19 Ninth District counties rank among nation's poorest

May 1, 2006

Nineteen counties in the Ninth District rank among the 250 poorest counties in the nation, according to an annual report from the U.S. Department of Commerce's Bureau of Economic Analysis.

The report uses the latest available data—in this case, from 2003—to rank per capita personal incomes for all 3,111 counties in the U.S. Of the 250 counties with the lowest per capita incomes, most are located in southern states and 228 are classified as nonmetropolitan. Twelve of the 19 Ninth District counties that fall in the bottom 250 either encompass or adjoin an American Indian reservation. One of those counties, Ziebach in South Dakota, ranks as the second-poorest county in the U.S.

In addition to Ziebach, Ninth District counties that rank among the 250 poorest are Big Horn, Blaine, Carter, Glacier, Golden Valley, Musselshell, Petroleum, Powell, Treasure and Wheatland of Montana; Sioux of North Dakota; and Buffalo, Corson, Dewey, Jackson, Mellette, Shannon and Todd of South Dakota.

To view the full list of lowest-income counties, visit www.bea.gov/bea/regional/statelocal.htm and enter "Lowest Per Capita Personal Incomes" in the Search box.

HUD report reveals worst case housing needs

May 1, 2006

A recent report from the U.S. Department of Housing and Urban Development's (HUD) Office of Policy Development and Research confirms that housing costs are a severe hardship for millions of American families.

Affordable Housing Needs: A Report to Congress on the Significant Need for Housing uses 2003 data to estimate the number of U.S. households with worst case needs (WCN) for housing. WCN individuals are defined as unassisted renters with very low incomes—that is, incomes at or below 50 percent of the area median income (AMI)—who pay more than half of their income for housing or live in substandard housing. The report is the ninth in a series of WCN reports HUD has provided to Congress since 1991. This latest installment includes a new analysis of severe rent burden and its duration, based on data from the U.S. Census Bureau's Survey of Income and Program Participation.

According to the report, 4.89 percent of American families, or 5.18 million households, have WCN for housing. That proportion has remained fairly constant in recent years, hovering around 5 percent since 1991. For 91 percent of those households, the main housing issue is severe rent burden, not substandard conditions. Of the approximately 5 million WCN households, 2.76 million are white non-Hispanic, 1.04 million are black non-Hispanic and 1.04 million are Hispanic. About 20 percent of WCN households are elderly, 36 percent are families with children and nearly 80 percent are extremely-low-income, meaning their incomes fall at or below 30 percent of AMI.

The report indicates the distribution of WCN households is relatively even among major geographic regions in the U.S. However, very-low-income renters in the West are less likely to receive housing assistance and more likely to experience WCN for housing than renters in other regions. Across the U.S., more than one-third of very-low-income renters in central cities and suburbs have WCN for housing, while the proportion is about one-fourth in rural areas.

To access the report, visit www.huduser.org/Publications/pdf/AffHsgNeedsRpt2003.pdf.

FEDERAL RESERVE BANK OF MINNEAPOLIS

Lessons learned from a financial education pilot for Native youth

A pilot program at Oh Day Aki Charter School in Minneapolis shows that standard financial education materials can be adapted to benefit Native students in an urban setting.

May 1, 2006

AUTHOR

Richard M. Todd

Former Vice President and Advisor to the CICD

Being optimistic about their financial futures and having goals for making and managing money: these are two positive attitudes reported by Native[1/] students who participated in a financial education pilot at Oh Day Aki Charter School in Minneapolis. The pilot showed that standard financial education materials can be adapted to benefit Native students in an urban setting, despite pre-existing educational challenges that are typical of inner-city schools, such as high turnover and low reading skills. The pilot's sponsoring partners hope to build on the lessons learned in order to further promote financial education for Native youth.

A pilot with local and national goals

Oh Day Aki's pilot was a local affair, involving one teacher and about 100 middle and high school students. But it was also an important part of a national effort initiated through the Youth Initiatives Committee (YIC) of the Native Financial Education Coalition (NFEC).[2/] The YIC's goal in 2004-2005 was to evaluate how standard financial education curricula might be adapted to the cultural and other needs of Native students.

YIC members knew that many excellent curricula are available, because the committee includes representatives of curriculum providers such as the National Endowment for Financial Education (NEFE), Junior Achievement (JA), and the National Council on Economic Education (NCEE). YIC members also knew, from their Native representatives, that many Native communities see benefits in educational materials that reflect their cultural perspectives and other local needs. However, committee members stressed that no one curriculum could adequately reflect the hundreds of Native cultures and educational settings in the U.S.

