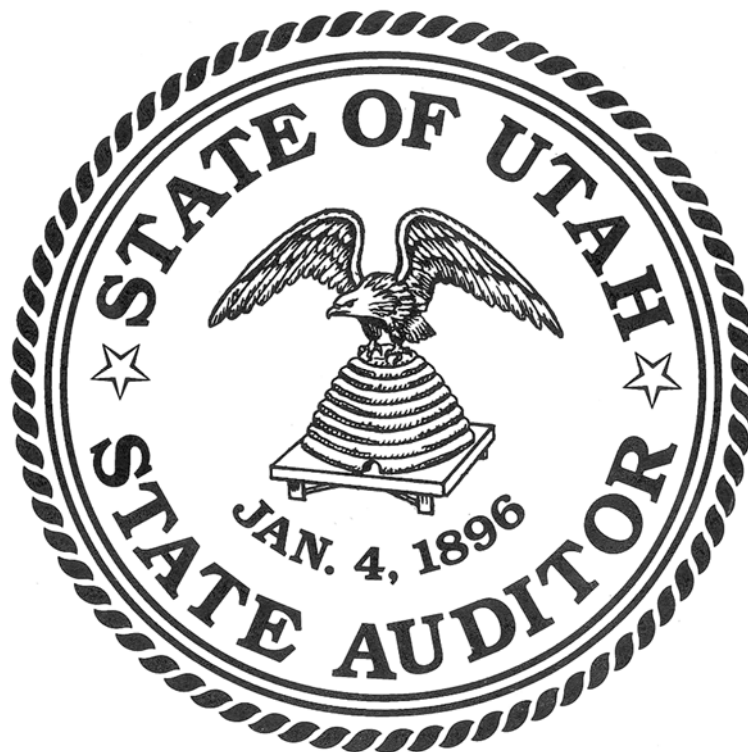


# Utah's General Financial Literacy Graduation Requirement A Program Review

October 5, 2018



## OFFICE OF THE STATE AUDITOR

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## Executive Summary

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The 2017-18 school year marked the ten-year anniversary of the enactment of Utah’s general financial literacy (GFL) legislative mandate. Utah has received significant praise throughout the country concerning this graduation requirement and the financial IQ of graduating high school students. A recent study conducted by the Center for Financial Literacy at Champlain College in Vermont stated: “The state of Utah should be commended for its efforts. Utah requires that all high school students take a half-year course exclusively dedicated to personal finance topics, and students are required to take an end-of-course assessment examination created and administered by the state. The state requires that educators teaching this course obtain a specific endorsement in general financial literacy that includes coursework on financial planning; credit and investing; and consumer, personal and family economics. The state also provides its educators with tools, resources and many professional development opportunities. General financial literacy is a funded mandate in Utah.”

The praise has shed light on the steps Utah is making toward educating students in financial literacy. This review evaluates the current state of GFL instruction in Utah public high schools. We hope this report can help GFL instructors, principals, administrators, and state leaders evaluate the current state of GFL instruction and identify opportunity for improvement.

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# Background

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In 2003, Senate Bill 154 was signed into law mandating a one-semester financial literacy course for graduation from Utah public high schools. In 2004, the Utah State Board of Education (USBE) approved a one-semester course titled “General Financial Literacy” (GFL) that would be required for the 2008 graduating class. Utah was the first state in the U.S. to mandate a financial literacy class<sup>1</sup> as a graduation requirement<sup>2</sup>. Graduation credit for GFL could also be satisfied by taking a year-long Adult Roles class, a year-long Math of Personal Finance class, or a few other courses that taught the principles of financial literacy.

When the GFL requirement became effective for graduation beginning in 2008, a major concern for stakeholders was who would be qualified to teach the class. At that time, broad parameters were given to principals who assigned the teaching of GFL courses to instructors with subject endorsements in Math, Composite Social Studies, and Business & Marketing, as well as specific class endorsements such as Banking & Finance and Adult Roles. In 2014, Senate Bill 40 increased the requirements for GFL instructors, mandating they earn a specific endorsement to teach GFL and administer an end-of-course assessment (GFL Assessment, also known as Precision Exam #451 financial literacy test).

The GFL course has four strands with associated standards (GFL Standards)<sup>3</sup>:

- Strand 1: Understanding how values, culture, and economic forces affect personal financial priorities and goals.
- Strand 2: Understanding sources of income and the relationship between career preparation and lifetime earning power.
- Strand 3: Evaluating saving methods and investment strategies.
- Strand 4: Understanding principles of personal money management, including budgeting, managing accounts, and the role of credit and its impact on personal finance.

The USBE recommends that students take the GFL class during their junior or senior year of high school.

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<sup>1</sup> For this report, we consider financial literacy to be equivalent to personal finance.

<sup>2</sup> While various schools or school districts across the nation mandate a financial literacy of personal finance class as a graduation requirement, no other states have established such a mandate.

<sup>3</sup> See Appendix A for complete GFL Standards

# Methods of Research

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This report relies on the following methods of research:

- Interviews with a sample of GFL instructors
- Interviews with a sample of school principals
- Interviews with a sample of school district administrators
- Interviews with college concurrent enrollment directors and financial learning centers
- An analysis of Precision Exams' Utah GFL Assessment
- An online panel survey of high school graduates
- An online survey of GFL instructors
- An analysis of the GFL Assessment results by student, instructor, school, and local education agency (LEA)

The interviews provided consistent results that were used to develop questions for a survey of GFL instructors. The survey of GFL instructors was sent to over 400 instructors who had taught the class at some point during the past three years. The survey results were generally consistent with the interview results.

We asked instructors how they defined the long-term success of GFL instruction. Many expressed not only a retention of financial knowledge, but positive financial behavior from the knowledge gained in the class. Based on this feedback, we attempted to measure the impact of GFL on the students who were required to take the class as a graduation requirement. We gave a survey to approximately 1,500 high school graduates. Key questions for this survey were built using some nationally-recognized financial literacy survey questions and other behavioral measures that the GFL class should be addressing.

These approximately 1,500 students are divided into three categories:

- Approximately 500 students who graduated from a Utah public school from 2008-2018 (ages 20-28) who would have been required to take GFL.
- Approximately 500 students who graduated from a Utah public school before 2008 (ages 29-44) who would not have been required to take GFL.
- Approximately 500 students who graduated from high schools in surrounding states (Arizona, Colorado, Idaho, Nevada) from 2008-2018 (ages 20-28) who did not have a state mandate to take a financial literacy course.

We also analyzed the results of the GFL Assessment from the school years 2015–16, 2016–17 and 2017–18 as part of our review.

# Student Focus

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## Utah Students Who Take GFL Courses Appear to Have Greater Financial Knowledge and Better Financial Behaviors

We surveyed approximately 1,500 high school graduates from Utah public high schools or high schools in surrounding states. This survey asked questions about basic financial knowledge and financial behaviors. In the survey, the respondents self reported whether or not they took a financial literacy class in high school.

The survey results indicate that Utah public high school graduates who took one of the GFL courses for graduation exhibited higher average scores on both the knowledge and behavior questions. There is a correlation between Utah's GFL course participation and improved personal financial knowledge and behavior for the past decade of graduates.

### Financial Knowledge Questions and Results:

- Suppose you have \$100 in a savings account earning 2 percent interest a year. After five years, how much would you have?

Percentage of students who answered correctly:

Utah GFL Students<sup>4</sup>: 78.7%

Utah Non-GFL Students<sup>5</sup>: 69.6%

Non-Utah FL Students<sup>6</sup>: 71.3%

Non-Utah Non-FL Students<sup>7</sup>: 70.0%

- Imagine that the interest rate on your savings account is 1 percent a year and inflation is 2 percent a year. After 1 year, how much would you be able to buy with the money in this account?

Percentage of students who answered correctly:

Utah GFL Students: 50.8%

Utah Non-GFL Students: 40.2%

Non-Utah FL Students: 44.1%

Non-Utah Non-FL Students: 42.5%

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<sup>4</sup> Students who graduated from a Utah public high school (2008-2018) who reported taking a GFL class

<sup>5</sup> Students who graduated from a Utah public high school (2008-2018) who reported not taking a GFL class

<sup>6</sup> Students who graduated from high school in one of the surrounding state (2008-2018) who reported taking a financial literacy class

<sup>7</sup> Students who graduated from a high school in one of the surrounding states (2008-2018) who reported not taking a financial literacy class.

- Please tell me whether this statement is true or false. Buying a single company's stock usually provides a safer return than a stock mutual fund.

Percentage of students who answered correctly:

Utah GFL Students: 55.9%  
Utah Non-GFL Students: 42.4%  
Non-Utah FL Students: 49.8%  
Non-Utah Non-FL Students: 42.9%

### **Financial Behavior Questions and Results:**

- How would you pay for a \$1000 dollar emergency expense?

Percentage of students who selected the preferred answer:

Utah GFL Students: 47%  
Utah Non-GFL Students: 32.6%  
Non-Utah FL Students: 43.3%  
Non-Utah Non-FL Students: 31.5%

- Do you have any money invested in the stock market currently - either in an individual stock, a stock mutual fund or ETF, using an App, or in a 401(k), or IRA?

Percentage of students who selected the preferred answer:

Utah GFL Students: 38.4%  
Utah Non-GFL Students: 29.3%  
Non-Utah FL Students: 34.4%  
Non-Utah Non-FL Students: 31.8%

- How many times have you been late paying your credit card, mortgage, or other loans (student, auto, etc.) in the past 12 months?

