Meeting the Need for Library-based Financial Literacy Education

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"Our global economy has become so complex that the gap between what people know about economics and personal finance, and what they need to know, is widening every day".[1]

ABSTRACT

The economic recession and resulting increased demand for help from libraries have raised awareness of the nationwide need for basic financial literacy education. Libraries, traditionally accepted as sources of free, unbiased information resources, are the ideal community institution to meet the demand for financial literacy education services and programming. In order to do this, library staff need financial literacy skills, as well as knowledge of reliable, accurate personal finance resources. Development of national guidelines for financial literacy in libraries provides library staff with an authoritative central resource to help meet this need. The following white paper details the creation of *Financial Literacy Education in*

Libraries: Guidelines and Best Practices for Service, which can be accessed from the RUSA website at http://www.ala.org/rusa/resources/guidelines

INTRODUCTION

As the professional organization for librarians, the American Library Association (ALA) has a history of providing both leadership and guidance for its members in all areas of meeting community information needs. In keeping with this role, the Reference and User Services Association (RUSA) recognized the opportunity for librarians to meet the growing need for financial literacy education. RUSA was awarded a SPARKS! Grant by the Institute of Museum and Library Services (Award #LG-46-13-0234-13) for a project to develop guidelines and best practices for library-based financial literacy programming and reference services.

The work of the project began in October 2013, following the selection of a project director, which was based on a review of responses to the Request for Proposals issued by RUSA's Executive Committee. The project concluded in October 2014 with the approval of *Financial Literacy Education in Libraries: Guidelines and Best Practices for Service* (available at http://www.ala.org/rusa/resources/guidelines) by the RUSA Standards and Guidelines Committee, and by the RUSA Executive Committee.

PROJECT SUMMARY

RUSA is responsible for stimulating and supporting excellence in the delivery of general library services and materials, and the provision of reference and information services, collection development, readers' advisory, and resource sharing for all ages, in every type of library. The development of financial literacy guidelines and best practices aligns with this mission.

An article in the *Journal of Extension* notes, “In recent years, libraries have become increasingly involved in financial education, and Extension educators are collaborating with them to deliver programs for their staff and the general public.”[2] There are likely a variety of reasons for this, including the economic downturn that started in 2008, with its personal and organizational impact, with the net result that the public has turned to their libraries for help. As has been demonstrated in the highly successful Smart investing@your library® grant program (http://smartinvesting.ala.org/),“People of all ages need help managing money, and with the uncertainty about jobs, paying for college, credit and debt issues, and complex decisions about investing, it’s no wonder that librarians are taking a leadership role in financial education.”[3]

A report published by the University of Wisconsin-Madison’s Center for Financial Security, “Public Libraries as Financial Literacy Providers,” describes this challenge, identifying “a void in public library programming, staff training, and collection development” in the area of financial literacy.[4] This study found that less than 10% of surveyed libraries had staff with any financial literacy training, “surprisingly few linked to … major financial literacy Web tools, and very few existing financial literacy collections met the ethnic, language and situational diversity of local communities.” These researchers confirmed that there are many challenges for library staff in their effort to meet this demand for financial information. A major challenge is the lack of formal training in the area of financial education. For many librarians, this topic is not in their sphere of expertise, even for library staff who are professionally trained librarians.

A viable solution to this situation is the development of national guidelines for financial literacy education services to be provided by libraries. This, coupled with a guide to best practices in library-based financial literacy education, provides a framework for provision of consistent, unbiased, financial literacy information and resources nationwide.

Billy Hensley, Director of Education for the National Endowment for Financial Education (NEFE), notes in a video titled, "Public Libraries as Financial Literacy Providers," that libraries are well positioned to be the contact point for financial literacy education. He states, "librarians are adaptable, knowledgeable and resourceful. Libraries are often on the leading edge of technology, often work with community partners, and often have access to underserved populations. Librarians have long held the role of information intermediary, and this is an important role in the delivery of financial literacy education."[5]

The Urban Libraries Council notes, "public libraries are emerging as strategic partners with their local governments in shaping and achieving sustainability goals. Libraries' solid community connections, stature as highly trusted public institutions, capacity to deliver programs and distribute information to large and diverse audiences, and universal accessibility make them logical partners."[6] Libraries are responding in many ways. As noted in "The State of America's Libraries," "the ongoing economic slump leads many Americans to reexamine their financial circumstances, public and community college libraries, for example, continue to provide patrons with reliable financial information and investor-education resources and programs."[7]

To begin work on this project, it was necessary to assemble a group with expertise in the fields of financial education and literacy. An Advisory Group was assembled, resulting in participation by the nation's leading financial literacy institutions and library-based financial literacy education providers. Members were selected based on their expertise, experience, and interest in the topic.

