

Empowering Oregonians through Financial Literacy

The Problem

Improving financial literacy is an important priority and one of our biggest challenges. Oregon is currently 39th out of 50 states in financial literacy¹. The current system is not working for many Oregonians, leaving them without the right opportunities, tools, and financial education they need to address the real, ongoing economic challenges they face today.

Oregon families face:

- Rising consumer debt: Oregon households have the sixth highest debt in nation.²
- Increasing student loan debt: In-state tuition across the US has increased 296 percent in the past twenty years, leaving students with an average of \$35,000 of student loan debt, just as they start out their lives³.
- Limited retirement savings: More than 1 million Oregon workers do not have an employer-sponsored retirement plan.⁴
- Limited personal savings/no emergency funds: Most Americans have less than \$1,000 in savings; 20 percent do not even have a savings account.⁵
- More financial product choices without more financial know-how: Consumer knowledge about how to use financial products and avoid issues does not keep pace with the development of new financial products.⁶
- Overuse of payday, check cashing, and title loans: In Oregon, \$66 million in payday loans per year results in more than \$7 million in loan fees⁷. 5.1 percent of Oregon households lack a checking or savings account at a federally insured financial institution and 20.5 percent are underbanked.⁸

These issues have serious impacts for families and on the state, our economy, and the social service system. And even with more income and opportunity, Oregonians will not have better financial outcomes without the right tools and financial education.

State agencies and their partners already perform a significant amount of financial education and outreach but without the benefit of coordination that would increase their efficiency,

¹ <https://wallethub.com/edu/most-and-least-financially-literate-states/3337/>

² <http://www.golocalpdx.com/news/oregon-household-debt-6th-worst-in-nation>

³ <http://www.usnews.com/education/best-colleges/paying-for-college/articles/2015/07/29/chart-see-20-years-of-tuition-growth-at-national-universities>

⁴ July 2016 market research report by the Center for Retirement Research, Boston College

⁵ <http://www.marketwatch.com/story/most-americans-have-less-than-1000-in-savings-2015-10-06>

⁶ <https://www.oecd.org/finance/financial-markets/44362117.pdf>

⁷ <http://www.responsiblelending.org/state-of-lending/reports/10-Payday-Loans.pdf>

⁸ <https://www.economicinclusion.gov/surveys/place-data.html?where=Oregon&when=2015>

reach, and impact. Currently, there is no single entity in Oregon that is responsible for coordinating financial education efforts. If state government and private entities worked together to provide better access to meaningful financial information and resources, we would better empower Oregonians to improve their financial literacy and their lives.

Solutions

Agencies and their partners agree that better coordination and support of their efforts is the key to improving financial literacy in Oregon.

Below are specific recommendations for ways state government and its partners can improve their approach to financial education. These recommendations were developed by the Oregon State Treasury (OST), as required by House Bill 2960 of 2015, after a series of working groups and discussions with Oregon's experts from the public and private sectors. OST has worked with the Governor's Office on these recommendations and incorporated the input of other agencies, including the Department of Consumer and Business Services (DCBS), the Department of Human Services (DHS), the Oregon Department of Education (ODE), and the Oregon Housing and Community Services Department (OHCS).

Recommendations fall into four categories:

1. Assigning responsibility for the coordination of statewide financial education efforts
2. Connecting Oregonians to current resources
3. Providing support for current programs
4. Improving curriculum-based financial education

1. Assigning Responsibility for the Coordination of Statewide Financial Education efforts

Improving financial literacy in Oregon will take considerable coordination, a multi-faceted approach, and time. Without better collaboration between state agencies and their partners, efforts will continue to be inefficient, fragmented, and ad hoc.

Oregon would benefit from having one entity responsible for the coordination of statewide financial education efforts, either permanently or for a fixed term. The single entity would:

- Develop a statewide strategy, including setting goals, metrics, and key performance indicators based on a review of research and the current state of financial education;
- Create a long-term plan for achieving goals;
- Prioritize efforts and resources;
- Sponsor relevant legislation;
- Identify revenue sources and provide funding for financial literacy work;
- Encourage private/public partnerships and programs;
- Measure and monitor progress in financial literacy; and

- Ensure the implementation of lasting change.

The responsible entity could come from the public or private sector, for example, an existing state agency; a workgroup; a new, fixed-term government entity, such as a council, board, or commission; or an external party such as a non-profit with considerable expertise and reputation in the financial education area. The Governor’s Office has convened agencies to discuss the issue and will determine the most appropriate entity to assume this important responsibility, taking into account current and past examples of how responsible entities have successfully tackled statewide issues.

Recommendation	Financial Impact	Timing
The Governor’s Office should assign responsibility for coordinating statewide financial education efforts to a single entity. The entity would convene a mix of public and private sector experts and stakeholders to bring together disparate resources and expertise to develop a strategy and goals, create a long-term plan, coordinate efforts, and monitor and report on progress. It is strongly recommended that specific outcomes and timelines be established beforehand for such an entity to ensure efficient and effective results.	Medium	Long term

2. Connecting Oregonians to Current Resources

Oregon already has a wide range of providers who offer strong financial education and coaching services. We are a national leader in efforts such as the Individual Development Accounts (IDA) program, which provides incentives for consumers who meet educational and savings goals. Other programs focus on one-on-one engagement, regional classes, online offerings, and other localized support for working families. There are also many national and regional resources available for Oregonians. However, it can be difficult for consumers to find and connect with these resources. There is no single place where consumers and those working with them can easily search for the provider or service that fits the consumers’ need.