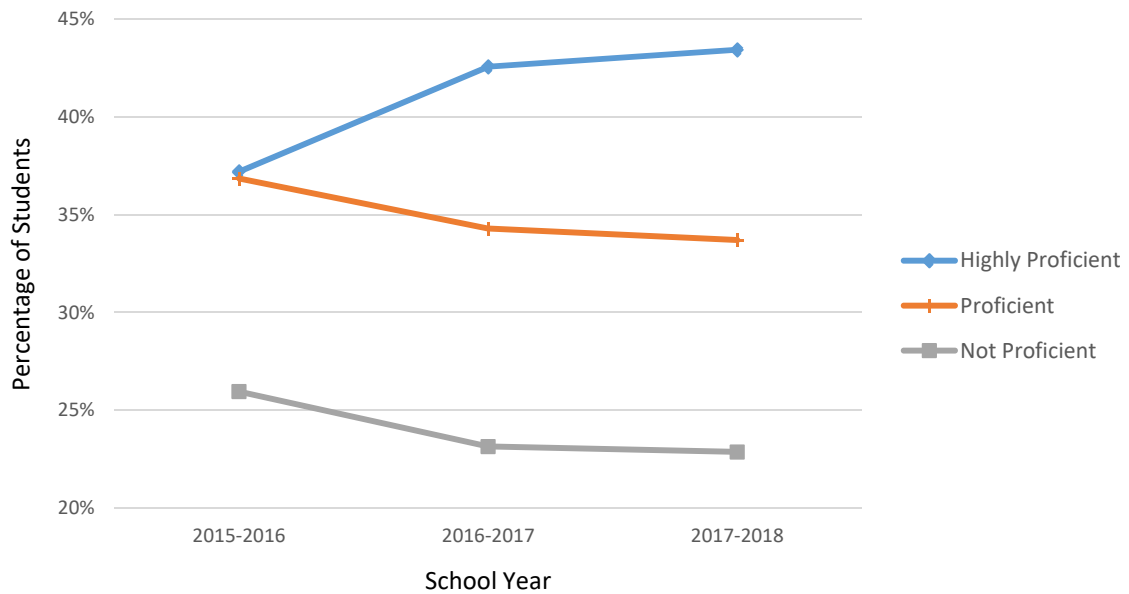
Percentage of students who selected the preferred answer:

Utah GFL Students: 64.1%  
Utah Non-GFL Students: 45.7%  
Non-Utah FL Students: 51.8%  
Non-Utah Non-FL Students: 53.1%

## GFL Assessment Indicates Students are Increasingly Proficient

The GFL Assessment from school years 2015–16 through 2017–18 shows a slight but steady increase in student performance<sup>8</sup> (Figure 1). No verifiable data explains the cause of this increasing proficiency. However, our interviews appear to indicate that instructors are becoming more familiar with materials and expectations for GFL instruction.

**Figure 1. Student Proficiency on GFL Assessment**

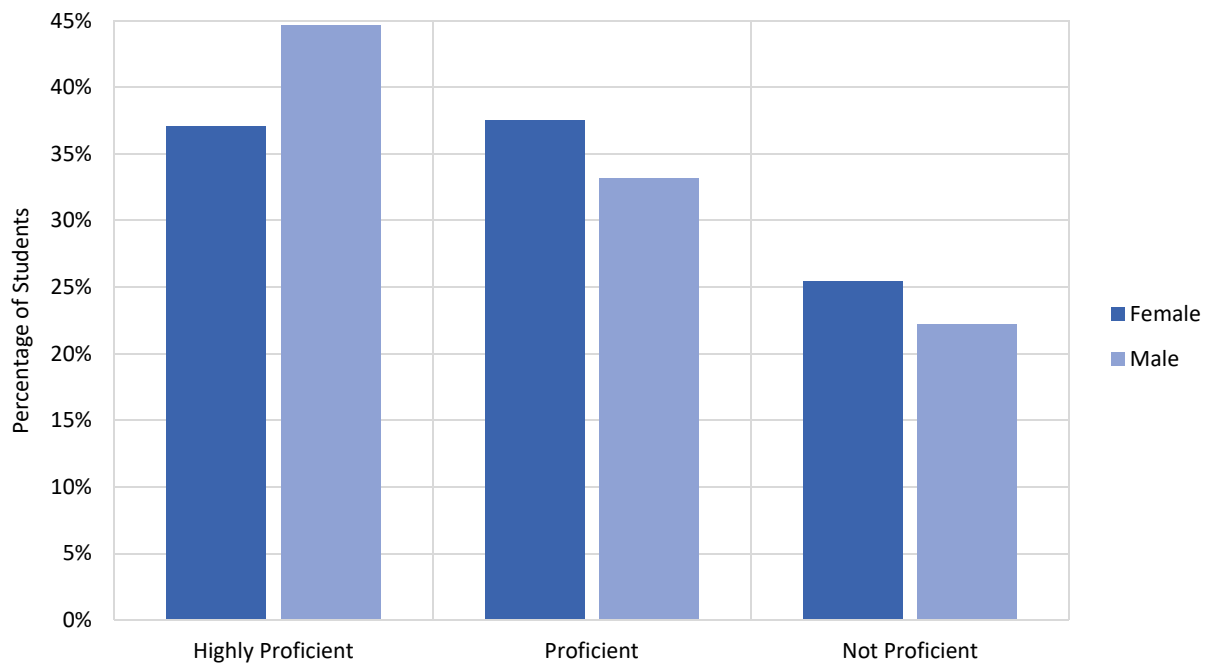


<sup>8</sup> Throughout this report, we will use the following terms to denote student performance (i.e., percentage of correct answers on GFL Assessment): Highly Proficient (80% and above), Proficient (65%–79%), Non Proficient (64% and below)

## Opportunities Exist to Improve Student Achievement for Certain Sub-groups

Utah's GFL Assessment data is consistent with national data concerning gender, race, and socioeconomic factors. Male students scored consistently higher on the GFL Assessment compared to female students averaged over 3 school years (Figure 2). Efforts should be made to identify the factors which reduce achievement for female students and determine steps to help them raise their performance.

**Figure 2. Average Student Proficiency By Gender**



Native American/Alaska Native, Pacific Islander, Hispanic/Latino, and Black/African American students show significantly lower results on the GFL Assessment than White students (Table 1). Similarly, efforts should be taken to improve the performance of students in these sub-groups. Interviews conducted with instructors and administrators in a demographically-diverse district reported using a targeted approach based on the life experiences and cultures of some minority sub-groups to improve student financial success.

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**Table 1. Students Failing to Achieve Proficiency by Race/Ethnicity**

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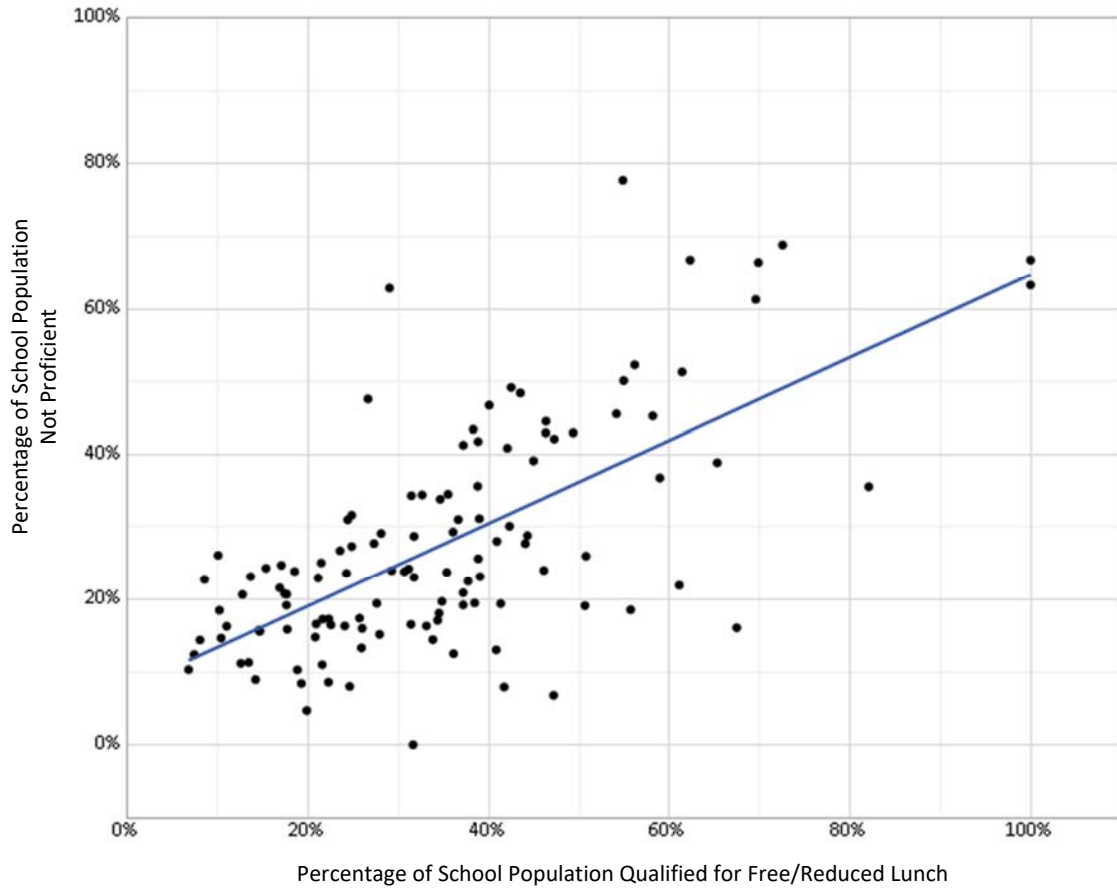
	Percentage of Students Not Proficient	
	School Year 2015-16	School Year 2016-2017
Asian	26.6%	23.6%
Black/African American	46.8%	41.7%
Hispanic/Latino	47.2%	45.1%
Native American/Alaska Native	48.8%	48.1%
Pacific Islander	43.5%	41.1%
White	19.3%	16.8%

Low-income students, as measured by the percentage qualified for free and reduced lunch, show a trend of lower level of proficiency and differential distribution when averaged over 3 school years (Figures 3 and 4). Thus, the students who may benefit most from the skills and knowledge taught in the GFL classes may be those who have the lowest achievement on the GFL Assessment.

