



Eight N.J. high schools teach students personal finance, budgeting in pilot program

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Kristen Alloway/The Star-Ledger



Danielle Richards/The Star-Ledger

John Byrne, economics teacher at Alexander Hamilton Prep, discussing the components of the personal finance curriculum which will be implemented this fall.

ELIZABETH — As Bayron Ortiz of Elizabeth and heads off to technical school, he is confident he will have a handle on how to manage his own money.

First, he'll try to establish good credit and avoid racking up bills as he begins Lincoln Technical Institute in the fall.

"If you can't afford it, it's better not to buy it," said the 18-year-old graduate of Alexander Hamilton Preparatory Academy. "That debt drags on for the rest of your life."

The recent Elizabeth High School graduate owes his knowledge of credit cards, interest rates and budgeting to the high school economics course he took this year, which included a hefty dose of personal finance.

Elizabeth is one of eight New Jersey districts that will pilot a program this fall to teach high school students personal finance — budgeting, credits cards and debt, saving and investing. As part of the revamped high school graduation requirements the state Department of Education unveiled a year ago, the high school class of 2014 — this fall's freshmen — will be required to take a financial literacy course before receiving their diplomas.

Educators say the current economic downturn and sub-prime mortgage meltdown make it imperative that high school students learn how to handle money. Some question whether New Jersey's requirement teaches enough economics and whether schools already strapped for cash because of budget cuts have the appropriate teachers.

But schools say they understand the need to teach teens about credit and debt. According to a study last year by lender Sallie Mae, 84 percent of college undergraduates had at least one credit card, and the average was 4.6 credit cards. The average balance was \$3,173, and a slim 17 percent said they regularly paid off the cards each month.

New Jersey is one of 13 states requiring coursework in personal financial literacy for its high school graduates, up from seven in 2007, according to the Council for Economic Education.



Danielle Richards/For The Star-Ledger

Byron Ortiz reflecting on how much money he spent during prom week after a class assignment to keep a spending journal as part of a personal finance class at Alexander Hamilton Prep.

Schools can offer a semester-long course, or the subject matter — credit and debt management, planning, saving, risk and insurance and becoming a savvy consumer — can be embedded in existing business, science or social studies courses, said Janis Jensen, director of the state Department of Education's Office of Academic Standards.

The other districts piloting the program are Westfield, North Warren Regional, Paterson, Phillipsburg, Bridgeton, Cherry Hill and Greater Egg Harbor Regional.

Credit cards were a big topic in teacher John Byrne's economics class at Alexander Hamilton Prep this year. Byrne said he incorporated personal finance throughout the year-long course, which was required of all Elizabeth high school seniors this year. Among other issues, his class covered banking reform, debt, student loans and car insurance, Byrne said.

"We go through the gimmicks to get them to sign up (for credit cards), interest rates, and problems with paying the minimum monthly interest," Byrne said. "They are one year removed from being in the real world. They are going to be handling a lot of their own money. We want to make sure they are prepared."

Westfield also will offer a semester-long course in personal financial literacy beginning in the fall.

"This is much more of practical look at life. What does the everyday person need to know," said Anita O'Neal, the district's assistant superintendent of curriculum and instruction. "This really came out of the financial collapse in the country."

William Kempey, president of the New Jersey Council on Economic Education based at Kean University, said the high school requirement for personal finance is long overdue. But he also questions whether teachers have been adequately trained in the subject matter and whether the requirement teaches enough about U.S. and global economics.

"There's a dead spot in our K-12 education system that doesn't deal with the economy," said Kempey, a Kean economics professor. "Once you get out of high school ... you have to know something about the economic world we live in. ... They need to know something about credit cards. There's no such thing as a free lunch.

"We cannot do all of that in a half-year course. At a minimum (it is) a year course," Kempey said.

Ortiz said he learned skills in his economics course he's already using.

"You should make a monthly budget so you know how much you can spend," he said. "If you go over that budget, that's when it becomes a problem."

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