



## State of North Carolina

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February, 2016

Governor Pat McCrory  
116 West Jones Street  
Raleigh, NC 27603

North Carolina Senate President Pro Tempore Phil Berger  
North Carolina House of Representatives Speaker Tim Moore  
North Carolina General Assembly  
Raleigh, North Carolina 27601-1096

Re: Financial Literacy Council Report

Dear Governor McCrory and Members:

In accordance with General Statute § 114-53(7), please find the attached report which provides the required reporting on the performance of the North Carolina Financial Literacy Council and its impact on the financial education activities conducted by State agencies.

We will be happy to respond to any questions you may have regarding this report.

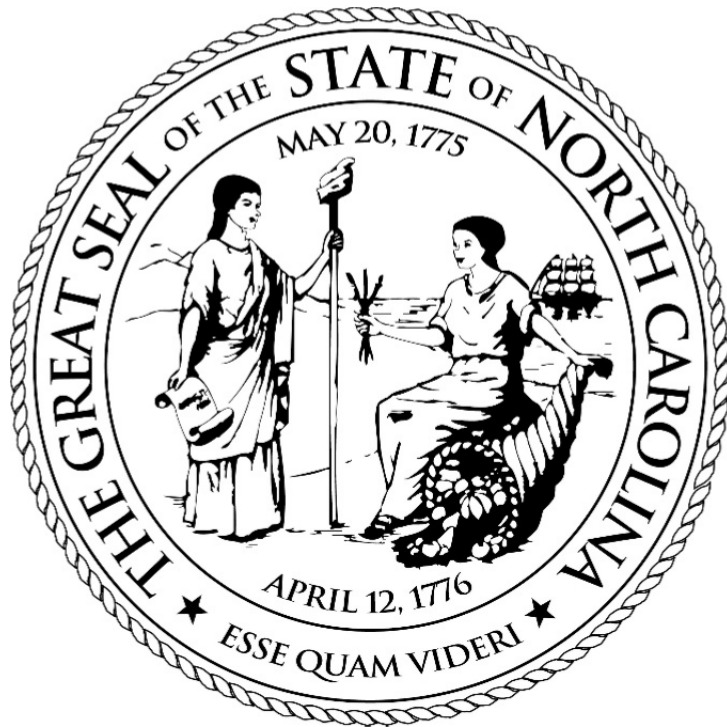
Very truly yours,

A handwritten signature in black ink that reads "Kristi Jones".

Kristi Jones  
Chief of Staff

cc: Kristine Leggett, NCGA Fiscal Research Division  
Christy Agner, NCDOJ, Legislative Liaison

**The North Carolina Financial Literacy Council**



**Report to the Governor and the  
North Carolina General Assembly**

**February 2016**

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February 2016

To Governor McCrory and the members of the 2015-16 North Carolina General Assembly:

The North Carolina Financial Literacy Council submits for your review and consideration its 2016 report covering the activities of the Council in 2014-2015.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sarah Cherne". The signature is fluid and cursive, with the first name "Sarah" written in a larger, more prominent script than the last name "Cherne".

Sarah Cherne  
Chair  
North Carolina Financial Literacy Council

## Preface

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The North Carolina Financial Literacy Council (“FLC” or “Council”) was established on July 10, 2009, by Session Law 2009-264. The Council, which is housed within the Department of Justice for administrative purposes, is tasked with monitoring and assisting the Department of Public Instruction with the coordination of the statewide delivery of financial education within the public school system; identifying programs designed to increase the financial literacy of North Carolinians outside the public school system; and working to expand access to financial education resources and programs.

As part of these tasks, the FLC is required to meet at least quarterly and perform the following duties:

1. Study and document the best practices for financial education programs in the state, and finding “best practices” across the country;
2. Coordinate financial education activities and asset building within government agencies, as well as private and nonprofit sectors, to ensure that resources and information are being disseminated across the state;
3. Propose public and private policy to ensure all North Carolinians have access to training for necessary financial skills;
4. Consider and make recommendations to address:
  - Financial literacy programs in the public schools;
  - The unique financial challenges of students enrolled at institutions of higher education, and how public and private universities and the community college system can address these issues;
  - Creation of and access to financial products for hands-on learning of financial skills.
5. Monitor the outcomes of financial education programs, including examining improved financial behaviors and increased access to affordable financial services;
6. Use the talents and resources of the State, including public and private partners, to further the Council’s mission; and
7. Report annually to the General Assembly and Governor on the performance of its duties and the impact of financial education conducted by State agencies.