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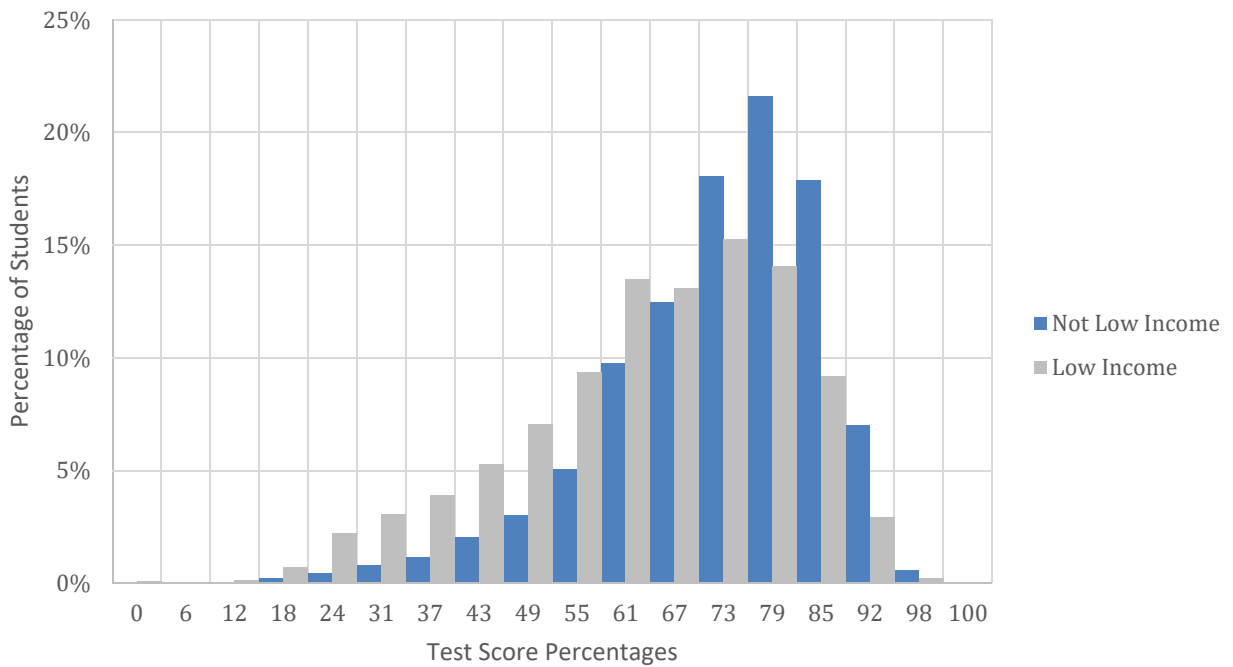
**Figure 3. Average Percent Failing to Achieve Proficiency Compared with Share of Free/Reduced Lunches**

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**Figure 4. Distribution of Student Test Score Percentages by Income Status**



### Student Gains are Not Consistently Measured

Some Utah instructors administer pre-tests which enable them to measure their students' gain in knowledge when compared to the GFL Assessment as a post-test. However, because there is no pre-test administered statewide to measure students' knowledge at the beginning of the course, the GFL Assessment is, in most instances, an ineffective measure of student gains. A formal pre- and post-test might provide meaningful data to evaluate and improve Utah's GFL education interventions.

Courses which build upon the subject each year (like mathematics) provide the opportunity to measure student gains over time. Since GFL is a stand-alone course, it does not provide this natural course-to-course opportunity to measure student gain.

### Educators Generally Believe GFL is an Important Class That Teaches Students Vital Life Skills

Administrators and instructors appear to generally believe that the GFL Standards provide vital life skills that apply to all students regardless of gender, race, or socioeconomic status. Two instructors from different schools with drastically different socioeconomics indicated that the GFL Standards allow them the latitude to address the needs of students from significantly different backgrounds.

Students from more affluent areas often have a very different frame of reference than students in low-income areas. Instructors are allowed to emphasize different principles and address different personal finance matters applicable to the students they teach. Several instructors indicated that parents of students expressed an interest in learning more about GFL and wished they had taken the class when they were in high school. One instructor stated, “Financial literacy is critical to the financial well-being of our country. The return on investment for this class is priceless and the worth would be hard to measure. In retrospect, if you were to poll adults anywhere in America about what they wish they would have known, I would venture to say their top three answers would be financial literacy related!” Several instructors expressed how the knowledge gained from teaching the class have benefitted their personal finances.

## Administrative Focus

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### GFL Proficiency Is Not a Metric Used to Measure School Success

Utah’s system of public education responds to what is measured and publicly reported. This public accountability results in an emphasis on activities that drive specific metrics, whether Sage test results, school grades, or graduation rates. Time, resources, and focus are devoted to those efforts.

The data from the GFL Assessment has not been widely analyzed or shared as meaningful feedback with instructors. Although participating instructors receive a report of their students’ performance on the GFL Assessment compared to a *statewide* average, there is no analysis to compare students’ performance within the *same school or district*. Accordingly, our review identified instructors who assumed their students were doing better than they actually were when compared to students within their same schools or districts. Similarly, USBE program specialists did not have a report to help identify regions of success or “hot spots” of concern regarding student achievement.

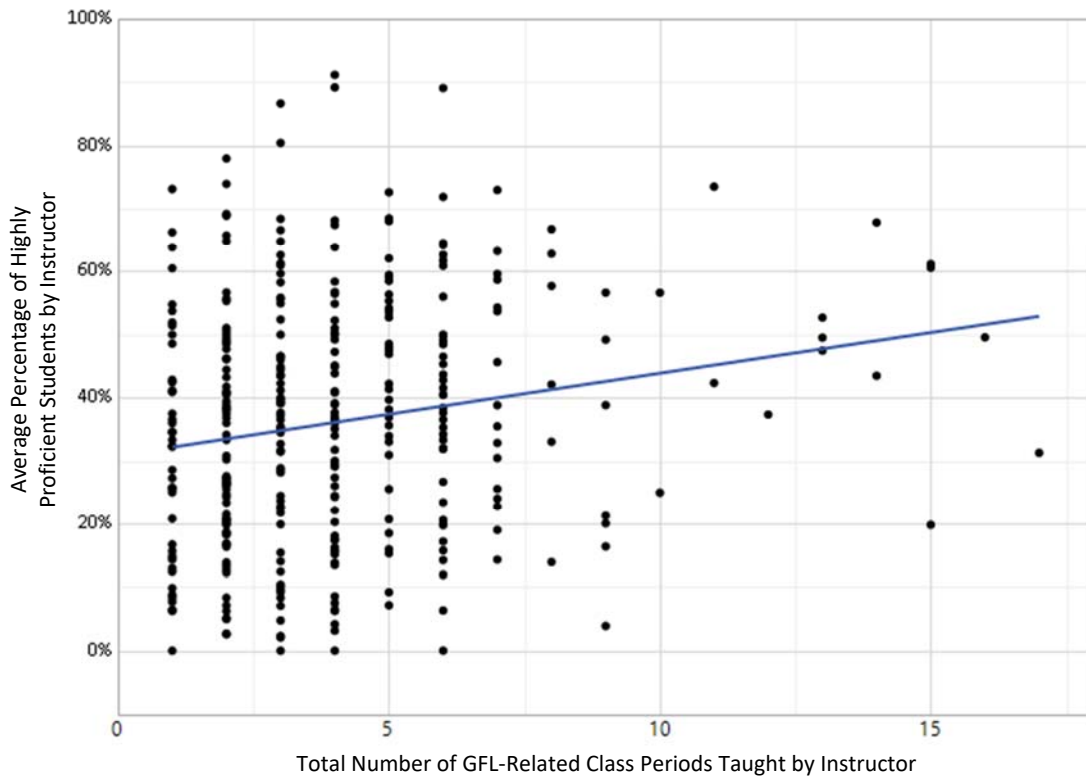
In addition, the results of the GFL Assessment are not being reported to school administrators who make staffing decisions. Indeed, most principals and administrators appeared unaware of the existence of the GFL Assessment, let alone student achievement on this test. Furthermore, the results of the GFL Assessment are not shared with the general public. GFL has no connection to school grades nor is it part of any school progress reports. If GFL is a priority, it would be natural to include each school’s results on the GFL Assessment on that school’s report card. While the scores may not be part of the formula used to calculate a school’s grade, including the results would increase the visibility of GFL education outcomes.

This lack of knowledge can lead to the perception that GFL instruction is not important or doesn’t matter. It definitely indicates a lack of concern about continuous improvement.

## Instructors That Teach Multiple GFL Classes Appear to Have Slightly Better Average Student Achievement

GFL Assessment data shows a slightly positive relationship between the number of GFL classes that an instructor teaches and the number of highly proficient students. Our analysis shows that instructors who teach more GFL classes have slightly higher student achievement averaged over 3 school years (Figure 5).

**Figure 5. Teacher Class Load versus Student Achievement**

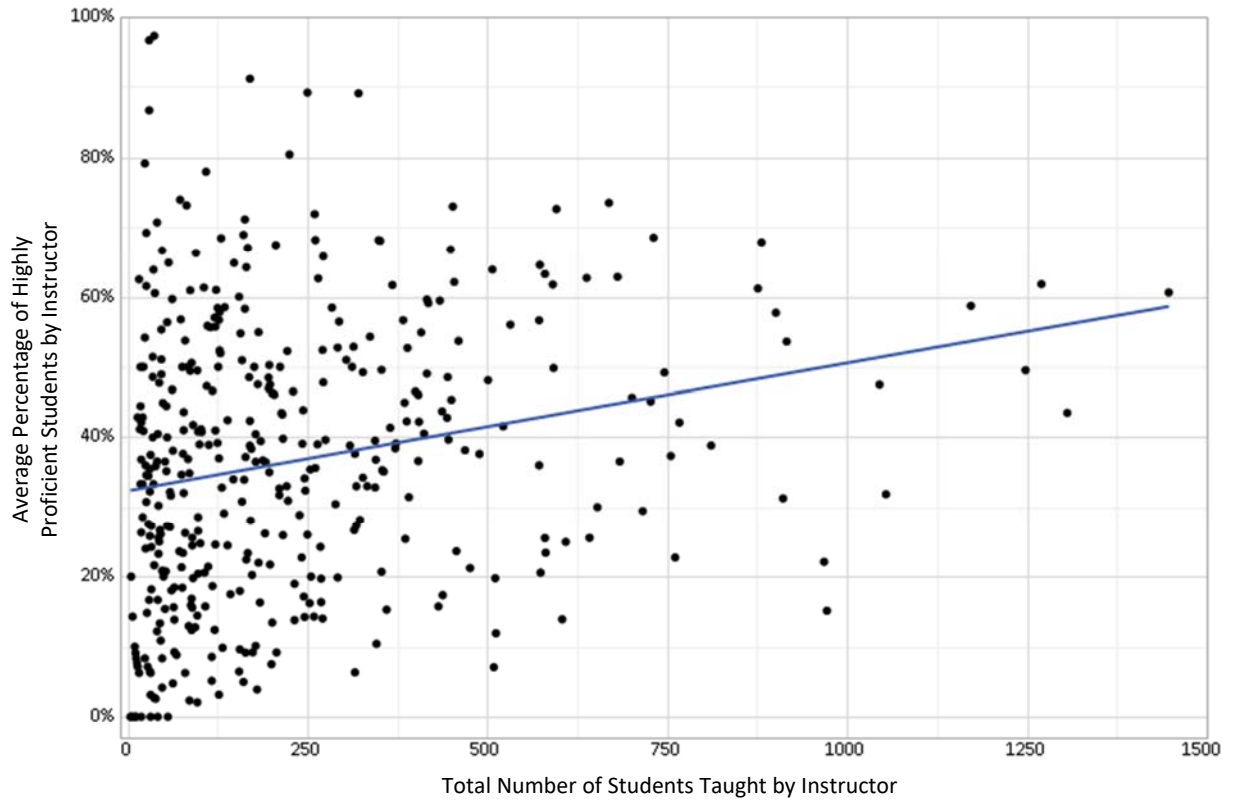


This should indicate concern for what appears to be a common practice of administrators assigning one or two GFL courses to instructors that needed to “fill up” their teaching schedule. Not only did some GFL instructors express frustration with this practice, but our analysis also indicates that this practice may have a negative impact on student achievement.

