

Teaching FINANCIAL LITERACY

CSUEB's Financial Literacy Center changes people's lives through classes and community outreach

BY TODD PREPSKY

IT'S A STORY THAT HAS BECOME ALL TOO COMMON. JOE GRADUATES HIGH SCHOOL. THE INK IS BARELY DRY ON HIS DIPLOMA AND THE CREDIT APPLICATIONS START FILLING THE MAILBOX. EVEN BEFORE THE PROUD GRADUATE SETTLES INTO HIS COLLEGE DORM ROOM, JOE MAY ALREADY BE SPEEDING TOWARD THE LIMIT ON HIS NEW CREDIT CARD. THE COSTS OF GOING TO COLLEGE CAN BE EXORBITANT — TUITION, BOOKS, MEAL PLANS, LAB FEES, DORM FEES. IT CAN ALWAYS BE PAID BACK LATER, RIGHT? IN FAILING TO READ THE FINE PRINT, JOE DOESN'T REALIZE THAT HIS INTEREST RATE IS 25 PERCENT. AND THAT MAKING THE MINIMUM PAYMENT HAS TRAPPED HIM IN AN ENDLESS LOOP OF DEBT.

It's not just college students that fall prey to the lure of the credit card. According to the credit agency Experian, "As of the first quarter of 2013, the average credit card balance per consumer was \$3,779. However, consumers with low credit scores owed considerably more, with an average debt of \$5,965."* That's a scary fact, but here's a scarier one: With a \$5,000 balance, a \$125 monthly payment, and a 25 percent annual percentage rate (APR), the debt would take more than seven years and \$5,800 in interest to repay. The old saying about casinos — "The house always wins" — is also true of credit card companies.

And credit card debt is just one facet of the many financial challenges Americans face today. Managing student loans, maintaining a realistic budget, getting home and car loans, saving and investing for college and retirement — the list goes on and on. ▶

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Lettie Ramirez
PROFESSOR, TEACHER EDUCATION

Cal State East Bay is tackling these challenges head on by teaching “financial literacy.” Beginning last year the College of Business and Economics (CBE) launched its new Financial Literacy Center to give students, faculty, staff, and members of the community the tools they need to manage money more effectively.

To address these types of financial challenges, the Financial Literacy Center has several major programs planned, such as personal finance

courses; a community financial literacy program to educate those in Hayward and surrounding areas; one-on-one financial counseling; peer-to-peer workshops; a lecture series featuring prominent members of the financial industry; and an online resource for the public to learn more about sound financial principles.

A Commitment to Community Engagement

It’s an ambitious endeavor that is already taking shape. With a grant from Wells Fargo, CBE developed a new experiential

GE course, Personal Financial Management (PFM). Since late 2013, more than 400 students have taken the class. CSUEB students learn how to develop a realistic budget for things like fixed costs (rent) vs. split expenses, and to manage it, with many finding that they can keep more money in their pockets. “The students feel energized and empowered, and it shows. For example, students learn ... to use coupons to lessen their food bills, and negotiating skills for buying a car. As their financial competence improves, they start finding other ways to save money, such as taking advantage of free museum days or using free Wi-Fi,” says David Murray, a lecturer in the Department of Accounting and Finance.

The PFM class doesn’t stop at the campus border, however. The second major component of the class is a high school mentoring program in financial literacy through a grant from the U.S. Department of Education called Programmatic Excellence and Innovation in Learning (PEIL). CSUEB students visited Mt. Eden High School and mentored high school students with problems like creating a workable



Captive Audience: Students in the Personal Financial Management class find that tracking their expenses often results in more disposable income.

personal budget and managing it. “I was amazed at how good the Cal State students were at mentoring,” says Murray. “They coached the students to discover the answers for themselves, and they were patient and professional.”

The CSUEB students also benefited from the interactive learning experience, with implications beyond fiscal responsibility. One participant said, “This experience really confirmed my idea of becoming a probation officer ... I learned that I would like to do volunteer work with teenagers in their communities. I learned how to open up with people.”

Mt. Eden students are not the only ones benefiting from the Financial Literacy Center. As part of the Wells Fargo grant, Lettie Ramirez, professor of teacher education recently began a course for women who wanted to learn more about interest rates. “Some of them had lost their homes because they were given wrong information when they applied for loans and they wanted to avoid that in the future,” Ramirez said. “We started developing a workshop. The whole class was



Learning by Teaching: Lecturer David Murray empowers students with budget basics, and oversees their mentoring of Mt. Eden high-school students in turn.

composed of women so it was geared toward them. We’re getting ready to do a presentation for men in January. Men make a lot of big purchases and sometimes don’t understand the interest rates they’re lured into paying.” Ramirez even has plans to teach financial literacy to children. “We’re partnering with Hayward Promise Neighborhood to bring the program to six schools in the spring — two high schools, two middle schools, and two elementary. East Bay students have been helping to develop the games we’ll be using to teach basic financial concepts,” she explained.

With these opening initiatives, the Financial Literacy Center is well on its way to establishing Cal State East Bay as a leader in financial literacy education, and to helping students like Joe avoid the pitfalls of easy credit and a lifetime of crushing debt. Given the right tools, students, faculty, staff, and community members will be able to improve their ability to make sound financial decisions and confidently pursue their personal and professional goals. ■

*www.credit.com

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