The YIC's response was to create pilot financial education programs to evaluate the *process* of adapting standard curricula to the needs of Native youth in various locations. The idea was to meet immediate needs in participating communities while learning lessons that might be shared across Native America.

A plan for the first pilot

The NFEC relies on partnerships with other organizations, and this was clearly true in the design of the YIC's pilot programs. In early 2004, the Minnesota Council on Economic Education (MCEE) and the Community Affairs office of the Minneapolis Fed agreed to support NFEC financial education pilots in Minnesota. Several schools with high concentrations of Native students were contacted, including Oh Day Aki, where Social Science Teacher Bruce Turnbaugh was interested in expanding financial education in his seventh-through twelfth-grade social science classes. With help from a Beim Foundation grant to the MCEE that funded materials, training, mentoring, and student testing resources, the NFEC's first pilot for adaptation of youth financial education curricula was launched in spring 2004.

The pilot's sponsors created the following implementation timeline:

June 2004: MCEE trains Turnbaugh on using the NCEE's financial education curriculum, *Financial Fitness for Life* (FFFL). The NFEC provides additional financial education materials from its partners JA and NEFE.

August 2004: Turnbaugh writes new lesson plans that are based on the FFFL curriculum and other materials, but adapted for use at Oh Day Aki. The school's strategy regarding Native culture and learning is to create a supportive environment through schoolwide events and activities rather than culturally specific lesson plans. Accordingly, Turnbaugh relates many of his curriculum adaptations to practical or general socioeconomic factors, such as students' skill levels or limited exposure at home to money and financial instruments, rather than specific aspects of Native culture. An experienced MCEE trainer serves as Turnbaugh's mentor and provides feedback on his lesson plans.

September 2004 through June 2005: Turnbaugh teaches his seventh-, ninth-, eleventh- and twelfth-grade students from the new lesson plans. (For practical reasons and at Turnbaugh's suggestion, the same lesson plans were used for all four grade levels.) Before and after each financial education theme is taught, students take a standardized test that is provided and scored by the MCEE. Community Affairs staff meet regularly with Turnbaugh to document progress and help resolve problems.

After June 2005: The MCEE and Community Affairs summarize lessons learned about the process of adapting standard financial education curricula for use with Native youth.

Implementation challenges

The pilot's timeline was ambitious, and unanticipated difficulties delayed progress at times, but the broad outlines of the plan were followed.

Turnbaugh found the FFFL and other curricula easy to work with and relevant to his students without much modification. Still, the lesson-rewriting process was more time-consuming than expected. Only a partial set of new lesson plans was available when school began, so the timeline was modified to allow for further writing of adapted lesson plans as the year progressed. However, schoolwide changes in class schedules and pedagogy affected the new plan. The changes, adopted midyear as part of an effort to improve student achievement, included a significant reduction in the amount of time scheduled for financial education. They required Turnbaugh to divert time from the pilot to rewrite other lessons. Turnbaugh's experience supports the idea that financial education might be more sustainable when taught as a unit within a basic skills course, at least in small schools with limited resources.

The limited reading skills of many Oh Day Aki students also affected the pilot's implementation. Although Turnbaugh describes his students as bright and capable, particularly in higher-level thinking tasks, the school has low scores on basic achievement tests.

To improve his students' abilities, Turnbaugh stressed lesson plans based on reading and writing activities, leaving out many of the "active" or "out-of-seat" plans featured in standard curricula like FFL. He supplemented the MCEE's standardized multiple-choice tests with short-answer questions and essays based on practical economic or financial decisions the students had to make in everyday life. Turnbaugh found that the students' answers demonstrated learning and were useful for discussing key concepts. His experience also shows that successful financial education depends critically on an adequate foundation of basic skills. In other words, supporters of Native financial education may need to link their initiatives to broader efforts for general educational success in Native America.[3/]

Finally, high turnover rates among Oh Day Aki students further complicated the pilot's implementation and evaluation. They reduced the number of students who completed each financial education unit and took both the pre- and postinstruction tests.[4/]

Outcomes

Despite many challenges, the pilot improved students' knowledge and seemed to change their attitudes. Due to high classroom turnover, paired pre- and postinstruction test results are available for only 12 students, but these students' scores improved significantly. In preinstruction testing, they averaged 15.4 correct out of 50 multiple-choice questions, just above the 12.5 correct that could be expected from pure guessing. In postinstruction testing, they improved about 25 percent, to an average of 19.3 correct. This is an "above-average increase in understanding for students using such a pre- and post-test," according to MCEE Executive Director Claudia Parliament, who noted that one student doubled her score, to 94 percent correct on the post-test. Gains were concentrated among the eleventh- and twelfth-grade students.