The relationship between the number of classes GFL taught by an instructor and GFL Assessment results lacked some clarity due to how LEAs provide data on course periods to the USBE. The format and quality of data provided to the USBE varied widely. For example, some schools count terms and others count trimesters, some schools count normal financial literacy courses and others count concurrent enrollment courses, some courses are a full-year long while others only last one semester. As such, in addition to using the course period data provided to us by the USBE, we also analyzed the number of students tested by instructors.

Both charts show an increase in high proficiency achievement on the GFL Assessment as the number of classes and number of students taught by a single instructor increases (Figure 6).

**Figure 6. Teacher Student Load versus Student Achievement**



## The GFL Assessment is Not Offered to All Students

Certain aspects of this report were based on the results of the GFL Assessment over a 2-year period, which was taken by 67% of students who earned GFL credit and took the GFL Assessment. (See Table 2.)

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**Table 2. Percentage of Students Tested for GFL**

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School Year	Students with GFL Credit	Students Tested	Percent Tested
2015-16	44,355	29,431	66.353%
2016-17	47,176	31,661	67.113%
<b>Total</b>	91,531	61,092	66.745%

There were various reasons why the remaining 33% did not take the GFL Assessment:

- Not all instructors administered the test. Of the instructors responding to our survey, only 83% reported administering the test. Sometimes, this appeared to be the case across the entire local education agency (LEA); but more often, this appeared to be limited to certain instructors within an LEA. Some instructors did not know about the GFL Assessment, as indicated by the following answers to our survey questions:
  - “I was not aware that any testing was necessary for this course.”
  - “Where do I find the exam?”
  - “I have no information on this exam. I was not aware of it but would have administered it if the information was available to register and have students take it.”
- Some students took the course through an online source that did not administer the GFL Assessment (e.g. BYU Independent Study).
- Some students took the course through a packet program that did not administer the GFL Assessment.
- Some students chose to opt out of the GFL Assessment.
- Some instructors offered a different end-of-level assessment rather than the GFL Assessment when they taught an alternative course (e.g. Adult Roles, Math of Personal Finance) that met the GFL graduation requirement.

## **Lack of Ownership and Adequate Oversight of GFL Instruction Because GFL Does Not Readily Align With the Traditional Organizational Structure of Schools**

Because GFL fails to fit within the traditional organizational structure of many schools, we observed a lack of ownership and adequate oversight of GFL instruction. This may be exhibited in questions regarding who to approach within the school or LEA about course issues, lower priority regarding funding for supplies, departmental collaboration rather than collaboration among GFL instructors, lack of understanding student performance and instructor assessment, or a weak instructor support and evaluation strategy.

Within a traditional public high school, subjects are typically divided into departments which teach courses common to those subjects. For example, geometry, algebra, calculus and other math classes are typically taught by the math department with the math department overseeing the instructors of those courses. Each department generally has a department head who meets with school administrators in both a collective group and individually to discuss how best to meet the instructional needs of the instructors in that subject. The department heads may be given a budget that can be used to provide instructional materials and basic instruction tools.

However, since its inception, GFL has not fit neatly within this traditional structure. Initially, there was concern that staffing the position in schools might be difficult, and a broad definition of who was qualified to teach the class brought instructors from a variety of curricular backgrounds to teach the class. In schools throughout the state, GFL instructors may be classified in the social studies, CTE, or math departments. Similarly, GFL operates as a stand-alone class within some schools. Often, departmental connections are based on the background of the instructors. Historically, some schools had GFL classes taught by instructors from different departments during the same school year.

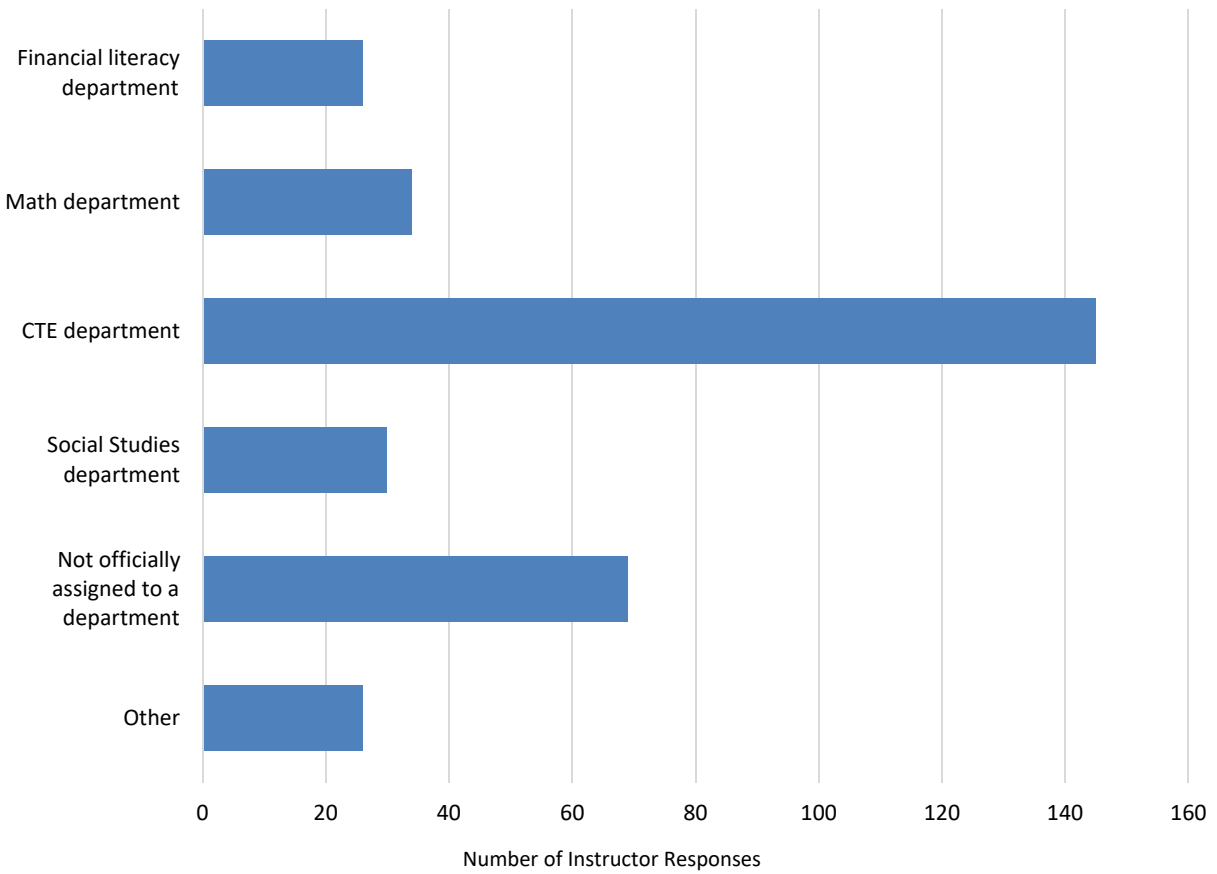
In many schools, GFL is assigned to the CTE department. However, GFL is not recognized by the USBE as a CTE course. CTE funding formulas generally do not extend to a GFL class or instructor. A majority of both principals and instructors we interviewed or surveyed indicated that GFL would best fit within the CTE department. This likely arises from the fact that many Business & Marketing instructors also teach GFL. In one interview, a principal stated, "I think the biggest weakness of Financial Literacy is that it hasn't been endorsed as a CTE Program, it often gets overlooked. There is nobody that is looking after the class. It is without a home. I'm not sure why Financial Literacy has not been brought under the umbrella of CTE, but from my perspective the best thing for this class would be to bring Financial Literacy under the CTE umbrella."

Figure 7 shows how instructors report GFL alignment within their schools, while Figure 8 shows how it is aligned within their LEAs.