Statute requires that the Council be made up of 18 members, including a chairperson, each appointed by the Governor, each serving a three-year term.

## Council Proceedings

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The North Carolina Financial Council convened on the following dates:

### **March 12, 2014, 1:00 – 4:00 pm, Attorney General's Office, 114 W. Edenton Street, Raleigh**

- 1:00-1:05 Welcome and Introductions, Sarah Cherne
- 1:05-3:05 Guest Speaker Presentations
- Linda Lay- Education Consultant - Finance Cluster-DPI
  - Fay Gore- Section Chief | K-12 Social Studies-DPI
  - Sue Breckenridge- Executive Director NC Business Committee for Education.
  - Senator Josh Stein-Minority Whip-NC General Assembly
- 3:05-3:30 Roundtable Session and Q&A
- 3:30-4:00 NC Financial Literacy Council Official meeting
- Action Items:
- Acceptance of November 21, 2013 Minutes
  - Review of SWITCH material-Discussion of potential utilization
  - Review & Discussion of Policy Recommendation
  - Executive Order
  - Legislation - Short Session recommendation by April, Long Session recommendation Nov – Jan
  - Next Steps for Council
- 4:00 Adjourn & Next Meeting-

### **May 15, 2014, 1:00 – 3:00 pm, Attorney General's Office, 114 W. Edenton Street, Raleigh**

- 1:00 – 1:10 Welcome and Introduction, approval of March 12, 2014, minutes
- 1:10 – 1:30 Recap of guest speaker focus points
- 1:30 – 2:30 Review of discussion and implications for FLC
1. Focus on K-12
    - How to integrate with current curriculum
    - Mandate?
  2. Agree on definition of “financial literacy”
    - Financial literacy refers to the set of skills and knowledge that allows an individual to make informed and effective decisions with all of their financial resources

- 10 most important “things” needed in life to satisfy the definition of financial literate
- 3. Establish measurement of financial literacy
  - Survey-capture what students know about financial literacy
  - Data to be captured – what can we impact?
- 4. Identify vehicle for effective change
- 5. Evaluation – how do we know we are on track?
- 2:30 – 3:00 Discussion on FLC focus for Recommendation – see minutes
  - Legislation - Short Session recommendation by April, Long Session recommendation Nov – Jan
- 3:00 Adjourn & Next Meeting

**August 21, 2014, 12:00 – 2:00 pm, Attorney General's Office, 114 W. Edenton Street, Raleigh**

- 12:00-12:10 Welcome and Introductions, approval of May 25, 2014, minutes
- 12:10-12:20 Recap and Review of FLC
- 12:20-1:30 Presentations
  - 1. Research on successful “Change” campaigns
    - a. Tami Hinton
    - b. Anna Lea Moore
  - 2. Anson Burch - Senior Integrated Producer, Capstrat
  - 3. Jan Dillon - NC Center for Financial Literacy
- 1:30-2:00 Discussion on Presentations & Next Steps
  - 1. FLC Focus for Recommendations-see minutes
    - a. Legislation - Short Session recommendation by April, Long Session recommendation Nov-Jan
  - 2. Meeting Schedule for year
- 2:00 Adjourn & Next Meeting

**November 20, 2014, 1:00 – 3:00 pm, Bank of Oak Ridge, 8050 Fogleman Road, Oak Ridge**

- 1:00-1:05 Welcome and Introductions, approval of August 21, 2014, minutes
- 1:10-1:30 Recap and Review of Committee Activities
  - 1. Council On-Line Survey
  - 2. Statewide Conference Call
  - 3. Creation of Subcommittee

- 1:30-2:10 Subcommittee Report, Marquita Robertson
1. Identified Needs
  2. Identified Stakeholders
  3. Outcomes/Measurement
  4. Timeline
  5. Action Items and Next Steps
- 2:10-2:45 Guest Introduction and Presentation  
Dr. Vereda Williams, NC A&T State University
- 2:45-3:00 Outline Next Steps
1. Subcommittee Meeting – 1/12/15, 11:30-2:00 pm
  2. Execute Timeline
- 3:00 Adjourn & Next Meeting

