 percent) than those who have a savings account (53.3 percent), a checking account (50.2 percent), and both savings and checking accounts (55.5 percent).

- There was virtually no difference in performance by gender -- with 52.4 percent of male students answering the questions correctly versus 52.2 percent of female students with correct answers.

- The average score for Caucasian students was 55.5 percent, compared with 48.3 percent for Asian Americans, 48.3 percent for Hispanics, 44.0 percent for African Americans and 46.7 percent for Native Americans. Students from the Northeast scored higher (56.5 percent) than students from the West (52.2 percent), the Midwest (52.4 percent), and the South (49.9 percent).

The JumpStart survey, conducted this past December, January and February, consisted of a written 45-minute examination administered to 4,074 12th graders in 215 schools across the United States. The (More)
survey’s underwriter was Merrill Lynch.

A copy of the survey questionnaire is posted on the coalition’s Web site at www.jumpstart.org in the “Downloads” section. Reporters interested in interviewing Dr. Mandell may contact him at (716) 573-6619. To schedule an interview with a Jump$Start spokesperson, please contact Kristy Thomas at (703) 683-5004 x. 136 or kthomas@crc4pr.com.

About Jump$Start
The Jump$Start Coalition for Personal Financial Literacy is a nonprofit organization that seeks to improve the personal financial literacy of young adults by developing, disseminating, and encouraging the use of standards for grades K-12; and by promoting personal finance education at home and in school. Jump$Start’s mission is supported by 140 corporations, government agencies, education associations and nonprofit providers of financial education across the United States. For more information, visit www.jumpstart.org. This site offers teacher training and guest speaker locators, monthly mini-lessons, links to partner organizations, and helpful tips on budgeting, saving, and investing.

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