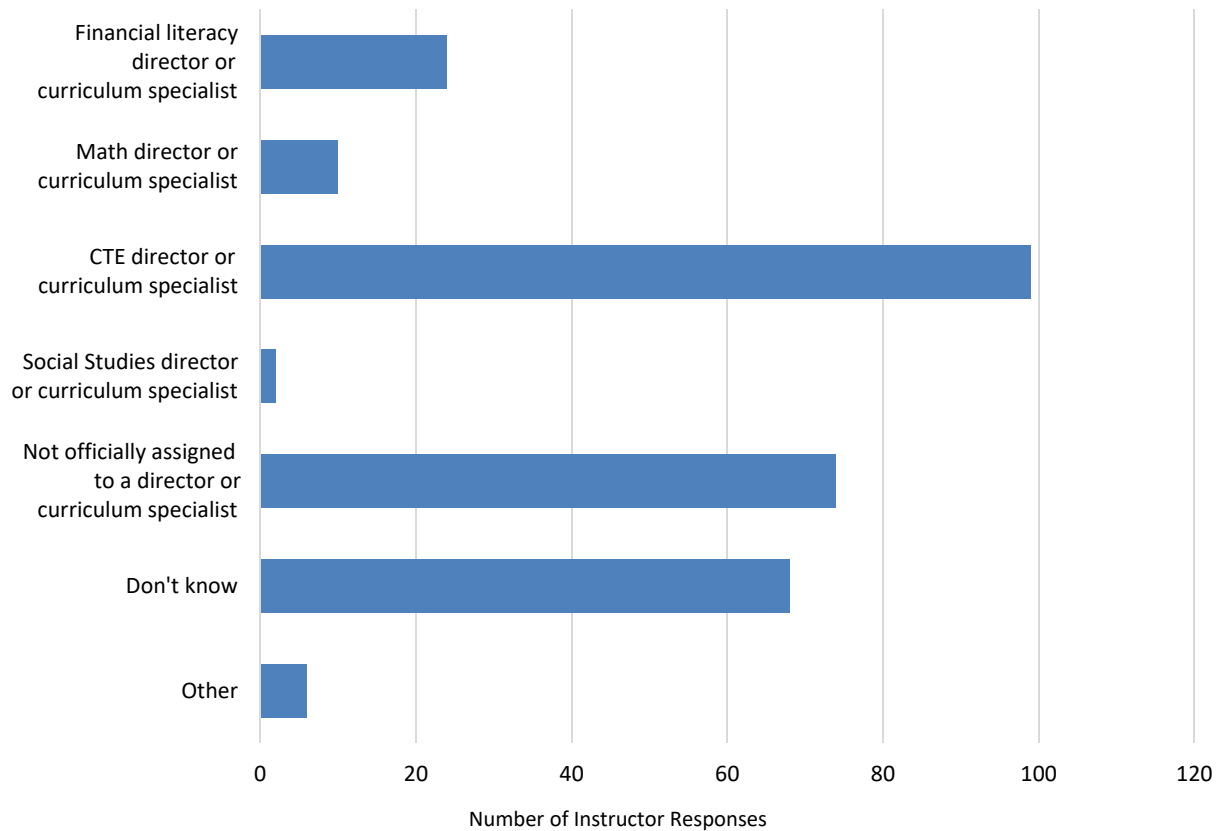
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**Figure 7. How is financial literacy integrated into your school's organizational structure?**

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**Figure 8. How is financial literacy integrated into your LEA/district organizational structure?**



### GFL Classes Appear to be Funded on an Ad Hoc Basis

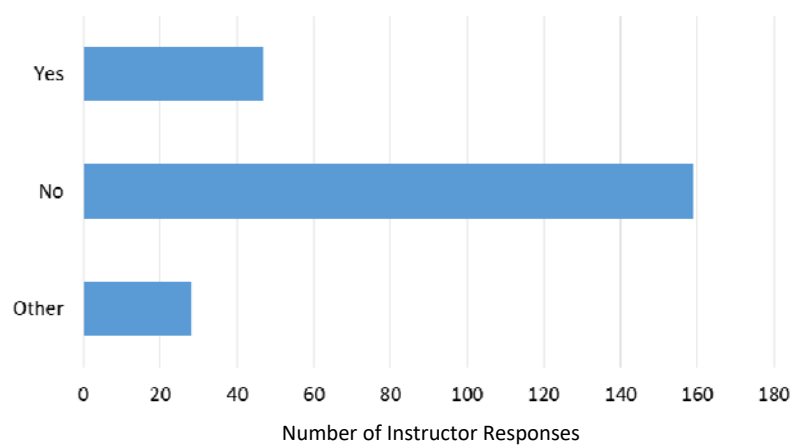
In most cases, we found that instructors of GFL were not assigned a department budget or did not have access to department budgets with which they were affiliated (Figure 9). Principals indicated that instructors could request funds when needed. However, the response to requests depended on funds available and the opinion of the administrator approving the expense. We also found that GFL was often not a part of the rotation for textbook replacement and other curriculum material updates. None of the instructors, principals, or district administrators we interviewed discussed a targeted budgetary objective for GFL. In other words, we saw no strategic plan driving GFL spending to accomplish specific student or school objectives.



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**Figure 9. My financial literacy classes have a set budget assigned to me**

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### Staffing GFL Classes Appears to be a Source of Frustration for Many Principals

Principals expressed several concerns they encounter when attempting to staff GFL classes with existing faculty, including:

- Resistance to change
- Instructor lack of content knowledge
- Instructor lack of passion for the subject
- Instructor preference for teaching subjects more in alignment with their expertise
- Assumption that legislature would repeal mandate and class would go away

In some cases, principals use the class to fill an instructor’s schedule rather than finding a knowledgeable or passionate GFL instructor. Our review of the GFL Assessment results would indicate that the practice of assigning only one or two courses to an instructor resulted in lower student outcomes.

When principals attempt to staff GFL classes with new applicants, they indicate they experience a lack of “qualified” applicants. Principals expressed that some applicants have industry experience and knowledge of the subject matter, but lack teaching experience. Conversely, applicants with teaching experience often lack industry experience and knowledge of the subject matter. We could not identify any instructors that were training to teach GFL, and we found no Utah college programs specifically preparing potential instructors to teach GFL. Most principals who had recently hired a new GFL instructor hired an applicant that would require an Alternative Route to Licensure (ARL). Several principals indicated that ARL instructors will require extra support to be successful compared to licensed instructors. Whether these principals’ perceptions are accurate, it does color their perception of the quality of their applicants.

# Instructor Focus

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## Students Taking Concurrent Enrollment GFL Courses Appear to Have Better Outcomes

Students enrolled in classes that offer concurrent college credit performed better on the GFL Assessment averaged over 3 school years (see Table 3). We were unable to identify the underlying causes which drive this trend. However, one potential factor may be that higher-achieving students select to earn concurrent enrollment credit. Another factor may be that some university concurrent curriculum may add academic rigor to the GFL Standards. Likewise, the concurrent enrollment approval and oversight process may result in more effective instructors being granted approval to teach those classes.

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**Table 3. Concurrent Enrollment Correlated With Improved Student Outcomes**

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Concurrent Enrollment	Students	Highly Proficient	Proficient	Not Proficient
Yes	21,418	50.1%	33.8%	16.2%
No	71,621	38.5%	35.2%	26.3%

## Lack of Consistent, Meaningful Collaboration Among GFL Instructors

Too often, it appeared that GFL instructors were largely left to “sink or swim” on their own merits and accomplishments without meaningful support across Utah’s system of public education. The concepts of collaborating and benchmarking to improve the quality and effectiveness of one’s teaching are important for continuous improvement.

While some LEAs have formal collaboration programs, others lack such programs. Regardless, there appears to be a lack of consistent collaboration in regards to GFL instruction among instructors both within schools and between schools. In-school collaboration appears fragmented and inconsistent. GFL instructors who teach multiple classes on different subjects, appear to often collaborate with only those instructors teaching core subjects within their own schools. Efforts to bring GFL instructors together from different schools likewise seems inconsistent. Some instructors we interviewed were not aware of GFL collaboration groups meeting regularly within their own school district. In fact, instructors in two high schools were unaware that the top GFL instructors within their large LEA were in a neighboring school, just a few miles away.

## New Instructors Overwhelmed by Available Resources but Lack Curated Lesson Plans

Many new GFL instructors mentioned the wealth of GFL content but were overwhelmed with trying to distill that content into effective lesson plans. Instructors indicated that sifting through content to find what is most relevant to developing lesson plans is an arduous task. There are several websites instructors cited as being a help as they develop curriculum. We identified 12 unique sources dedicated to providing financial literacy resources.

Tenured GFL instructors have been able to use these various sources to develop a curriculum that addresses the GFL Standards. In one district, a GFL instructor prepared a complete set of lesson plans and support materials which were shared with instructors within that school cluster (region of the district). This curriculum was used by a new instructor with limited GFL content knowledge, resulting in above average student outcomes. In other words, limited instructor knowledge and experience was overcome by an effective turn-key curriculum.

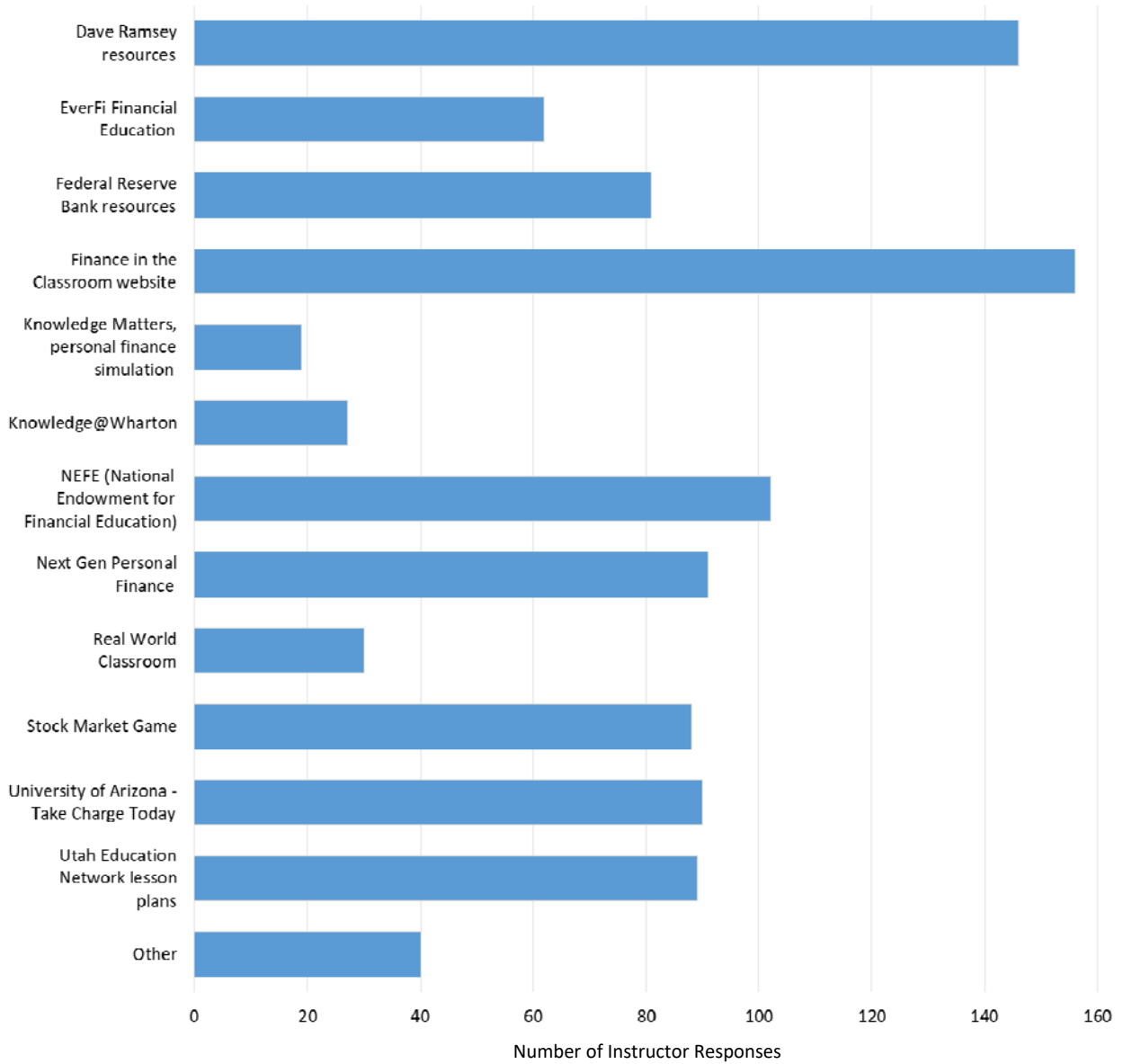
In an attempt to reduce redundancy and ease the workload of onboarding new instructors, superior GFL lesson plans should be deployed. The USBE program specialist should facilitate the sharing of lesson plans and support materials from instructors with a proven history of high achievement<sup>9</sup>.

