



Family and Consumer Sciences Extension

Financial Management 2007

Learning for Life

The University of Georgia

Cooperative Extension Service

The Problem

- Georgians with limited financial literacy skills are severely disadvantaged in an increasingly sophisticated financial marketplace and are vulnerable to unfair and fraudulent business practices. Senior citizens and minorities are particularly vulnerable.
- The Georgia Performance Standards implemented in 2007 (7th through 12th grades) and in 2008 (Kindergarten through 6th grades) require that financial literacy be taught in social studies classes statewide. Many social studies teachers lack resources or training to provide this training.
- The average household debt excluding mortgages was \$18,700 in October 2003 (Bureau of Economic Analysis).
- High levels of debt coupled with low levels of savings contribute to financial insecurity for many Georgia households.
- The U.S. Personal Savings rate has declined from 11.2% in 1982 to a negative 0.2% in September 2006. According to the A.G. Edwards Nest Egg Index, Georgia's personal savings rate ranks 35th in the nation, below the national average, with Atlanta ranked 123rd among metro areas.
- Georgia ranks 2nd in the nation in personal bankruptcy filings, with 1 of every 6.35 Georgia households having filed for bankruptcy in the 12-month period ending December 31, 2006 (American Bankruptcy Institute.)
- The Household Debt Service Ratio (ratio of debt payment to disposable income) for all consumers rose to a record high 14.4 in the second quarter of 2006 (Federal Reserve).
- Financial information needs vary with age and stage of the life cycle.

Research-based Solutions

- Improving financial literacy for youth and young adults reduces the likelihood of credit abuse and overspending later in life.
- Targeted educational programs create public awareness and help Georgia consumers to reduce debt, maximize tax credits, increase savings, and plan spending to meet financial goals.

Extension 's Role

- Provide unbiased, research-based information to help Georgians of all ages to maximize limited financial resources, set financial goals, and control spending to achieve goals.
- Promote desirable financial behaviors such as eliminating debt, saving for life goals, avoiding frauds and scams, and investing for long-term goals via the media and educational programs.
- Provide training to teachers to facilitate implementation of the Georgia Performance Standards.

Extension 's Contribution to Solving the Problem

- Consumer financial education programs in 2007 reached 4839 Georgians to help them better manage their financial resources and protect themselves from fraud.
- Through a grant from the Georgia Appleseed center for Law and Justice to create a new Family and Consumer Science extension position to provide financial education to minority populations in Tift and Colquitt counties, 28 financial management education programs were held between August and December 2007.
- The use of media was a major strategy for public financial management education. 81 newspaper columns went to a circulation of approximately 666,000 and 6 radio spots reached 163,200 listeners.

- Extension developed and led 8 financial literacy workshops to school educators throughout the State to prepare them to implement the new Georgia Performance Standards for Economic Understandings.

Impact on Georgians

- Of Georgians who completed consumer education programs, 96% reported that the workshops were helpful to learn about consumer skills and debt reduction. Most participants also indicated that they plan to follow learned financial practices. For example, 89% of participants plan to request a copy of their credit report.
- Bankruptcy filers who participated in Extension's Personal Financial Management Education programs improved their knowledge of recommended financial practices with average scores on a post-test of 91%. After the program, participants also reported improved confidence in managing their finances, with 96% indicating that they are more likely to keep track of their spending and develop a written plan for spending, and 93% reporting that they will start an emergency savings fund.
- School educators who participated in financial literacy workshops reported improved confidence in teaching important financial concepts to students in average confidence scores increasing from 3.6 to 4.7 (out of 5.0).
- Children of migrant workers who are freshman at Abraham Baldwin Agricultural College and attended a series of financial education workshops reported improved financial skills and intentions after their participation. Average scores regarding eight financial behaviors, such as knowing how to balance a check book, increased from 3.4 before the workshops to 4.4 (out of 5) after the workshops. Additionally, after the training, the vast majority of participants who did not report already practicing positive financial behaviors, such as following a personal spending plan, reported being very likely to do.

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