Advisory Group Members:

- Ted Beck, National Endowment for Financial Education
- Lori Burgess, Fon du Lac Public Library
- Judy Chapa, Financial Services Roundtable

- Kristin Eschenfelder, University of Wisconsin-Madison
- Robert Ganem, FINRA Investor Education Foundation
- Chris Le Beau, RUSA/BRASS member
- Laura Levine, Jump$tart Coalition
- Elizabeth Malafi, RUSA/BRASS member, Smart investing@your library® grantee
- Kerwin Pilgrim, Brooklyn Public Library, Smart investing@your library® grantee
- Adi Redzic, iOme Challenge
- Dan Rutherford, Consumer Financial Protection Bureau
- John Spears, Salt Lake City Public Library, Smart investing@your library® grantee

A Working Team was assembled to carry out the work of the project, under the guidance of this group of experts. This team was comprised of the project director and three members of the Business Reference and Services Section (BRASS) of RUSA (the authors of this white paper).

RESEARCH PROCESS

Research conducted by the Working Team falls into three categories: (1) a literature review, (2) a survey, and (3) a review of existing standards and guidelines. Attention was also given to the different perspectives of academic and public libraries.

Literature Review

The Working Team identified relevant articles both in trade journals and newsletters and in scholarly journals. The literature surrounding financial literacy education is robust in fields like education, sociology, finance, and economics, and the frequency of articles and the urgency of their tone increases dramatically after the global financial crisis of 2008. But libraries are rarely mentioned in literature from other fields, and discussion of financial literacy is scant in library literature before 2008. For instance, McCormick found no library sources in her 2009 review of the literature on youth financial education.[8]

Happily, this is changing as libraries increasingly turn their attention to financial literacy. Smart investing@your library®, a collaboration between ALA and the FINRA Investor Education Foundation, was launched in 2007 and has awarded more than $5 million in grants affecting over 800 library facilities.[9] ALA has also partnered since 2011 with the Federal Reserve Bank of Chicago for the annual Money Smart Week@your library initiative. While most of these efforts have germinated in public libraries, the student debt crisis is leading more academic libraries into the discussion, and Trevor Dawes made financial literacy a focus for his 2013-2014 term as President of the Association of College and Research Libraries (ACRL), with regular articles on the topic featured in *College & Research Library News*.[10]

Library literature is now swelling with reports and case studies related to financial literacy, and while there remain few examples of scholarly articles in this area, there are indications this may also be changing. Noteworthy examples include Špiranec, Zorica, and Simončić's 2012 conceptual correlation of information literacy and financial literacy, and Smith and Eschenfelder's 2013 exploratory study of public librarian perceptions of financial literacy and related programming.[11]

The Špiranec paper is additionally noteworthy as a case study of financial literacy education at Serbia's Belgrade City Library. Just as the Great Recession has been global, so has librarians' interest in financial literacy. Moreover, the tumultuous decades of social and economic change experienced by developing regions like South-Eastern Europe are illustrative of how the dynamic complexities of modern finance and economics heighten the need for financial literacy, especially during a crisis. As Wolfe-Hayes concludes in her 2010 environmental scan of financial literacy education: "Although improved individual financial literacy may not influence the occurrence of a crisis, it would likely dampen the impact on the individual's financial situation."[12]

Survey

The Working Team also distributed a survey via BRASS-L to members of BRASS, and to libraries on the Smart investing@your library® listserv. Sixty-nine responses were received, roughly half from public librarians, and half from academic. The findings of this survey, especially in comparison with Smith and Eschenfelder's earlier research, helped inform the Working Team's efforts on both the guidelines and the best practices.

Points of interest from the survey results include the following:

- 60 percent of respondents report their staff receive reference questions related to personal finance at least occasionally. Only 22 percent report not receiving such inquiries.
- 36 percent of respondents' libraries offer workshops related to financial literacy, while another 13 percent plan to in the future.
- And yet 81 percent of respondents report their staff receive no specialized training in order to respond to finance-related inquiries. This high number is particularly remarkable given that the surveyed population included business reference specialists and Smart investing@your library® participants, groups which can be assumed to be more likely to have received specialized training than a truly random sampling of libraries.