In our survey, instructors were asked to identify the resources they had used in developing GFL lesson plans from a list of common resources (see Figure 10).

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<sup>9</sup> The website [financeintheclassroom.com](http://financeintheclassroom.com) is a source that has been used for this purpose but has become stale with a lack of updates. Instructors expressed that they would like to see a central location of resources available to Utah GFL instructors. Currently Utah Education Network (UEN) owns the domain [financeintheclassroom.com](http://financeintheclassroom.com); however, Finance in the Classroom was trademarked by Utah State University Extension approximately 12 years ago.

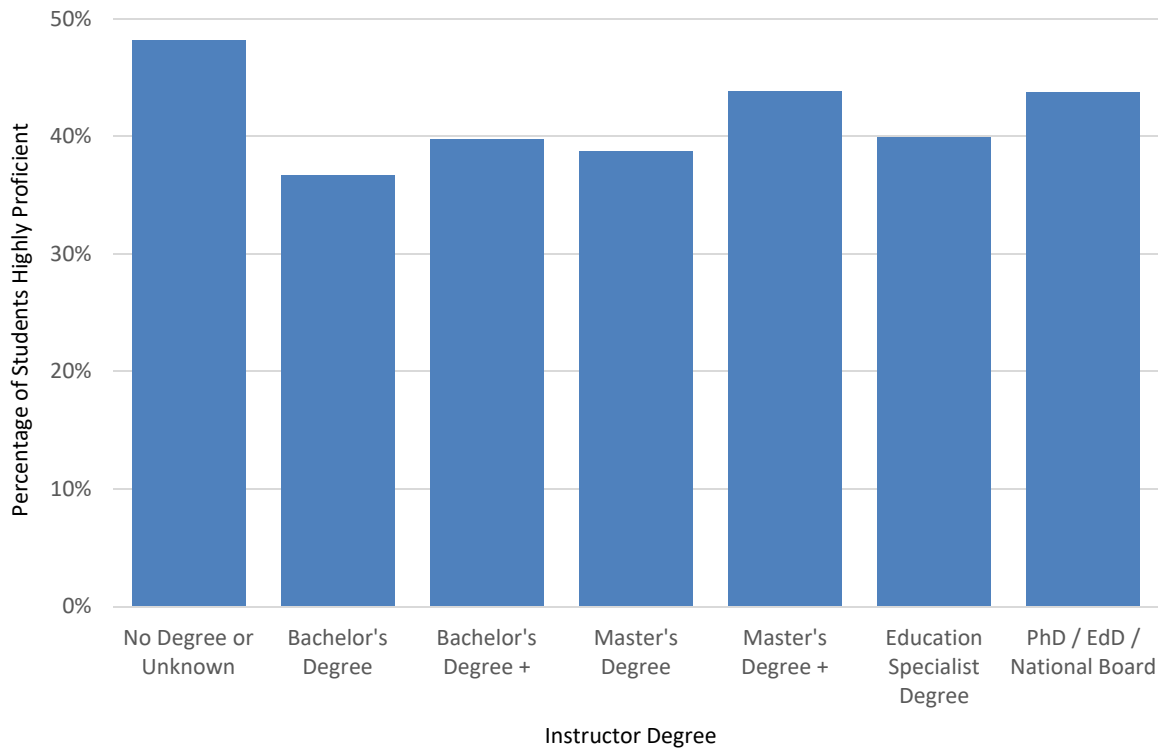
**Figure 10. List of Common Resources Used by GFL Instructors**



## Instructors' Education and Experience Did Not Translate Into Significantly Improved Student Achievement

Our analysis of the GFL Assessment results indicates that a GFL instructor's level of education had little discernable impact on student outcomes (Figure 11). In other words, whether a GFL instructor has a Bachelor's degree or a PhD did not result in meaningful variances in student achievement. Similarly, the amount of time a GFL instructor had spent in the classroom prior to teaching GFL, or whether the GFL instructor pursued an Alternative Route to Licensure (ARL), appeared to have little impact on student performance (Figure 12).

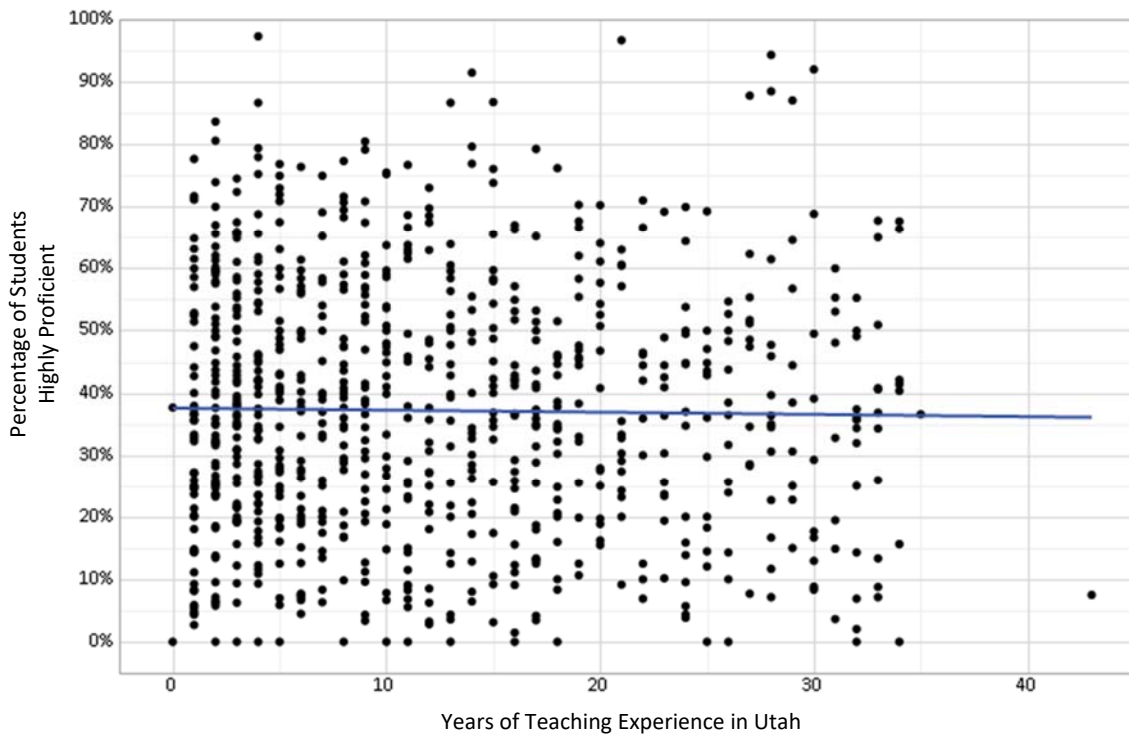
**Figure 11. Percent of Highly Proficient Students versus Instructor Educational Experience**



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**Figure 12. Percent of Highly Proficient Students versus Years of Teaching Experience**

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### **Instructor’s Background in Business or Finance Did Not Consistently Improve Student Achievement**

Based on a limited evaluation, it does not appear that an instructor’s background in business or finance was correlated with higher student outcomes. In the interviews we conducted, we asked instructors about their business background. Our comparison of the information obtained from these interviews to the GFL Assessment data showed that instructors with significant business background resulted in a wide range of student outcomes. Further analysis into an instructor’s background in business or finance and any impacts on student outcomes would need to be done. Several principals expressed their feelings that an instructor’s ability to relate to students is more important than how experienced they were with the curriculum.

## Many GFL Instructors Receive Limited Feedback to Assess Their Performance

The GFL Assessment results lack insight into concepts, lack comparison across LEAs, and do not provide instructors with adequate feedback to improve their instruction.

R227-704-4 mandated that:

- A. The USBE shall provide to LEAs an online end of course assessment for general financial literacy which shall:
  1. be administered to every student who takes the general financial literacy course,
  2. be aligned with general financial literacy revised core standards and objectives, and
  3. be measured and analyzed at the school, district, and statewide levels.

The GFL Assessment is administered by the same company that administers assessments for Utah's CTE classes. However, GFL results provided to instructors to assess student performance have been limited relative to that provided for CTE classes. There are some common reports that both CTE and GFL can produce. However, there are several reports available for CTE exams that are not available for the GFL Assessment. Instructors expressed that they make an effort to use the assessment to adjust curriculum as needed, but expressed that because of the lack of feedback it can be difficult to know how best to adjust the curriculum. An instructor that teaches both CTE and GFL expressed, "With CTE classes I can see the reports and they are very helpful seeing which strands they struggle with, so I can upgrade curriculum in that area, but with Financial Literacy, I can't see any reports..." Several instructors that teach both CTE classes and GFL classes expressed concern with the difference in access to reports. They felt the same access to CTE-type information could provide better feedback to assess the GFL Assessment. (See Appendix B for an analysis of LEA, School, and Instructor GFL Assessment results.)

Because of the limited feedback, instructors are often unaware of how their student outcomes compared to other instructors in their school district, or the rest of the state. Instructors can see their students' scores compared to a statewide average, but they cannot see how well their students performed relative to the students of other instructors or relative to a statewide distribution of scores.

