

Pennsylvania Libraries: *Research & Practice*

Practice

Building Capital at the Library

Financial Literacy Programming and Partnerships

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Lack of personal financial knowledge negatively affects both individual and collective economic vitality, making financial literacy programming an important way that libraries can contribute to strong communities. Financial literacy is one of five essential 21st century literacies identified and supported by PA Forward, an initiative of the Pennsylvania Library Association to support libraries in their literacy efforts. Offering these events and workshops is a daunting task, but connecting libraries with partners who are trustworthy financial literacy experts can ease the difficulties. Using examples from public and academic libraries in Pennsylvania, this article will discuss PA Forward Financial Literacy partners, illustrate a variety of programming opportunities, and highlight best practices for library financial literacy programs.

Introduction

Unless you are discussing generous donations, it might seem strange to talk money at the library. But libraries are vital resources of community education, and financial literacy is one key to both personal and community success. PA Forward, the Pennsylvania Library Association's 21st-century library initiative to improve citizens' educational and economic outcomes through library programming and resources, identifies financial literacy as one of five essential literacies (PA Forward, 2019). However, many adults grade their personal finance knowledge as less than average or worse. Many never had an opportunity to learn about money management earlier in their lives. Lack of financial literacy can lead to poor monetary decisions that cost consumers more than just dollars, but also time and opportunities. Libraries of all kinds work to provide financial literacy education to patrons of all ages. In doing so, they are helping to build stronger and more economically vibrant communities.

Like their patrons, librarians might feel they lack the personal financial knowledge to provide financial literacy programming. However, libraries do not have to create this programming alone. PA Forward works with partners in the government, non-profit, and finance sectors that can assist libraries in creating and delivering effective programs for their patrons. In this article, we will discuss the importance of financial literacy, the role of libraries in

financial literacy, and highlight Pennsylvania libraries that work with PA Forward Financial Literacy Partners to provide programming for their patrons.

The Importance of Financial Literacy and the Role of Libraries

Financial literacy and the financial behaviors that impact everyday life in our communities are strongly linked. For example, the Financial Industry Regulatory Authority's (FINRA) *Financial Capability in the United States 2016* report states that those with higher financial literacy are more likely to engage in financial behaviors such as maintaining an emergency fund and less likely to misuse credit cards, suggesting the correlation between financial knowledge and behavior (FINRA Investor Education Foundation, 2016). While the FINRA report notes some positive improvements in financial capability, such as an increasing percentage of Americans with an emergency fund to cover three months of living expenses, it also indicates that overall financial literacy is decreasing, from 42 percent in 2009 to 37 percent in 2015, a concerning trend across the United States.

In Pennsylvania, FINRA found that only 34 percent were able to answer four or more questions correctly on a five-question financial literacy evaluation (FINRA Investor Education Foundation, n.d.) The study also showed expensive credit card behaviors among Pennsylvanians: 65 percent of individuals in Pennsylvania — the second-highest percentage nationwide — reported that they do not comparison shop when searching for a credit card, which can result in higher interest rates and overall borrowing costs to the individual (FINRA Investor Education Foundation, 2015). Additionally, the study found that although 49 percent of individuals in Pennsylvania have emergency funds to cover three months of expenses, 47 percent do not and thus are more financially vulnerable (FINRA Investor Education Foundation, n.d.). Overall, FINRA found financial capability to be lower among those who are younger, those who have incomes below \$25,000 annually, and those without post-secondary education experience, suggesting that certain populations may be at particular risk without financial literacy education to encourage positive financial behaviors (FINRA Investor Education Foundation, 2016).

Another issue intertwined with financial literacy in the United States is the cost of higher education, which for many people leads to taking on student loan debt that impacts their financial behaviors for decades. The Institute for College Access & Success' (2017) report *Student Debt and the Class of 2016* included some startling findings about student loan debt in Pennsylvania. Pennsylvania ranked second to New Hampshire among high-debt states, with an average student debt of \$35,759 for graduates in 2016. Additionally, 34 out of the top 100 colleges where graduates borrowed most in private loans were in Pennsylvania (Institute for College Access & Success, 2017). Private loans typically come with high interest rates, making them more challenging to pay off. At the national level, economists are debating how high student loan debt may impact the growth of homeownership, business startups, and overall economic growth (Bauman, 2018).

High student loan debt prompts a look at high school, a life stage when many young people make choices about going to college, which is a major decision with financial implications that they may or may not be prepared to address. National reports have shown that the personal finance education received by high school students varies widely from state to state. For example, Champlain College Center for Financial Literacy's *2017 National Report Card on State Efforts to Improve Financial Literacy in High Schools* found that 24 states earned an "A" or a "B" in their efforts to provide financial education to high school students. These states ensure formal education for students by requiring financial education as either a standalone course or as part of another course (Champlain College Center for Financial Literacy, 2017). On the other end of grading range, an "F" was assigned to 11 states with little to no high school financial education requirements. Pennsylvania received an "F" on Champlain College's report card; however, the *2016 Report on Economic and Personal Finance Education in Pennsylvania* notes that the number of Pennsylvania high schools that do have financial education requirements has been increasing over time (Pennsylvania Department of Education and

Pennsylvania Department of Banking and Securities, 2016). Looking more broadly at K-12 financial education, the Council for Economic Education's *2018 Survey of States* shows that Pennsylvania does include personal finance education in their K-12 standards and confirms the lack of state requirements at the high school level. Due to the limited opportunities for formal education in Pennsylvania and the importance of preparing youth and children for the complex financial decisions of their futures, the next generation may be relying on informal financial learning opportunities offered by parents, media, banks, financial service providers, community organizations, or libraries.