Existing Standards and Guidelines

Libraries are not alone in recognizing the need for financial literacy education, nor are libraries the first to make efforts to address this need. Other types of organizations have already produced standards and guidelines specific to financial literacy, and a review of these documents was essential. In fact, the Working Team chose to follow the general patterns used by these already established standards in creating guidelines and best practices for libraries. An example is adherence to the Financial Literacy and Education Commission's fivefold classification of core competencies as explained on the www.mymoney.gov website: earning, spending, saving and investing, borrowing, and protecting. However, it should be emphasized that existing standards typically center around learning outcomes for K-12 students. In other words, they are targeted at the learner. In contrast, *Financial Literacy Education in Libraries: Guidelines and Best Practices for Service* is targeted at the librarian and is intended to help the librarian serve the financial literacy needs of the library's community.

The existing standards that proved most useful were the Council for Economic Education's *National Standards for Financial Literacy* and the Jump$tart Coalition for Personal Financial Literacy's *National Standards in K-12 Personal Finance Education*. In addition to these national standards, several standards produced at the state level proved useful, especially *Wisconsin's Model Academic Standards for Personal Financial Literacy* and *The Maryland State Curriculum for Personal Financial Literacy Education*.

Academic library perspective

The academic curriculum in higher education has not historically emphasized personal financial literacy. Although business students may study finance, studies are devoted to the enterprise level with courses in managerial finance, financial management, financial institutions and markets, hedge funds, and various related courses. A proportionately small number of students may learn to manage a portfolio, but most college students leave college unprepared for managing personal finances.

Surveys provide evidence of the need for better financial literacy education. In one survey run by the Jumpstart Coalition in 2008, college seniors scored an average 64.8 percent on the *Personal Financial Survey*. While this was not a bad score, the report points out that only 28 percent of Americans complete college.[13] Surveys, however, can produce differing results. College students scored poorly on a personal finance survey, *Inceptia National Financial Capability Study*, with 89 percent scoring below a “C.”[14] Dozens of campuses have started centers for financial literacy in the past ten years. These centers have sprung up to fill an educational void providing a place to learn about personal finance, and to offer training and counseling.

ACRL made financial literacy a presidential initiative for 2013-2014 with college students in mind. Financial literacy has even caught the attention of the President of the United States who initiated the “President's Advisory Council on Financial Capability to assist the American people in understanding and addressing financial matters and to identify effective approaches to increase financial capability through education and access.”[15]

Public library perspective

In the past, librarians may have received reference questions on financial issues a few times a year, or perhaps only during tax season. As we have seen, the economic downturn has brought financial literacy to the forefront for public libraries. Libraries should respond with good financial literacy resources and programs. With the plethora of resources available now, building a good financial literacy collection on library websites and shelves is not difficult. ALA and the Public Library Association, and now the recently released *Financial Literacy Education in*

Libraries: Guidelines and Best Practices for Service, provide information about vetted resources ideal for public libraries.

The big challenge is to offer financial literacy programs that will appeal to patrons. Public libraries should look at their own communities and their needs. Targeting specific age groups allows programming to meet certain needs and is more likely to attract an audience. Another way to increase patron participation in financial literacy programming is to create programs that target groups already meeting at the library. Story time is a good opportunity to read a book about saving or budgeting. For suggested titles, consider the Association for Library Service to Children's "Money As You Grow" book list (http://www.ala.org/alsc/money-you-grow-book-list). Libraries can also offer programs for parents and teens about saving and paying for college. Senior groups already utilizing the library are a built-in audience for an insurance or IRA program. Examples of successful programs can be found at the Smart investing@your library® website, which includes financial literacy programs offered by grantees (http://smartinvesting.ala.org/). It is important for public libraries to work with their unique audiences to develop collections and programs that reflect their needs. Fortunately there are many tools to help achieve this goal.

PROJECT RESULTS

In *Public Libraries and Resilient Cities*, Michael Dudley notes, "libraries [are] engaging in innovative services geared toward addressing current social, economic, and environmental issues, often through partnerships with governments and other organizations."[16] As libraries transition in their role within their communities, provision of access to basic financial literacy skills and resources is emerging as an expected service. RUSA and ALA are rightly stepping into the breach to provide guidance for librarians in meeting this need. By developing appropriate guidelines, and describing model programs and best practices for delivery, the association will help to ensure the provision of accurate and effective financial literacy resources.

The development of *Financial Literacy Education in Libraries: Guidelines and Best Practices for Service* is a logical next step in the emergence of libraries as the preferred choice for trusted financial information. The trend in communities to turn to libraries for reliable resources is a growing one, as evidenced by the research included here. The formalization of content and practices will help to facilitate this process as well as serve to standardize the content delivered. This is a natural outgrowth of other library responses to community need, such as development of technological and information literacies. The library has the technology, staff, and mission to effectively meet the need for financial literacy, and the tools developed as a result of this project will provide staff with appropriate content, marketing tools, and delivery options.

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