# GFL Assessment Focus

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## GFL Assessment Needs Significant Improvement

A panel of employees from the Office of the State Auditor, Office of the State Treasurer, and the Utah State Board of Education reviewed the questions on the GFL Assessment. They agreed on the following concerns:

- The test is too long. There were 75 questions, with several redundant questions.
- Some questions appear to be math problems that do not test the strands/standards of the GFL course.
- Some questions were unclear, and could easily be confusing to students taking the test.
- Some questions appeared to have multiple “correct” answers when only one was allowed.
- Some questions appeared to have no “correct” answer when one was required.
- The test seems to give more emphasis to certain strands more than other strands.

## GFL Assessment Data Quality Should be Improved

The GFL data reported to the USBE by LEAs varies in quality and accuracy. Following are examples of some issues contributing to the variance:

- There are over 180 course short titles for GFL courses.
- Despite the requirement, the GFL Assessment is not offered to all students.
- LEAs submit their data to the USBE at different times.
- It appears that some students have taken the GFL Assessment more than once.
- Some LEAs submit data which is incomplete.
- The USBE does not perform a periodic review to assess data quality.

It is readily apparent that the USBE has not used GFL Assessment results in a meaningful way to assess the effectiveness of GFL instruction. It has been our experience, when organizations use their data to guide decision making and operations, the quality of data improves.



# Recommendations

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We recommend:

1. USBE report GFL proficiency to strengthen school accountability.
2. USBE expand GFL Assessment reporting to at least match the level of detail of CTE assessment reporting.
3. USBE periodically review GFL enrollment and assessment data quality.
4. USBE share superior GFL lesson plans with all GFL instructors.
5. USBE consider whether GFL should be aligned within the CTE program.
6. Administrators and instructors identify and implement strategies to strengthen financial literacy for low-performing subgroups.
7. Administrators and GFL instructors implement extensive continuous improvement with meaningful collaboration, feedback, and assessment.
8. Administrators ensure GFL instruction has meaningful administrative oversight.
9. Administrators use financial resources to actively drive strategies to strengthen financial literacy.
10. GFL instructors offer the GFL Assessment to all students who take GFL classes from a Utah public high school.

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## STRANDS AND STANDARDS

### GENERAL FINANCIAL LITERACY

#### Course Description

The General Financial Literacy course for juniors and seniors encompasses standards that are essential to the development of basic financial literacy. Students will gain the information and skills to implement a life-long plan for financial success.

<b>Intended Grade Level</b>	11-12
Units of Credit	0.5
Core Code	01.00.00.00.100
Concurrent Enrollment Core Code	01.00.00.13.100
Prerequisite	None
Skill Certification Test Number	N/A
Test Weight	N/A
<b>License Type</b>	CTE and/or Secondary Education 6-12
<b>Required Endorsement(s)</b>	
Endorsement 1	General Financial Literacy
Endorsement 2	N/A
Endorsement 3	N/A

## STRAND 1

**Students will understand how values, culture, and economic forces affect personal financial priorities and goals.**

### Standard 1

Analyze the role of cultural, social, and emotional influences on financial behavior.

- Evaluate the role of emotions, attitudes, and behavior in making financial decisions.
- Recognize that individuals are responsible for their own financial decisions and for subsequent positive and negative consequences.
- Relate instant satisfaction and delayed gratification to impulse buying and planned expenditures.
- Describe the influence of social pressure and marketing strategies as related to purchasing decisions.
- Explain how scarcity of financial resources affects wants and needs.
- Understand the law of supply and demand as a major economic force.
- Understand that the study of economics is a social science and personal finance is a subset of that social science.

### Standard 2

Define a rational decision-making process and the steps of financial planning.

- Define *opportunity cost* (tradeoffs) and their role in decision making.
- Describe a rational decision-making process.
- Identify short- and long-term financial decisions and the impact they have on financial planning.
- Define the elements of a financial plan.

### Standard 3

Explain how setting goals affects personal financial planning.

- Identify spending habits and their connection to personal financial values.
- Identify and create short- and long-term financial goals.

## STRAND 2

**Students will understand sources of income and the relationship between career preparation and lifetime earning power.**

### Standard 1

Identify various sources of income and specific employability skills.

- Identify sources of income such as, wages, commissions, investment income, benefits, inheritance, and gifts.
- Evaluate and compare career opportunities based on individual interests, skills, and educational requirements; the value of work to society; income potential; and the supply and demand of the workforce, including unemployment.
- Compare the risks and rewards of entrepreneurship/self-employment.

- Compare income to the cost-of-living in various geographical areas and the impact it has on purchasing power.
- Understand the effects of state, local, and federal taxes and voluntary deductions on wages and income, the difference between gross and net income, and the similarities and differences between wages and income.

### Standard 2

Understand and begin preparation for career and post-high school training.

- Recognize and explore the correlation between education, training, and potential lifetime income.
- Calculate the costs of post-high school training options and analyze the return on investment (ROI) based on career choices, including understanding the cost differences between public and private, and between nonprofit and for-profit education and training.
- Identify sources of funding to assist in post-high school education opportunities and the cost of repayment.
- Understand the use and advantages of 529 plans and the benefit of planning early for paying for the cost of post-secondary education and training.
- Understand the process for and benefits of FAFSA completion.
- Utilize the FAFSA4caster to explore the FAFSA process. Seek guidance from school counselors.
- Identify components to be included on a resume and/or electronic professional profile, such as appropriate contact information; educational, work, and volunteer experience; skills; certificates obtained; accomplishments; interests; and references.
- Identify sources and strategies for and benefits of networking for finding employment, whether for summer jobs or full-time career placement.
- Understand basic employment forms and processes, including W-2, W-4, and I-9.

## STRAND 3

**Students will evaluate saving methods and investment strategies.**

### Standard 1

Describe and discuss financial institutions, and demonstrate how to manage personal financial accounts.

- Explain the role of the Federal Reserve, the Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Association (NCUA).
- Compare the roles of financial institutions and their services, such as banks, credit unions, investment or brokerage firms, insurance companies, and loan agencies.
- Demonstrate how to manage checking/debit and saving accounts, both manually and/or electronically, including reconciliation.
- Describe available consumer banking technologies.



## Standard 2

Discuss the dynamics of saving and investing.

- Explain how paying yourself first (PYF) early and often influences positive progress toward long-term financial goals.
- Identify and understand basic saving options such as savings accounts and Certificates of Deposit. Understand that savings are designed to preserve principal.
- Identify and understand investment options, including retirement planning, long- and short-term investments, and dividend re-investment plans. Understand that investments put principal at risk.
- Identify types of long-term retirement investments, such as IRA, Roth IRA, 401(k), and 403(b), as well as reasons to invest.
- Demonstrate time value of money (TVM) principles by using the rule of 72 and by manipulating the five variables used in basic TVM calculations.
- Discuss the long-term investment potential associated with the stock market, focusing on fundamentals such as diversification, risk/reward, and investor behavior.
- Identify and define the types of financial risks, including inflation, deflation, and recession.

## Standard 3

Understand the role of risk management in asset protection.

- Discuss the purposes of insurance/risk management.
- Define common insurance options and their purposes, such as automobile, health, home owner/renter, whole/term life, long-term care and disability.
- Define terms of a basic insurance policy, such as contract, limits of coverage, premium, deductible, grace period, and lifetime limit.
- Discuss insurance needs at different stages of life.
- Understand identification and designation of beneficiaries.

## STRAND 4

**Students will understand principles of personal money management including budgeting, managing accounts, and the role of credit and impacts on personal finance.**

### Standard 1

Identify and explain the process of budgeting based on calculated income.

- Develop a budget.
- Identify and prioritize fixed, variable, and periodic budget categories.
- Emphasize the importance of proactive budget priorities, such as pay yourself first, emergency/opportunity fund, insurance, and charitable or other voluntary contributions.
- Discuss the pros and cons of charitable giving.
- List ways and examples of charitable giving.
- Compare tools for tracking of a budget, income and expenditures, such as the envelope system, paper tracking, and online or software options.

- Emphasize the importance of comparison shopping, buying strategies, negotiation, and sales and marketing strategies in purchasing.
- Identify the process, rights, and responsibilities relating to renting, leasing, and purchasing a home.
- Identify the process, rights, and responsibilities relating to renting, leasing, and purchasing a vehicle.
- Understand the similarities and differences between “principal” and “interest” on an amortization schedule.
- Explain the purpose of co-signers and collateral when applying for a loan.

### Standard 2

Describe and discuss the impact of credit and debt on personal money management.

- Discuss the purpose and role of credit and explain the value of building and maintaining a healthy credit rating, including elements of creditworthiness: character, capacity, capital, collateral, and conditions.
- Explore and discuss the pros and cons of basic types of credit, such as unsecured vs. secured credit, credit cards, installment loans, revolving credit, student loans, and predatory lenders.
- Describe the risks and responsibilities associated with using credit, such as APR, grace period, late fees, finance charges, default rates, interest, and closing costs.
- Understand principal and interest calculations.
- Calculate how long it takes to repay debt by making minimum payments on installment loans and revolving accounts.
- Locate and use online calculators to determine how principal and interest aggregate monthly for long-term debt such as mortgages, vehicles, personal loans, and credit cards.
- Evaluate the costs and risks of payday and predatory lending.
- Describe the personal and societal effects of bankruptcy and identify circumstances that lead to bankruptcy, such as uninsured medical costs, family break-up, or loss of job.

### Standard 3

Explain and understand credit reports and scores.

- Identify the three major credit bureaus.
- Understand the legal right to a free annual credit report (AnnualCreditReport.com).
- Evaluate and identify components of a credit report, including derogatory remarks, and the warning signs of credit abuse, such as late fees, missed payments, collection notices, and bounced checks.
- Explain the potential consequences of checking account mismanagement, such as non-sufficient funds (NSF) handling, overdraft processing, and the role of ChexSystems.

#### Standard 4

Define rights and responsibilities of buyers and sellers under consumer protection laws.