**March 5, 2015, 1:00 – 3:00 pm via conference call**

- 1:00-1:20 Welcome and Introductions of new members, approval of November 20, 2014, minutes
- Hayes Martin, William Morgan, Jackie Wieland- public members
  - Ryan Minto-Legislative Liaison-Gov. McCrory
- 1:20-1:50 Review of Sub-Committee- Choice\$ Matter, Marquita Robertson
1. NC Financial Education Needs/5 Focus Points
  2. Engaging Stakeholders-(refer to spreadsheet)
    - a. Council action steps to engage stakeholders
  3. Outcomes/Measurements
    - a. Website Hits
    - b. Changes in Behavior-more to come
  4. Timeline
    - a. Next Campaign Committee Meeting (March 23)
    - b. Conference call with Council (April)
    - c. Report final draft--Council Meeting (May 21)
    - d. Present Recommendations to Governor (June)
  5. Action Steps for Council-critical you all get involved!
- 2:00-2:15 Open Dialogue
- 2:15 Adjourn & Next Meeting



**May 21, 2015, 1:00 – 3:00 pm, Attorney General's Office, 114 W. Edenton Street, Raleigh**

- 1:00-1:15 Welcome and Introductions, approval of March 5, 2015, minutes
- 1:15-2:30 Review of Sub-Committee- Choice\$ Matter Campaign, Marquita Robertson
1. Brief History
  2. Walk Through RFI (June 5<sup>th</sup> Submission)
- 2:30-2:45 Outline Next Steps
1. Approval from Council
  2. Continue to identify stakeholder support
- 2:45-2:55 Timeline & Meeting Schedule
- Comments from Committee-May 29
  - Subcommittee Conf. Call-June 4
  - Submission of RFI –June 5
- 3:00 Adjourn & Next Meeting

**September 17, 2015, 1:00 – 2:15 pm via Conference Call**

- 1:00-1:10 Welcome and Introductions, approval of May 21, 2015, minutes
- 1:10-1:45 Review of Sub-Committee- Choice\$ Matter Campaign
- Brief History to Date
  - Results of RFI Process
  - Input on next steps from Governor's Legislative staff
  - Input on next steps from Council's bill sponsor Sen. Josh Stein.
- 1:45-2:15 Open Discussion with Council on Next Steps
- 2:15 Adjourn & Next Meeting

**November 10, 2015, 1:00-2:15 pm via Conference Call**

- 1:00-1:010 Welcome and Introductions, approval of September 17, 2015, minutes
- 1:10-1:45 Review of Choice\$ Matter Campaign Proposal
- Sarah Cherne & Marquita Robertson
- Where we are to date
  - Presentation to Governor McCrory's office
- 1:45-2:15 Open Discussion with Council and Vote
- 2:15 Adjourn & Next Meeting

## **Council Accomplishments and Actions**

### **COUNCIL HISTORY**

The first authorization of the Council met four times between its establishment and June 2012. The Council produced two reports by subcommittees, one of which compiled financial literacy resources available in the state, including a list of organizations, websites, and other tools that consumers, students, and educators could use to enhance their understanding of financial issues. The second report provided proposed principles and standards of financial literacy. Among the proposals in this report were adding benchmarks for financial education at grades four and eight in public schools, as well as standards for adult financial literacy. The subcommittee also proposed a “good housekeeping” seal for financial products in the state.

After new appointments were made to the Council in 2013, the adapted structure of the Council met August 22, 2013. The Council has met quarterly since that time, in addition to a number of subcommittee meeting and conference calls. The current membership of the Council began its term with by defining “financial literacy,” reviewing the current state of financial literacy in the state, and developing a clear set of goals for the Council. As part of that effort, the FLC brought in a number of guest speakers, including representatives from various state agencies, Council authorization bill sponsor Senator Josh Stein, business leaders, marketing experts, and professors to discuss the impact of financial literacy on the North Carolina economy, financial education standards in public schools, and the most effective methods for creating change in the financial habits of North Carolinians.