Convinced the tests would not tell the whole story, Turnbaugh and Community Affairs staff designed a 20-question survey of attitudes toward personal finance. In spring 2005, Turnbaugh distributed the survey to 33 of his financial education students and a control group of 9 students in his eighth- and tenth-grade social studies classes, which had not received his financial education lessons. Those receiving financial education generally expressed more positive attitudes about taking control of their financial responsibilities. For the statement, "I am optimistic that I can be financially well off," 16 out of 33 students (48 percent) who had received financial education expressed agreement or strong agreement, versus only 1 of 9 (11 percent) in the control group. For the statement, "I have goals for how I will make and manage money," 30 out of 32 (94 percent) of the financial education students expressed agreement or strong agreement, versus 4 out of 9 (44 percent) in the control group. The small size of the control group makes it difficult to claim statistical significance for these differences, but the survey seemed to show a general pattern of more positive attitudes among those receiving financial education.[5/]

Lessons Learned

The pilot provided some lessons for other organizations that plan to adapt standard financial education curricula for use with Native youth. Some are mentioned above; the full list follows.

- Consider starting with standard curricula that are backed by reputable organizations and updated to meet state and national standards. The materials will likely be easy to use and in many cases will require minimal adaptation.
- Instead of attempting to write new, adapted lesson plans before using a curriculum for the first time, try teaching a standard curriculum once through, as is, despite potential cultural issues. Then, gradually make adaptations when you use the curriculum again. In addition, curriculum providers and/or the NFEC could supplement existing lessons with material that targets topics relevant to Native youth.
- Agree in advance on a realistic amount of time and a classroom format for the instruction, as last-minute changes are disruptive. Where time and resources may be limited, consider more modest but stable efforts, such as integrating financial education into courses like social science, mathematics, or life skills. Scale lessons and lesson planning to suit a realistic time limit and format, and allow plenty of time for writing new lessons.
- Tests and assessment tools may need as many or more adaptations than teaching materials. Consider using an attitude survey, either pre- and postinstruction, or with a control group, in addition to content-knowledge tests. Also, consider using simple, supplementary essay tests in addition to standardized multiple-choice tests.
- Keep in mind that high rates of student turnover can make the concept of preinstruction testing in the fall and postinstruction testing in the spring problematic. Pre- and post-testing with each individual curriculum unit is helpful, but not a cure-all.
- Recognize that charter schools offer both benefits and drawbacks for a pilot of this type. The independence that charter schools have in controlling their curricula is useful for adding topics like financial education. However, many charter schools are small and have limited resources, meaning careful attention must be paid to the choice of teaching format.
- If meeting essential reading and writing goals is a priority for the school, emphasize lessons that involve basic reading and writing skills over those that are more "out-of-seat" or hands-on.
- Support efforts to improve general educational and developmental outcomes in Native America, probably starting at or before birth. Low levels of basic skills impede all learning, including financial education.

The financial education pilot at Oh Day Aki has significantly advanced NFEC's understanding of what it takes to improve financial education for Native youth. NFEC and its partners are working to share and apply the lessons learned at Oh Day Aki even as they gain further knowledge from additional pilots that are planned for the Little Earth Community Center in Minneapolis; the Rosebud Indian Reservation in Todd County, South Dakota; and selected Boys and Girls Clubs in the southwestern region of the U.S.

1/ Preferences and practices differ regarding use of the terms "Native" (or "Native American") vs. "American Indian" when referring to North America's indigenous populations. We have used both terms in *Community Dividend*, depending on the context, and in this article we choose "Native" for consistency with the Native Financial Education Coalition, which sponsored the spotlighted education pilot.

2/ For more information about the NFEC, see www.nfec.info.

3/ For evidence that these broader efforts need to begin very early in life, see Early Childhood Development.

4/ This problem might be more severe in an urban school like Oh Day Aki than in many rural or reservation schools.

5/ Viewing each question in isolation, the differences in attitudes on the two questions quoted were the only ones considered statistically significant by conventional criteria. However, it is not necessarily appropriate to test each question independently, and joint tests often use conservative assumptions that make significance difficult to achieve with a small sample.