- Understand financial contracts tied to consumer purchases, such as cell phone, cable or satellite plans, and membership fees.
- Discuss the negative impacts of predatory and payday lending practices.
- Identify ways to avoid identity theft and fraud, such as securing sensitive financial data, using care when participating in online commerce, avoiding phishing and pharming, and properly disposing of sensitive documents.
- Understand how to recover from fraud and identity theft.
- Discuss ways to avoid financial schemes such Ponzi schemes and other questionable and illegal practices.
- Describe the negative consequences of gambling and playing the lottery.
- Identify the pros and cons of online commerce, including how to conduct transactions safely.

#### Standard 5

Understand the role of government in protecting the consumer.

- Explain the purposes and features of consumer protection laws.
- Identify federal and state entities that exist to protect consumers from forms of fraud and abuse.



## Distribution of High Proficiency on GFL Assessment

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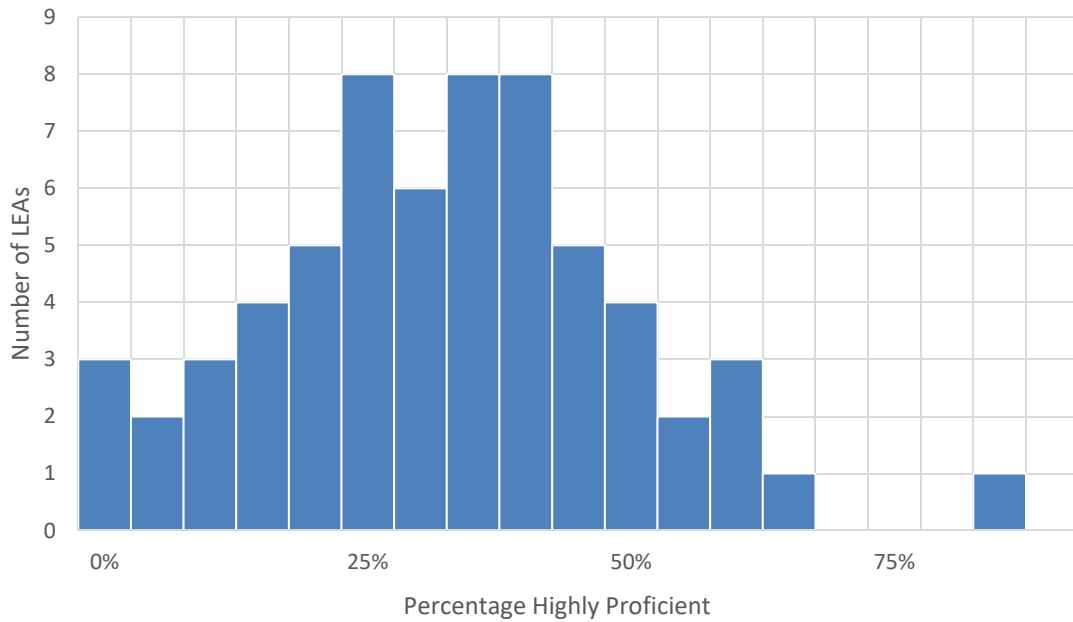
### Percentage of Highly Proficient Students by LEAs, Schools, and Instructors

The following figures show the distribution of students achieving high proficiency on the GFL Assessment by LEAs (Figure 13), Schools (Figure 14), and Instructors (Figure 15)

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**Figure 13. Percentage of Highly Proficient Students by LEAs**

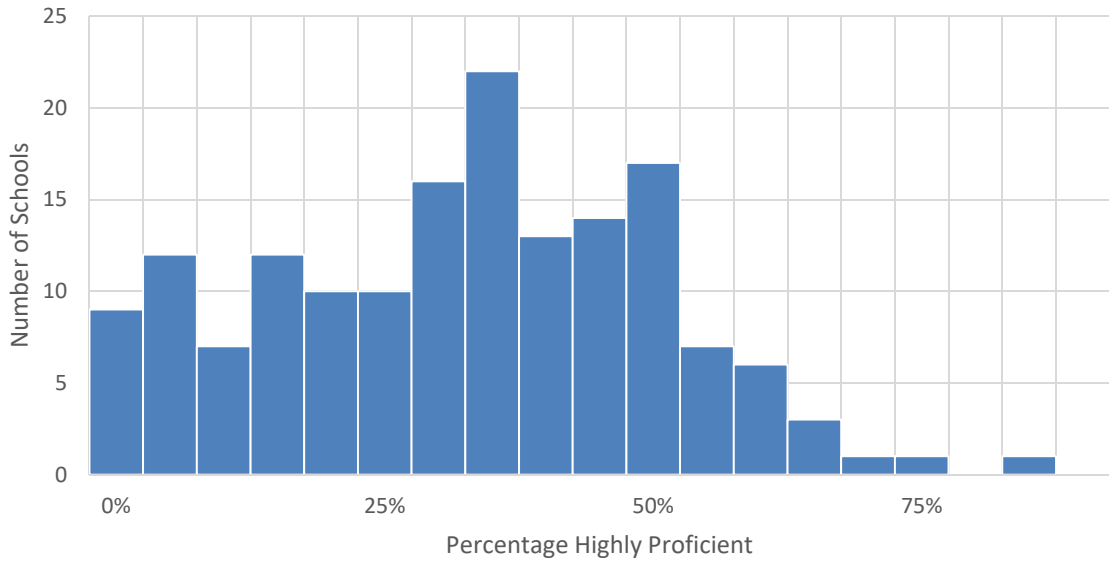
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**Figure 14. Percentage of Highly Proficient Students by Schools**

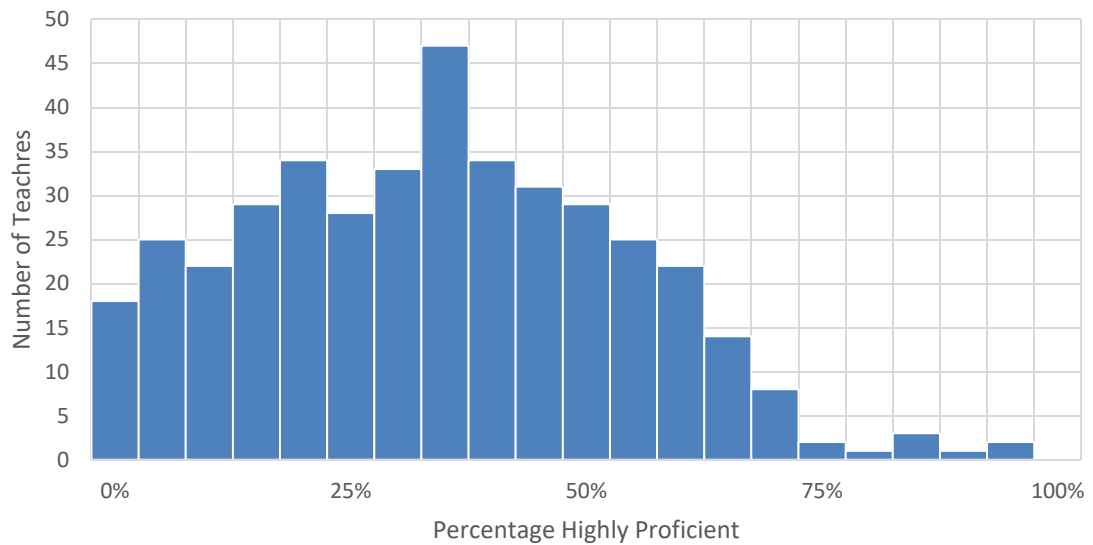
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**Figure 15. Percentage of Highly Proficient Students by Instructors**

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## Top Instructors Based on Percentage of Highly Proficient Students

Table 4 shows the top 10 instructors based on the percentage of students they taught who achieved high proficiency on the 2016-2017 GFL Assessment.

**Table 4. Top Instructors Based on Percentage of Highly Proficient Students**

Instructor	School	District	Number tested	Percent Highly Proficient
Instructor 1	Sky View High	Cache District	88	94.3%
Instructor 2	Utah County Academy of Science	UCAS	129	91.5%
Instructor 3	Sky View High	Cache District	108	87.0%
Instructor 4	Box Elder High	Box Elder District	30	86.7%
Instructor 5	Manila High	Daggett District	15	86.7%
Instructor 6	Kanab High	Kane District	41	80.5%
Instructor 7	Park City High	Park City District	121	77.7%
Instructor 8	Skyline High	Granite School District	39	76.9%
Instructor 9	Viewmont High	Davis School District	93	75.3%
Instructor 10	Skyridge High	Alpine School District	194	75.3%



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October 4, 2018

Mr. John Dougall  
Office of the State Auditor  
Utah State Capitol Complex  
East Office Building, Suite E310  
P.O. Box 143210  
Salt Lake City, UT 84114-2310

Dear Auditor Dougall:

We appreciate the opportunity to respond to the recommendations in *Utah's General Financial Literacy Graduation Requirement, A Program Review*. The Utah State Board of Education (USBE) appreciates the recommendations as opportunities for improvement that will benefit the students and citizens of the State of Utah.

This report is complimentary to the work of the USBE Task Force on General Financial Literacy (GFL) and the Utah Council on Financial and Economic Education (UCFEE) in their respective roles as advisories to the USBE regarding the performance of the GFL program. The information and recommendations in this report will be helpful to the Task Force as program accountability is formally addressed in the following areas:

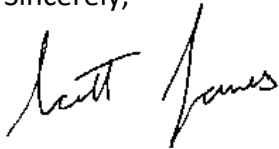
1. Design – the policies and procedures, and program guidelines that have been developed to direct achievement of the program's objectives. This would include timelines, definitions, processes, reporting, data, systems, etc.
2. Implementation – the training of applicable individuals at the USBE and local education agencies (LEAs), in both administrative and instructional positions, on the designed policies and procedures. This also speaks to the accessibility of designed regulations.
3. Operating Effectiveness – the monitoring and oversight of program performance and compliance at both the USBE and LEA levels.

The Task Force will be presenting their recommendations to the USBE in November 2018 which, to be comprehensive, will be inclusive of the recommendations in this report.

Mr. John Dougall  
October 4, 2018  
Page 2

The USBE is committed to continuous improvement and we appreciate the collaborative efforts of the OSA staff as we work together to ensure Utah students are prepared to succeed and lead in financial literacy.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Jones". The signature is written in a cursive style with a large initial "S" and "J".

Scott Jones  
Deputy Superintendent of Operations

cc: Sydnee Dickson, State Superintendent of Public Instruction  
Patty Norman, Deputy Superintendent of Student Achievement  
Debbie Davis, Director of Internal Audit