The Council undertook the gathering of this information in order to learn, understand, and discover the vast expanse of financial literacy information that is available across our state and to determine the actions that the FLC should take to achieve its mandate. The Council initially examined the current requirements for financial education in public schools for K-12 students, and used the collective knowledge and experience of the Council to brainstorm and discuss challenges and solutions to reaching students, young people, and adults with financial education. Over time, after learning about the 2012 implementation of new standards for financial education in public schools, the Council’s focus shifted from reforming the curriculum to targeting the key demographic of high schoolers and young adults with a broader financial education campaign that would not be tethered to the classroom.

At the May 15, 2014, full Council meeting, it was determined that after reviewing all the information gathered on the topic, and to support the Council’s role as representatives of financial literacy across the state, progress needed to be made to change behaviors that would establish strong and healthy financial decision-making practices. The Council determined an

effort to guide how young people view money and its significance to their financial well-being as adults would assist in reaching its strategic goals. The end result of the fact gathering process produced two recommendations for the Council's future activities:

1. Develop a single portal or one-stop shop for financial educational resources and information which could take the form of a public-private partnership; and
2. Create the pieces of what an effective public information campaign would look like, determining best education practices and how to create savvy marketing messages on platforms that appeal to the target demographics to show the benefits of financial literacy and/or the consequences of financial illiteracy.

### **Developments During 2014-15**

The Council received several presentations on successful media campaigns to use as models for future efforts in promoting financial literacy in the State. The presenters included a presentation on the "This is Your Brain on Drugs" campaign, as well various video and TV-based campaigns, including the North Carolina Tobacco Reality Unfiltered (TRU) campaign, which ran from 2004 to 2012. The TRU campaign focused on the 18-24 age group, a key target for the Council's efforts. The North Carolina Center for Financial Literacy (NCCFL), an initiative of the North Carolina Bankers Association, provided information on how it works to unite individuals, organizations, and businesses advocating financial education throughout North Carolina's 100 counties. The Center focuses on building a network, serving as a voice on financial education issues, providing resources for banks and businesses, and engaging in partnering projects with a number of groups. The Council heard findings from the "Truth" anti-tobacco campaign, which has frequently utilized confrontational images and messages to teach young people about the dangers of using tobacco products. The Council then discussed the various campaign presentations and how such ideas could be incorporated into a financial literacy campaign in North Carolina.

In September 2014, a campaign subcommittee was formed to meet between quarterly Council meetings to gather facts, material, research and data needed to create an effective campaign. The subcommittee met to analyze successful awareness campaigns, define the role of subcommittee, and develop recommendations concerning interested stakeholders, desired outcomes and measurements, and proposed theme ideas. Initial findings about proposed campaign themes were provided to the Council on November 20, 2014. After weighing several factors, including the importance of keeping the campaign message simple and catchy, the Council formed a consensus around the "Choice\$ Matter" theme. This theme provides focus to

the goal of stressing how vital decision-making can be in all facets of an individual's financial life. Dion Terry of the Governor's Office called in to the meeting to provide the Council with information on how to get the campaign proposal in front of the Governor. In addition, Dr. Vereda Williams, Associate Professor of Economics and Director of the Financial Trading Room at North Carolina A&T State University shared with the Council her experience of working with young people at the university and larger community at the North Carolina A&T Financial Trading Room and in the Financially Fit Aggie program. Because the financial literacy programs at North Carolina A&T have been able to reach a number of high school and college students, the Council discussed how it could be used as a model for the Council's efforts. Dr. Williams offered for the Council to use her program as a launching point for the campaign that could be measured and tested before being rolled out statewide and offered that students in her program could help with research, analyzing and measuring data. The Council set the goals of the Campaign as 1) to educate people, 2) to spur a change in culture, and 3) to encourage thoughtful financial choices.

In early 2015, the subcommittee solidified objectives for the Choice\$ Matter campaign to include a community outreach/marketing plan to educate and inform 11<sup>th</sup> grade through college-age students on the following topics:

1. Saving and Investing;
2. Credit and Debt;
3. Money Management and Budgeting;
4. Fraud and ID Theft; and
5. Credit Scores.

The campaign target market is young adults and would seek to drive young people to websites like Jump\$tart, where they can obtain additional resources on a number of financial issues.

The campaign subcommittee was tasked to further flesh out the goals of the Council's campaign and the plans for measuring outcomes and creating partnerships for funding. The subcommittee decided to draft a Request for Information ("RFI") that could be used to gather information about the budgeting and format of this type of marketing campaign by those in the industry with and to gauge current pricing conditions for this service.

