

Add an 'E' to 3 'R's: Economics

Which of these topics are parents least likely to discuss with their children?

- a) Drugs
- b) Sex
- c) Alternative lifestyles
- d) Finances

Surprisingly, the answer is finances – the topic that seemingly would create the least discomfort for parents. Half of the nation's youths report their parents rarely or never discuss household budgeting with them. The dialog is no more prevalent in school, where only one in five youths receives personal finance education. The outcome is predictable: 68 percent of high



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school students failed a national test of personal finance knowledge. A generation ago, children had limited direct contact with financial issues. Today one in three teenagers carries credit cards. The average college freshman receives eight credit card solicitations the first week of school. College students borrowed in the 1990s an amount equal to the combined total of what they borrowed in the 1960s, '70s and '80s. Universities lose more students to credit card debt than academic failure.

The personal costs of teens' lack of economic and financial literacy continue into adulthood and have repercussions for society.

Without adequate economic and financial education, individuals are less likely to have checking and savings accounts. More than 10 million Americans

are "unbanked," making them vulnerable to the exorbitant interest rates charged on payday and title loans. Without adequate economic and financial education, individuals take on overwhelming household debt. One-half of credit card holders make only the monthly minimum payment and carry an average balance of more than \$8,500.

High levels of household debt drive many to file for bankruptcy, particularly young adults. Filings for that group rose tenfold in five years. In 2001, more young adults filed for bankruptcy than graduated from college.

Without adequate economic and financial education, individuals fail to plan sufficiently for retirement. By 2010, 78 million Americans will be 65 or older; half of that group have grossly inadequate savings. We all will feel the burden of caring for an increasingly indigent elderly population.

Without adequate economic and financial education, individuals lack the decision-making tools and knowledge to understand the impact of government spending proposals, trade restrictions, Federal Reserve actions or tax cuts. They may make voting choices that are not in their best interests, eroding the meaning of democracy.

These individual and societal problems can best be addressed by providing economics and personal finance instruction in school. Tennessee is one of 15 states that mandate a high school economics course, but a more integrated approach incorporating personal finance instruction would supplement the curriculum.

Children should be taught economics and personal finance from kindergarten on. Decision making, the ability to evaluate choices, recognizing the consequences of choices – these are life skills that are as important as reading and math, and instruction in them should be approached the same way: by building

skills, one grade at a time. And like reading and math, economic and financial education should be integrated throughout the curriculum, modeling for students how the skills can be integrated into their lives.

Several initiatives can bring about the integration of economic and financial instruction into our schools' existing curriculum. At the state level, standards can be adopted that focus on economic and financial skills and knowledge, accompanied by appropriate testing. Textbooks are available that integrate these life skills into other disciplines.

Much can also be done at the local level. Supplemental materials can help teachers facilitate the needed integration, and can help them use those materials effectively.

The Center for Economic Education at the University of Memphis is part of a national network of university-based centers whose mission is to raise their community's level of economic and financial literacy. The CEE provides workshops to help teachers integrate economics and personal finance into language arts, math, science and other disciplines. Its programs include Financial Fitness for Life, a national award-winning financial literacy curriculum for K-12 students.

We must do a better job of preparing our children for the challenges of an increasingly complex world. Children must demonstrate sufficient ability before we allow them to drive alone. We should insist on similar demonstrations of decision-making ability before they assume adult financial responsibilities. Without the tools and knowledge that enable them to make reasoned financial decisions, our children will be at a disadvantage on the job, at the supermarket, in the housing market, at the bank, at the auto showroom, in the voting booth. Without the life skills that accompany economic and financial education, our children will be unable to participate fully in the American dream.