

**United States Senate  
Health, Education, Labor and Pensions Committee  
Subcommittee on Children and Families**

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**Written Testimony of  
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Early on in childhood, I was taught the lessons of financial literacy. Starting in elementary school my mom had my brother and I keep banks for our allowance in a cabinet in our kitchen. She had a ledger neatly tucked into each bank where we kept track of our spending habits to prepare us for balancing a check book. Each week we would pull out our bank and add our \$1.00 to \$2.00 allowance and log it in. I distinctly remember printing neatly and clearly on the graph paper the date, what the money was from and how much it was. In the end we had to total up the money in our banks so we could see how our saving was adding up. Each time we wanted to buy something, no matter how trivial it was, we had to return to our banks and deduct the amount with an explanation of our use for the money. Even as an elementary school student I began to understand the value of money and that buying a 50 cent candy wasn't worth losing half of what I earned for the week. With her home banking system, my mom very carefully planted the seeds of financial literacy in my mind.

Soon after graduating from college I moved to a new city 8 hours from my family and was immediately faced with tough decisions. Where was I going to live? Should I buy a new car? Where should I do my banking? In those moments, the financial lessons taught by my mom came clearly to mind and I was able to navigate the world of adulthood. When I went to buy my first house in 2003 my husband and I were approved for nearly \$300,000 while only having a combined income of slightly over \$50,000 a year. As the salesman paraded us through the largest house they built, I felt a twinge of excitement seeing the granite counter tops, cherry cabinets, tile floors and so on. A part of me was pulled to trust the salesperson and buy the house. After all, with the adjustable rate mortgage he was offering, we could afford the initial year of payments and it was possible that we would have salary increases over the next two years to keep up with the increase in cost. In that moment the words of my mom rang through my ears and we chose instead to purchase a house within our means, actually listed at half of our approved loan amount.

In 2005 it became evident just how far above their means people were living, as for sale signs and foreclosure notices appeared around my neighborhood. The people who bought more expensive houses on adjustable rate mortgages lost those houses, while we came out the other side of the recession relatively unscathed despite my husband's job loss, and pay freezes in the school system. I attribute this to the financial training I had throughout my childhood. As I looked at my students I realized that most of them didn't have my mother's voice in their heads.

They didn't know what to do with their paychecks. They didn't realize there was a difference between a credit union and a bank. When I mentioned that I owned stock (once again because my mom invested when I was young) my students were blown away. They believed that the stock market was only for rich people. It became very clear to me that I needed to find a way to become my mother's voice for all of my students.

With this goal in mind, I began to search for resources I could use to teach my students how to be financially sound. I stumbled across a budget project developed by the state of North Carolina. I realized that this project was the way to teach 20 years of my mom's financial lessons in one semester. I worked to tweak the project to make it user friendly and then passed it out to the kids. Almost instantly they were annoyed with the project. I gave my students two months to finish the project and it included getting an apartment, buying a car, budgeting for student loans, getting renters and auto insurance, visiting banks and much more. The kids were given a few rules:

#1 You must live off the lowest salary posted for the career you want.

#2 You may not account for having a spouse. Financial disputes are a major reason for divorce and one of the leading reasons women stay in abusive relationships. You must do it on your own.

#3 You may not count on having scholarships because they are not a guarantee. Ask your parents if they will be helping you with college and if they aren't budget for paying back student loans.

#4 You may not count on your parents giving you a car or any furniture. You have to do it on your own.

#5 Lastly, 10% of your income must be dedicated to savings. That is non-negotiable.

They began their project grumbling about how their boyfriend or girlfriend was their soul mate and they would be together forever and I was being unreasonable. I was so nervous that they weren't going to catch on and were going to blow off the project. But then something miraculous happened...they started texting me and emailing me that weekend with questions about the project.

Answering their questions became a part of my day, every day, for the next two months. They were calling utility companies to find out averages for the apartments they wanted. They were visiting banks and finding out the difference between savings accounts, checking accounts, IRAs, and CDs. They were coming to class with pictures of themselves with the bank workers. The project took on a life of its own and the grumbling stopped. Excitement replaced all their reservations and they were learning! I was so proud of them. On the day the project was due the kids were full of energy and were scrambling to put their portfolios together. When it came time

to collect the projects the kids were more worried about getting their projects back than what their grades would be. I assured them that they would get them back and they would be theirs to keep and to use as a blueprint for their lives.