The Council reviewed the draft RFI on March 21, 2015, and unanimously approved the plan to issue an RFI to obtain information from the marketplace about a potential media campaign targeted at 17-21 year olds. The RFI posted June 4, 2015, with a response deadline of June 29, 2015. The four responders were Eckel & Vaughn, Clean Design, iGrad, and American Student

Assistance. A review team studied the responses and presented summaries, budgets, strengths and weaknesses to the subcommittee on an August 10, 2015, conference call. The full subcommittee met August 28, 2015, to craft a timeline and proposal to be presented to the Governor and General Assembly.

Meetings were held with the Governor's Office staff and General Assembly members regarding both the feedback of the RFI and to receive guidance on the appropriate process for recommendation to the 2016 Short Session of the Legislature. Guidance was provided to encourage the Council's request to clearly articulate the goals of the campaign and how it would be measured for success.

Currently, the Council intends to seek support from the Governor in his 2016 budget and to seek appropriations sponsors for the 2016 Short Session of the General Assembly.

## **Legislative Recommendation**

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A proposal has been created and submitted to the Office of the Governor. A copy of the proposal can be found in Appendix III.

## Appendices

### Appendix I: Statutory Authority

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Article 8.

Financial Literacy Council.

#### **§ 114-50. Financial Literacy Council established; purpose.**

There is established within the Department of Justice the North Carolina Financial Literacy Council (Council). The Council shall monitor and assist the Department of Public Instruction in the coordination of statewide delivery of financial education within the public school system, shall identify programs designed to increase the financial literacy of North Carolinians outside the public school system, and shall work to expand access to financial education resources and programs in communities across North Carolina. (2009-265, s. 1.)

#### **§ 114-51. Membership; terms; quorum.**

(a) The Council shall consist of 18 members appointed by and serving at the pleasure of the Governor. The Governor shall designate a chair from among the members of the Council.

Membership shall be as follows:

- (1) Ten members from government agencies with responsibility for programs and services related to financial education, financial services, and related economic stability efforts. At least one representative shall come from each of the following government agencies:
  - a. Community College System.
  - b. Department of Commerce.
  - c. Department of Justice.
  - d. Department of Labor.
  - e. Department of Public Instruction.
  - f. Department of the Secretary of State.
  - g. Department of State Treasurer.
  - h. Office of the Commissioner of Banks.
  - i. The University of North Carolina.
- (2) Two public members with experience in the financial services industry.
- (3) Two public members who represent employers with experience in providing financial education to their employees.
- (4) Four public members with experience in consumer advocacy or nonprofit financial education.

(b) Members of the Council shall be appointed for terms of three years and shall serve until their successors are appointed and qualified.

(c) A majority of the Council's members shall constitute a quorum. (2009-265, s. 1.)

#### **§ 114-52. Staffing.**

The Department of Justice shall provide administrative and staff support to the Council. (2009-265, s. 1.)

#### **§ 114-53. Duties.**

The Council shall meet at least quarterly and shall perform the following duties:

- (1) Study and document current financial education programs in North Carolina and best practices across the country.
- (2) Coordinate activities related to financial education and asset building that occur within various government agencies, private enterprise, and the nonprofit sector to ensure dissemination of resources and information to households across the State.
- (3) Propose public and private policy, organizational changes, and systemic changes to ensure all North Carolinians have access to training about necessary financial skills and experience with financial services.
- (4) Consider and make recommendations specifically to address the following issues:
  - a. Current personal financial literacy programs in the public schools and how to integrate financial education in K-12 to ensure that young people are prepared for financial success.
  - b. Unique financial issues facing students in higher education and how to address those issues through the community colleges and public and private university systems.
  - c. Creation of and access to financial products that provide hands-on learning of financial skills.
- (5) Monitor the outcomes of financial education programs, focusing specifically on the following indicators: improved financial knowledge, improved financial behaviors, and increased access to and use of affordable financial services.
- (6) Use the talents, expertise, and resources within the State, especially those of the public schools, community colleges, and public and private university systems, as well as the bank and credit union industries, to further its mission.
- (7) Report annually to the General Assembly and the Governor on the performance of its prescribed duties and on the impact of the financial education activities conducted by State agencies. (2009-265, s. 1.)