Charter school basics

Oh Day Aki Charter School in Minneapolis is part of a growing movement in K-12 public education. Charter schools are nonsectarian public schools founded by parents, teachers and community leaders. The "charter" in their names refers to the detailed contract the school's founders make with a sponsoring authority—usually, a local school board—that describes the school's mission, goals, and other features. Many charter schools are created to serve students from a specific ethnic or cultural group, as in the case of Oh Day Aki. Others are created to follow a particular educational vision, such as an arts-integrated curriculum or community-service emphasis, or simply to ensure involvement and accountability from parents and teachers.

State laws concerning charter schools vary, but there are a few relatively uniform provisions. Charter schools are publicly funded and cannot charge tuition or discriminate in their enrollment practices. They must employ certified teachers, administer state and national academic assessment tests and meet state graduation requirements. They otherwise enjoy far more autonomy than traditional public schools, leaving them free to design unique educational experiences for their students.

According to the Education Commission of the States (ECS), the total count of charter schools operating in 40 states, the District of Columbia and Puerto Rico is more than 3,000. In the Ninth District, the states of Michigan, Minnesota and Wisconsin have charter school laws in place (although Michigan refers to its charter schools as "public school academies"). In total, more than 500 charter schools operate in the three states.

For more information on charter schools, visit the ECS Web site at www.ecs.org and browse the alphabetized K-12 subjects under the "Education Issues" tab.

Minnesota homeownership initiative hires its first director

May 1, 2006

The State of Minnesota's Emerging Markets Homeownership Initiative (EMHI) recently announced the hiring of Shawn Huckleby as its first director. Huckleby, who previously served as a senior specialist with the U.S. Department of Housing and Urban Development, has extensive experience in the statewide and national housing and community development industries.

The purpose of EMHI is to dramatically reduce the gap in homeownership rates between Minnesota's white and minority populations by 2010. The initiative was launched in June 2004 by the Minnesota Housing Finance Agency, Fannie Mae and the Federal Reserve Bank of Minneapolis. It involves more than 50 stakeholder organizations, including state and federal government agencies, mortgage lenders, realty companies, home insurers and community groups. (For more information on EMHI's origins and partners, see "Homeownership initiative targets Minnesota's emerging markets" in *Community Dividend* Issue 2, 2005.) In June 2005, EMHI's organizers submitted a business plan to Minnesota Governor Tim Pawlenty that outlines 12 concrete strategies for closing the state's homeownership gap. The plan also sets a goal of creating 40,000 new minority homeowners by 2012.

As director, Huckleby serves as EMHI's key coordinator, contact and spokesperson and is responsible for leading the implementation of the initiative's business plan. His new role began on April 3.

FEDERAL RESERVE BANK
OF MINNEAPOLIS

Ninth District Jump$tart update

In several states in the Ninth Federal Reserve District, affiliates of the Jump$tart Coalition for Personal Financial Literacy have achieved notable successes or are making progress toward promoting financial literacy.

May 1, 2006

AUTHOR

Richard M. Todd

Former Vice President and Advisor to the CICD

The Jump$tart Coalition for Personal Financial Literacy, an 11-year-old organization that promotes personal financial education for young adults, recently organized a series of events to mark last April as national Financial Literacy Month. Festivities included an April 5 press conference at the Board of Governors of the Federal Reserve System in Washington, D.C., to announce results of Jump$tart's fifth biennial survey of high school seniors' personal finance knowledge. (See the sidebar below for key survey findings.)

Jump$tart's survey results and press conference focused national attention on the state of personal financial knowledge and education in the United States. However, much of Jump$tart's work is conducted locally, through its state affiliates. From that perspective, Jump$tart is prospering in the Ninth Federal Reserve District, where active affiliates in five of our six states have achieved notable successes or are making important progress toward promoting financial literacy. (Readers with an interest in launching a Jump$tart affiliate in the remaining state, North Dakota, are encouraged to contact Nancy Brown, Jump$tart's Western states coalition director, at nancynancybrown@aol.com or 719-473-8278.)

A summary of the news from the District's five Jump$tart affiliates follows. Web pages and contact information for each affiliate are available via the "State Coalitions" link at www.jumpstart.org.

Michigan Jump$tart was organized under the umbrella of national Jump$tart in 2000 and formally became an affiliate in 2004. It lists 25 financial, business, nonprofit, and government organizations as partners in its efforts. Among them is the Detroit Branch of the Federal Reserve Bank of Chicago. Sheila McKean of the Branch's Community Partnering Department serves as secretary of Michigan Jump$tart's board of directors, under Chair Erica Tobe, a Michigan State University Extension Service program leader. Last November, they helped Michigan Jump$tart hold an education conference for 120 teachers and other professionals at the Detroit Branch.