OST intends to develop a limited webpage to share relevant financial education resources with Oregonians as part of the implementation of the Oregon Retirement Savings Plan. However, a single, well-organized, and more comprehensive clearinghouse of all of Oregon’s financial education resources would better connect Oregonians with the information and services they need. The clearinghouse would act as a user-friendly, searchable web or network connecting providers throughout the state, and it would help connect consumers to the type of resource—online, phone, or in-person—that works best for them. Oregonians, agencies, and partners would use the clearinghouse to search for resources by topic, location, and other factors. An example of a current clearinghouse is the financial education website developed by the Washington Department of Financial Institutions: <http://dfi.wa.gov/financial-education>.

Recommendation	Financial Impact	Timing
An organization within or outside of state government should develop and manage a more comprehensive network of financial education resources to meet the needs of the broader public. The Legislature could appropriate funding for the development of the clearinghouse, or state government could partner with a non-profit organization to secure grant funding.	Medium	Long term

3. Providing support for Current Programs

State agencies and the Legislature should provide more support for Oregon’s asset building and financial knowledge community for programs and initiatives that demonstrate measurable success at meeting financial literacy goals. In a 2016 survey by OST, respondents ranked Innovative Changes, Financial Beginnings, and NEDCO as leaders in financial education and retirement planning. Junior Achievement and Neighborhood Partnerships also ranked highly. State agencies and the Legislature should reach out to the network of financial education service providers to determine the type of support organizations need and what they could accomplish with additional assistance. These organizations would also help agencies improve their programs and augment outreach and education efforts. The startup of the Oregon Retirement Savings Plan provides an excellent opportunity for engagement and best practice-sharing with the asset building community.

Recommendations	Financial Impact	Timing
DCBS, DHS, ODE, OHCS, and OST should provide enhanced support for the asset building and financial knowledge community through cross promotion and more public/private partnerships to share best practices and ensure coordination of financial education efforts.	Limited	Short term
The Legislature could allocate funding to help financial education providers with a track record of success expand initiatives, especially to reach underserved, unbanked/underbanked communities, and non-English speaking communities. To help fund these initiatives, the Legislature could pass legislation to tie civil penalties from financial entities, which currently go the General Fund, to financial education programs.	Small to medium	Long term

4. Improving Curriculum-Based Financial Education

Financial education needs to start early and be a continuous part of education to be effective. However, financial education is not the emphasis in the economics/financial literacy academic

content standards for grades 3, 5, 6, 7, 8 of public school in Oregon. A separate personal finance course has not been required in high school since the state Legislature removed the requirement in 1997; however school districts are now required to provide financial literacy instruction aligned to academic content standards. The State Board of Education has not made ‘demonstrate financial literacy’ an Essential Skill, requiring documented proficiency, for the Oregon diploma.

In 2007, House Bill 2584 created a Civics and Financial Literacy Task Force (Task Force) to make recommendations to increase and improve civics and financial education in kindergarten through grade 12 in public schools. The recommendations⁹ included better assessment of content and practices in classrooms; improved teacher preparation with support from stakeholders including the financial industry; improved instruction; developing better ways of evaluating student achievement, such as making financial literacy an Essential Skill subject to assessment; providing better resources; and a timeline for implementation. The Task Force’s recommendations, however, have yet to be fully implemented. That effort was followed by updates to the Oregon Social Sciences Academic Content Standards in August 2011 and the recent opening of the Social Sciences Standards review and revision process in July 2016. Efforts in the state Legislature to again require a personal finance course have been unsuccessful.

Implementing the recommendations of the Task Force would help make financial education more consistent and ensure it is an essential part of learning every year of K-12. Financial education programs for adults, career technical education, and K-12 education could also be better aligned to ensure consistency.

Washington state provides an example of how Oregon can move forward with financial literacy curriculum. Washington recently adopted financial education standards for its schools based on national standards from the Jump\$tart Coalition and Council for Economic Education¹⁰.

Recommendations	Financial Impact	Timing
ODE should implement all of the recommendations of the Task Force. Implementation will require significant resources for assessment, curriculum purchase or development, and evaluation. A “cut score” must be developed to demonstrate proficiency in the Essential Skill.	Large	Long term
State agencies and partners to better align adult and K-12 financial education programs. This could require the purchase or development of curriculum by education providers.	Large	Long term

⁹ <http://www.ode.state.or.us/teachlearn/subjects/socialscience/cfe-tf-final-report10-1-08.pdf>

¹⁰ <http://www.seattletimes.com/education-lab/for-the-first-time-financial-literacy-will-be-required-part-of-washingtons-school-curriculum/>

Conclusion

The recommendations outlined above are based on the input and feedback of financial education experts from both the private and public sectors in Oregon. The Governor's Office, DCBS, DHS, ODE, OHCS, and OST agree that these recommendations are achievable and will have a real impact on financial literacy if implemented. With the support of the Legislature, state government is well situated to act as a leader in improving financial literacy and to work with private partners to achieve our shared goals. The Governor's Office, state agencies, and their partners will continue to work together to pursue these improvements to help provide Oregonians with the tools and resources they need to improve their financial well-being.