#### **§ 114-54. Compensation and expenses of members.**

Public members of the Financial Literacy Council may receive subsistence and travel expenses at the rates set forth in G.S. 138-5 or G.S. 138-6, as appropriate. (2009-265, s. 1.)

#### **§ 114-55. State officers, etc., upon request, to furnish data and information to the Council.**

Except as provided in G.S. 105-259, all officers, agents, agencies, and departments of the State are required to give to the Council, upon request, all information and all data that are within their possession or ascertainable from their records and that are pertinent to financial education activities. (2009-265, s. 1.)



## **Appendix II: Council Membership (as of November 10, 2015)**

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(All appointments by the Office of the Governor.)

### **Government Agencies**

- Teretha Bell, NC Community College System
- Tami Hinton, NC Office of the Commissioner of Banks
- Jo Anne Honeycutt, NC Department of Public Instruction
- Vacant, The University of North Carolina
- Creecy Johnson, NC Department of Justice
- Trevor Johnson, NC Department of Revenue
- Rodney Maddox, NC Office of the Secretary of State
- Vacant, NC Department of Commerce
- Tina Morris-Anderson, NC Department of Labor
- Marquita Robertson, NC Department of State Treasurer

### **Public**

- Vacant, Financial Services Industry
- Leigh Brady, Consumer Advocacy or Nonprofit Financial Education
- Sarah Cherne, Chair, Consumer Advocacy or Nonprofit Financial Education
- Kevin Farrell, Consumer Advocacy or Nonprofit Financial Education
- Hayes Martin, Financial Services Industry
- William Morgan Jr., Employers with Experience in Providing Financial Education to their Employees
- Pedro Rosario, Consumer Advocacy or Nonprofit Financial Education
- Jacqueline Wieland, Employers with Experience in Providing Financial Education to their Employees

## **Appendix III: Campaign Recommendation**

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### **INTRODUCTION**

The North Carolina Financial Literacy Council (“FLC” or “Council”) was established on July 10, 2009, by Session Law 2009-264. The Council, which is housed within the Department of Justice for administrative purposes, is tasked with monitoring and assisting the Department of Public Instruction with the coordination of the statewide delivery of financial education within the public school system; identifying programs designed to increase the financial literacy of North Carolinians outside the public school system; and working to expand access to financial education resources and programs.

As part of these tasks, the Council is required to meet at least quarterly and perform the following duties:

1. Study and document the best practices for financial education programs in the state, and finding “best practices” across the country;
2. Coordinate financial education activities and asset building within government agencies, as well as private and nonprofit sectors, to ensure that resources and information are being disseminated across the state;
3. Propose public and private policy to ensure all North Carolinians have access to training for necessary financial skills;
4. Consider and make recommendations to address:
  - Financial literacy programs in the public schools;
  - The unique financial challenges of students enrolled at institutions of higher education, and how public and private universities and the community college system can address these issues;
  - Creation of and access to financial products for hands-on learning of financial skills.
5. Monitor the outcomes of financial education programs, including examining improved financial behaviors and increased access to affordable financial services;
6. Use the talents and resources of the State, including public and private partners, to further the Council’s mission; and
7. Report annually to the General Assembly and Governor on the performance of its duties and the impact of financial education conducted by State agencies.

The statute requires that the Council be made up of 18 members, including a chairperson, each appointed by the Governor. Each member serves on the Council for a three-year term. Pursuant to its establishing statute, membership of the Council is comprised of ten members

from state government agencies with responsibility for programs and services related to financial education, financial services, and related economic stability fronts, as well as eight public members who work in financial literacy, represent employers with experience in providing financial education to their employees, or have experience in consumer advocacy or nonprofit financial education. The Department of Justice is tasked with providing administrative and staff support to the Council.

The current Council membership is as follows:

**Sarah Cherne** (Junior Achievement of Central Carolinas, *Council Chair*), **Marquita Robertson** (Department of State Treasurer, *Head of Campaign Subcommittee*), **Teretha Bell** (Community College System), **Leigh Brady** (State Employees' Credit Union), **Kevin Farrell** (SAS), **Tami Hinton** (Office of the Commissioner of Banks), **Jo Anne Honeycutt** (Department of Public Instruction), **Creecy Johnson** (Department of Justice), **Trevor Johnson** (Department of Revenue), **Rodney Maddox** (Department of Secretary of State), **Hayes Martin**, (Blue Ridge Appraisal), **William Morgan** (Capital Management Group, Inc.), **Tina Morris-Anderson** (Department of Labor), **Pedro Rosario** (Crown Financial), and **Jackie Wieland** (Stifel, Nicolaus and Company, Inc.).