Minnesota has a longstanding Jump$tart affiliate that is in the process of reorganizing. In mid-2005, Jump$tart Midwestern and Eastern States Coalition Director William Cheeks helped convene a local steering committee and charged members (including this author) with reviving the Minnesota affiliate. As a result, a new board and officers are expected to be in place later this spring, with member meetings and a full range of activities to follow later in the year.

A **Montana** Jump$tart affiliate, the Montana Financial Education Coalition (MFEC), was launched in 2004 under the leadership of Sue Woodrow, who serves as Community Affairs senior project director at the Helena Branch of the Minneapolis Fed. The MFEC doesn't limit its scope to young adults; instead, it seeks to address concerns about "youth, adults [and] seniors learning how to handle money successfully." That's an ambitious agenda for a young organization, but Jump$tart Western States Coalition Director Nancy Brown notes, "The Montana coalition has the stability, sustainability and due diligence we want all our coalitions to have." (For more information on MFEC's formation and mission, see "Montana Financial Education Coalition gains momentum" in *Community Dividend* Issue 2, 2004.)

MFEC spreads its message through many channels. It organized statewide financial education conferences in November of 2004 and 2005. It provides public speakers, educates state legislators and publishes a quarterly newsletter. One of MFEC's 2006 goals is to develop an online directory of Montana financial education resources that is searchable by county and topic.

South Dakota is officially the newest Jump$tart member state in the Ninth District, having formally established an affiliate in early 2006. The affiliate already has dozens of institutional and individual members. National Jump$tart's Brown is "thrilled" with what the new affiliate has accomplished in a short time.

"I'm especially pleased by their work to make the coalition a true statewide effort," she says.

Videoconferencing is one way the South Dakota coalition plans to reach across its large territory; its full membership meeting on March 16 was conducted from multiple videoconference sites instead of a single location because heavy snow was in the forecast. Dr. Liz Gorham, a South Dakota State University Extension family resource management specialist, serves as South Dakota Jump$tart's president.

To celebrate its tenth annual meeting in Washington, D.C., in April 2005, national Jump$tart inaugurated the State Coalition of the Year award. The first winner was Jump$tart's **Wisconsin** affiliate, cited for "making the greatest contribution to promoting financial literacy." A specific achievement cited was the development of the National Institute of Financial and Economic Literacy (NIFEL), a financial literacy training program for educators that the U.S. Department of the Treasury called a "recognized best practice for teacher training." NIFEL features three unique, one-week teacher-training courses each year and accepts participants from other states. Wisconsin Jump$tart projects that 30,000 students will receive financial education from teachers who are trained at the institute.

The Wisconsin affiliate, which was organized in 1999, has supported a dozen Money Conferences in partnership with Asset Builders of America, Incorporated. The events are described as "one-day financial education programs for families and youth held in four Wisconsin communities and reaching nearly 3,200 people." The affiliate works closely with Wisconsin's state government in promoting financial education. David Mancl of the Wisconsin Department of Financial Institutions serves as the affiliate's president.

Twelfth graders' financial literacy holds steady, Jump$tart survey finds

The financial literacy of high school seniors in the U.S. is largely unchanged from two years ago, according to a biennial survey conducted by the Jump$tart Coalition for Personal Financial Literacy (Jump$tart) and funded by Merrill Lynch.

From late 2005 through early 2006, Jump$tart surveyed nearly 5,800 twelfth graders in 37 states—a significant increase over the previous survey in 2004, when 4,000 students in 33 states participated. In order to test the financial literacy of the general student population, the survey was conducted in core classes like English and social studies instead of financial management courses.

The survey included a personal finance examination, consisting of 30 multiple-choice questions on topics such as income, credit, investments, saving and spending; and a series of 21 additional questions about students' socioeconomic backgrounds, financial attitudes and money management habits.

On average, students answered 52.4 percent of the exam questions correctly. The score is a slight, but not statistically significant, increase over the 2004 survey's average score of 52.3 percent. White students had an average score of 55 percent, while Hispanic and African American students' average scores were considerably lower, at 46.8 percent and 44.7 percent, respectively. Nearly 17 percent of respondents indicated they have completed a course in money management or personal finance, down from 20.1 percent in 2004. More than half classified themselves as "somewhat thrifty" or "very thrifty" and nearly 80 percent reported having a savings or checking account.

To access the survey, visit www.jumpstart.org and click on "Downloads."