



Real Money, Real World

Interim Report August 2007



Why Financial Literacy?

Each year, America's high schools graduate thousands of young adults who lack important skills for the world ahead of them, particularly in matters of employment and financial decisions affecting their lives.^{1,2} From learning how to manage a paycheck to understanding how to spend money to pay for necessities, the need for financial education is stronger now than ever.³

The lack of financial management skills is often demonstrated through "alarming rates of bankruptcy, high consumer debt levels, low savings rates, and other negative outcomes resulting from poor financial management and low financial literacy levels."⁴ Knowledge of personal finance is not something students can develop by memorizing terms and phrases. It's a skill that students learn when given the opportunity to apply concepts and practices.¹



Students participating in *Real Money, Real World* attempt to balance their budget.

What OSU Extension is Doing About Financial Literacy

Creating *Real Money, Real World*

Ohio State University Extension recognized the need for financial education. In 2005 a team developed a curriculum entitled *Real Money, Real World*⁵ adapted with permission from a University of Illinois publication. *Real Money, Real World* programs are designed to be a partnership of the county Extension Office, the school, and the business community.

The curriculum *Real Money, Real World* was created to build awareness of the connections between education, occupation, income, and financial choices.

Real Money, Real World Curriculum

Real Money, Real World is an active, hands-on experience that gives young people the opportunity to make lifestyle and budget choices similar to those they will make as adults. The curriculum includes six lessons:

- (1) How Occupation Affects Income
- (2) Deductions-What You See is Not What You Get
- (3) How to Use Checking and Savings Accounts
- (4) Making Choices- Preparing for the Simulation
- (5) *Real Money, Real World* Simulation
- (6) What Did You Learn?

Students assume the role of a 25-year-old adult who is the sole income provider for a family. They receive an occupation, monthly salary, and the number of children they are raising. Students learn to subtract savings, taxes, and health insurance amounts from their income. The amount of money left over is what they have to spend during the simulation activity. The simulation involves community volunteers staffing booths representing real-life businesses. By visiting the appropriate booths, students spend their salaries on items typically found in a monthly budget including housing, utilities, groceries, insurance, childcare, and transportation.

Throughout the activity, students keep track of their spending and attempt to complete the simulation with a positive balance. During the post-simulation lesson, students reflect on their experience and what they learned from it by completing a self-assessment.

"When parents say they have no money when you ask them, they are most likely telling the truth. Living cost a lot more money than you think."

-8th grader Warner Middle School, Greene County



Students ponder what choices to make at the "Chance" booth during a *Real Money, Real World* simulation in Franklin County.



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Ohio 4-H Foundation and Financial Literacy

In 2005, the Ohio 4-H Foundation funded the development of *Real Money, Real World*. To evaluate the impact of this curriculum, the Foundation is currently supporting a statewide evaluation. This evaluation will assess the benefits of programs using the 4-H *Real Money, Real World* curriculum.

Data are being collected from *Real Money, Real World* programs conducted from February to December 2007 in over 25 counties. After the completion of the six lessons in the curriculum, youth participants complete a self-assessment. Teachers and volunteers using the curriculum are also providing evaluation data.

Who's Participating (as of August 2007)



- 12 counties
- 26 schools
- 2,404 youth
- Grades 6-12

When students start to struggle to make ends meet during the simulation, they can visit the "Financial Advice" booth. This booth provides suggestions on what they can do to get out of financial trouble and live within their means.

Additional Resources & Next Steps...

In addition to *Real Money, Real World*, 4-H offers money management project books which can be found at <http://www.ohio4h.org/familyguide/index.html> or <http://www.n4hccs.org/online/index.shtml>

As a partner with the National Endowment for Financial Education (NEFE), Extension helps train teachers to implement the NEFE High School Financial Planning Program targeted to 11th and 12th graders. Discussion is currently underway on expanded efforts for OSU Extension and our partners to support financial literacy.

REFERENCES

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5. Bridgeman, B., Clements, J., Crum, B., Dalzell, J., Hudson, N., King, A., McNeely, N. N. Varley, I., Williams, R., & Woods, D. (2005). *Real Money, Real World: A 4-H money management curriculum for youth* (4-H 441 GPM). Columbus: Ohio State University Extension, 4-H Youth Development.

Preliminary Findings from Statewide Evaluation

Items from the self-assessment provided students' perspective on the extent to which they had become more aware about the major concepts presented in the curriculum and responded to questions regarding the importance of what they learned in *Real Money, Real World*.

Awareness

Those responding "a lot" (N = 2,404)

How much did you realize...	Before	After
How much is deducted from pay	33%	74%
Costs to care for a child	35%	82%
Effects of spending decisions	36%	78%
Costs to maintain a household	38%	82%
Relationship of education and job	59%	80%
Relationship of job to money	63%	86%

A mid-term review of these data shows that *Real Money, Real World* is making a difference by raising awareness about financial management topics. In some cases, the change from "before" to "after" is fairly dramatic--nearly 50 percentage points. The smaller changes are in the neighborhood of 20 points difference (which is small only in comparison).

Students' Thoughts About *Real Money, Real World*...

- "Although it was hard, it was fun and interesting in finding out what life is like."
- "It was really fun and it made me realize how hard my parents have to work to make a living."
- "What surprised me was if you don't have a good education, you won't get a good job."

Importance

Those responding "a lot" (N = 2,404)

How important did you think this was...	Before	After
Having a spending plan with both needs & wants	36%	77%
Learning to make financial decisions	39%	82%
Saving money regularly	44%	82%
Waiting to have children until I am financially ready	50%	83%
Getting more education after high school	61%	84%
Doing well in school	66%	86%

Real Money, Real World Statewide Evaluation Team

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