### **RECENT COUNCIL HISTORY**

The Council has held eight quarterly meetings in 2014-15, in addition to a number of subcommittee meetings and conference calls. The Council began its term by defining “financial literacy,” reviewing the current state of financial literacy in the state, and developing a clear set of goals for the Council. As part of that effort, the Council brought in a number of guest speakers, including representatives from various state agencies, legislators, business leaders, marketing experts, and professors to discuss the impact of financial literacy on the North Carolina economy, financial education standards in public schools, and the most effective methods for creating change in the financial habits of North Carolinians.

The Council undertook the gathering of this information in order to learn, understand, and discover the vast expanse of financial literacy information that is available across our state and to determine the actions that it should take to achieve its mandate. The Council initially examined the current requirements for financial education in public schools for K-12 students, and used the collective knowledge and experience of the Council to brainstorm and discuss challenges and solutions to reaching students, young people, and adults with financial education. Over time, after learning about the 2012 implementation of new standards for financial education in public schools, the Council's focus shifted from reforming the curriculum to targeting the key demographic of high schoolers and young adults with a broader financial education campaign that would not be tethered to the classroom.

## **THE “CHOICE\$ MATTER” CAMPAIGN**

After reviewing all the information gathered on the topic of financial literacy, the Council determined progress needed to be made to change behaviors and establish strong and healthy financial decision-making practices. The Council decided that a cultural change needed to take place in how young people view money and its significance to their financial well-being as adults. The fact-gathering process produced two recommendations for a Council initiative:

1. Develop a single portal or one-stop-shop website for financial educational resources and information, which could take the form of a public-private partnership; and
2. Create a public information campaign on platforms that appeal to the target demographics to show the benefits of financial literacy and/or the consequences of financial illiteracy.

A campaign subcommittee was formed to meet quarterly to move the initiative forward and to gather facts, material, research and data needed to create a financial literacy campaign. The subcommittee analyzed successful awareness campaigns, defined the role of the subcommittee, and developed recommendations concerning interested stakeholders, desired outcomes and measurements, and proposed theme ideas.

After weighing several ideas, and recognizing the importance of keeping the campaign message simple and catchy, the Council formed a consensus around the “Choice\$ Matter” theme. This theme was chosen because members felt that it stresses how vital decision-making can be in all facets of an individual’s financial life. Council members noted that the theme could have a long-term impact and could be applied in various formats to different financial lessons. Members also discussed how the ultimate goal of the Council’s efforts is to educate and inform, to spur a change in culture, and to get people to make thoughtful financial choices.

The Choice\$ Matter campaign will support a community outreach/marketing plan to educate and inform young adults, approximately ages 17 to 21, on the following topics:

1. Saving and Investing;
2. Credit and Debt;
3. Money Management and Budgeting;
4. Fraud and ID Theft; and
5. Credit Scores.

The Choice\$ Matter theme would be incorporated into the above five focus points, showing the benefits and consequences of making financial decisions related to each area. The campaign will seek to drive young adults to a website where they can obtain additional resources on a number of financial issues.

The campaign subcommittee drafted a Request for Information (“RFI”) that could be used to gather information about the budgeting and format of this type of marketing campaign by those in the industry with greater expertise. The RFI was issued by the Council on June 4, 2015, with a response deadline of June 29, 2015. The Council received four submissions in response to the RFI: from Eckel & Vaughn, Clean Design, iGrad, and American Student Assistance. A summary of these submissions was presented and discussed with the campaign subcommittee and later with the full Council.