I flipped through the pages of their projects and was amazed. My students found ways to live within their means by making sacrifices. They found roommates, chose to rent apartments on a bus route instead of buying a car, others took on additional extra jobs, and some decided to forego clothes shopping so they could eat out during the week. Sophomores in high school were able to make budgeting decisions that their own parents couldn't make. IN that moment I knew that this project would forever be a requirement in my classroom.

Fast forward to 2013, those students have now graduated from college, and are working in the real world. I recently heard from several of them on the impact that the project had on their ability to budget later in life.

One former student, Dillon, wrote me that the budget project left a lasting impression on his spending and saving habits. "I make sure I'm able to pay all my bills on time and still save a little bite more in case something unexpected happens. Now that I'm about to graduate college, I've managed my money so well that I don't have any college bills or loans to pay off because I realized the importance of 'buying now instead of paying later.' Learning the importance of saving money has changed my life for the better, and I believe that it should be emphasized in high school. Without the knowledge of properly spending money I probably would have bought unnecessary things with credit cards, just to discover later I don't have the money to pay it back. Too many people I know live in debt because of poor spending and investing habits. I'm happy to say that because of this project, I will never follow that path."

Another former student, Shannon, echoed Dillon's reaction to the project. She wrote me that at first, she "hated the budget project. However, the more I worked on it, the more I enjoyed it. In the beginning it was just fun to plan out my future, the way I wanted it to be. By the end, it was eye-opening to see exactly how the financial aspects of my decisions would play out, especially how my career choices would affect my ability to afford the things I knew I would want to buy. At this point in my life, I'm making these choices all over again, but this time it's not for a grade. Now, the consequences are real. I'm not as afraid about how to manage my money as some of my other friends are, and that has to do with the budget project. I was able to do it once before, so hopefully I'll be able to do it again now."

All 11 years of my teaching experience have been spent in schools with high percentages of students who are from low socio-economic backgrounds. In many of my student's homes every penny counts and they need the skills to make their money work for them. The North Carolina Council on Economic Education (NCCEE) has a lesson about being a millionaire. The teacher reads a list of statements about millionaires and the students have to guess if it is true or false. It is amazing to watch the kids guess that millionaire's drive fancy cars or earned their

money from the entertainment industry. They don't realize that most millionaires live within their means, too. My students learn that no matter where they are economically it doesn't mean it is where they have to stay.

Garinger High School in the Charlotte-Mecklenburg School District, where I teach Civics and Economics, is among the poorest in the area, with a high percentage of students eating free and reduced priced meals. This year we began implementing the Stock Market game into our classes to help increase financial literacy. The feedback from the student's has been incredibly positive. Many of the students are realizing that the stock market isn't just for the wealthy. They are learning that they too can take control of their financial future and invest their money. We are striving to teach them the life lesson that the immediate gratification of buying new clothes or new shoes doesn't outweigh a fiscally sound future.

I feel a great sense of urgency surrounding this topic because I have personally experienced the effects of learning financial literacy lessons early on, and have also helped teach these lessons to students who desperately need them. Becoming financially literate can give someone without a lot of money take control of their finances the tools they need to break a cycle of overspending and debt.

Since 2005, when North Carolina passed laws requiring that personal finance be taught to high school students, the State has been a leader in integrating personal financial literacy content into the curriculum. This year, students will be tested on their financial literacy for the first time.

In Charlotte-Mecklenburg School District I have been a part of a team trying to prepare our teachers for the upcoming tests and new push of financial literacy. This past year we have worked hand in hand with the North Carolina Council on Economic Education (NCCEE) to train our teachers on how to teach financial literacy lessons. We have held three professional development sessions and provided each teacher with a set of curriculum called Virtual Econ 2.0. In these sessions teachers are given practical ways to implement financial literacy and each teacher is given support from the district as well as from the NCCEE so they can further their knowledge. Teachers have been given access to the Stock Market game for their students and the training as to how to teach it and integrate it into their lessons. We are making great strides to make our teachers feel comfortable with the content so they can seamlessly integrate it into their lessons.

My classroom and my students are the greatest testimony as to why teaching financial literacy should be a must for students around the country. I live in an area that is still feeling the backlash of the financial crisis. Many people were taken advantage of by the banking system and made poor financial choices because they didn't know any better. We have a duty to educate our citizens no matter their economic status and give them the tools to create a sound economic future.

Thank you for your time and the opportunity for me to be able to speak on behalf of educators to you about this urgent need in our country.