## **STATEMENT OF NEED**

In a post-recession world with a global economy and a financial industry dominated by technology, financial literacy is more important than ever. As the economy gradually recovers, North Carolinians’ lack of financial knowledge and poor financial habits continue to present a risk to our state. This risk is particularly apparent among the Millennial generation. Sixty-one percent of North Carolina college students graduate with student loan debt.<sup>1</sup> The average N.C. graduate begins his or her post-college life with over \$24,000 in student loan debt.<sup>2</sup> Nationally, student loan debt has outpaced credit card debt.<sup>3</sup> During the recent recession, higher education tuition continued to rise while employment numbers and income levels dropped. As a result, the cost of higher education and student loan debt is affecting the baby boomer generation as well as Millennials. In a state where more than one-third of middle income families (earning up to \$79,000) have less than three months of savings,<sup>4</sup> many have used or are using their retirement funds to pay for their children’s education costs. Later, the state will be forced to support those without retirement funds. Currently, Social Security is the only source of income for one in three North Carolina residents age 65 and older.<sup>5</sup>

While the push for intensive financial education programs is still a fairly new concept and, accordingly, little data to prove the impact of such programs, one recent study demonstrated significant positive results from rigorous financial education requirements in high schools. The FINRA Investor Education Foundation study titled “State Financial Education Mandates: It’s All in the Implementation” found that students who completed integrated financial education and economics courses in high school had higher credit scores and lower delinquency rates three years later than those before them. In North Carolina and in the United States, we rely on the

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<sup>1</sup> “Assets and Opportunity Scorecard.” Corporation for Enterprise Development, 2015.  
<http://scorecard.assetsandopportunity.org/latest/state/nc>.

<sup>2</sup> Id.

<sup>3</sup> “Quarterly Report on Household Debt and Credit.” Federal Reserve Bank of New York, 2014.  
[http://www.newyorkfed.org/householdcredit/2014-q4/data/pdf/HHDC\\_2014Q4.pdf](http://www.newyorkfed.org/householdcredit/2014-q4/data/pdf/HHDC_2014Q4.pdf).

<sup>4</sup> “Report: Over Half of NC Households Lack Nest Egg.” *The News & Observer*, January 20, 2014.

<sup>5</sup> “Social Security: 2014 North Carolina Quick Facts.” AARP.

personal responsibility of each individual to maintain himself or herself financially. Without an adequate focus on financial education and a movement toward more financial knowledge and more prudent financial behaviors, North Carolina citizens will not be able to achieve and maintain financial stability throughout their lives.

## **THE RECOMMENDATION**

The Financial Literacy Council of the State of North Carolina recommends to the Governor and General Assembly a “Choice\$ Matter” personal finance campaign that seeks to enhance financial literacy among its target audience of 17-21 year olds living in North Carolina by: increasing understanding and level of savings/investing; decreasing debt; encouraging strong money management skills; equipping consumers with tools to protect themselves against fraud and identity theft; and positively impacting credit scores.

Campaign resources will be available to consumers in an already-existing online repository. The organization will develop and promote the program using the foundational elements outlined below and other tactics designed to effectively reach and inspire consumers to make smart personal finance decisions.

The Financial Literacy Council has dedicated the past two years to surveying the financial literacy landscape in North Carolina, consulting professionals, elected officials, community leaders, and businesses. As indicated in this recommendation, prior public service campaigns set a results driven precedence which has influenced our decision to recommend a public service campaign specifically addressing financial literacy. We have elected to target our most impressionable population of 17-21 year olds living in North Carolina as they are in their prime to make their first independent financial decisions that will affect their financial futures for years to come.

## **BUDGET**

<b>Explanation</b>	<b>Cost</b>
Strategy and Work Plan Development	\$ 10,000
Website Development	\$ 23,000
Management and Measurement	\$ 36,000
Creative, Marketing and Promotion	\$ 256,000
<b>Total</b>	<b>\$ 325,000</b>

## **OUTCOMES**

1. **Short-term:** Increase traffic to the Choice\$ Matter page on the North Carolina Jump\$tart Coalition's website.
2. **Short-term:** Receive self-reported behavioral data from visitors to the Choice\$ Matter webpage using both short pop-up surveys and longer ones offered on the site so that the data that is collected can be analyzed by future Council members in order to identify trends and make recommendations about content.
3. **Short-term:** Monitor which financial education resources visitors to the webpage are using in order to better respond to their needs.
4. **Long-term:** See an increase in the number of participants in the state's 529 College Saving Plan.
5. **Long-term:** See an increase in the general self-reported rate of savings among the target demographic.