Faced with concerns about financial literacy and the economic viability of our communities, libraries have stepped in to fill gaps in financial education and provide much-needed support to communities. A survey on financial literacy in public and academic libraries conducted by a project team of the American Library Association's Reference and User Services division found that 60 percent of respondents received personal finance-related reference questions at least occasionally, suggesting that patrons looked to libraries for financial literacy resources and services (Keller, LeBeau, Malafi, & Spackman, 2015). However, given that 81 percent of librarians did not receive any type of specialized training for responding to financial questions, libraries may struggle in determining what role they can play in providing financial literacy support (Keller et al., 2015).

Hosting financial literacy workshops in libraries is an important role, and 36 percent of libraries are providing programs of this type (Keller et al., 2015). Libraries often accomplish these workshops through partnership. Library science literature includes examples of academic libraries working with colleges, financial aid offices, career centers, first year experience programs, money management centers, and other campus units (Geraci, Hickey, & LaVoice, 2016; Gil, 2015; Jagman, Lewis, Nunn, & Walter, 2014). In their survey of public libraries, Smith and Eschenfelder (2013) found that the most common financial literacy partners were state or local government agencies, investment companies, banks and credit unions, and job centers. Many of these types of organizations are represented among PA Forward Financial Literacy Partners, including the bank, government agency, and credit union discussed in the following examples.

PA Forward Financial Literacy Partners

PA Forward Literacy Partners do not fit a singular mold. They include businesses and non-profits, as well as state agencies and associations. Libraries may contact a larger state-level group for initial program inquiries. If appropriate, the state-level group may make a connection between the library and a local affiliate who can provide more targeted or relevant information for your community. In our case, this process is illustrated by the Pennsylvania Credit Union Association (PCUA) and the Heritage Valley Credit Union, which serves the York area. While individual credit unions are not PA Forward Partners, the PCUA is, and they can help libraries connect with credit unions in their community to provide programming and other financial literacy resources to their patrons, as can other state-level groups.

First National Bank¹

College students face unique financial challenges. Many are borrowing money to pay for school, are living on their own for the first time, and are about to embark into the working world where they will start a career and perhaps make a major purchase, like a house or a car. Budgeting, borrowing, and saving are important financial literacy concepts to both understand and put into practice at this life stage. The Penn State Harrisburg Library partnered with

¹ At the time of this writing, First National Bank is no longer a PA Forward Partner. Please check the [PA Forward Star Libraries website](#) for the most up-to-date list of Partners for your library programming.

a personal banker from First National Bank to provide programming for college students that addressed these topics with real-world situations. Initially, the library director was concerned that the presenter would attempt to sell students on the bank's products, but this concern was unfounded. PA Forward Partners have a memorandum of understanding with the Pennsylvania Library Association that no selling may take place when working with libraries.

The banker worked with the librarian to create two presentations: Financial Literacy 101 addressed general topics for college students including budgeting, smart borrowing, and identity theft prevention; Financial Literacy 201 addressed topics for soon-to-be-graduates, including loan repayment strategies, healthcare and retirement accounts, and saving and borrowing for major purchases.

The sessions were well-attended when compared to other library programs, with 13 attendees at Financial Literacy 101 and nine attendees at Financial Literacy 201. Based on an exit survey, feedback was positive. Students indicated they found the sessions useful, and their knowledge of budgeting concepts improved after the sessions. The librarian also received phone calls asking for the sessions to be offered again in future semesters.

Utilizing a PA Forward Partner institution made providing the programming very easy. The banker had experience delivering financial literacy education and drew on her own experience as a student and a young working adult to provide practical examples of financial literacy in the real world. She was flexible in creating presentations tailored to the key topics identified by the librarian and used general banking concepts as examples, rather than products offered by her institution. Students liked having an actual financial professional as the presenter and asked her many questions during and after the presentation, demonstrating an appreciation of her expert knowledge. Based on our experience and student responses, this programming will be offered again, and possibly expanded to cover additional topics.

Pennsylvania Insurance Department

Understanding the complexities of insurance may also confound patrons. It can be difficult to find objective information on the kinds of insurance you need, what that insurance should cover, and realistically how much it should cost. The Free Library of Northampton Township partnered with the Pennsylvania Insurance Department (PID), the state government agency that oversees insurance regulation. In the past, the library struggled to find trustworthy presenters who were not in "selling" mode when working with the library.

PID provides educational sessions that empower consumers to make informed decisions about their insurance coverage. They also present consumers with courses of action if they have a problem with their insurer. The library and PID presented programs on health insurance and insuring teen drivers. The health insurance program covered basics like copays and deductibles, and also focused on how to ask the right questions of insurers to make sure you get the coverage that is right for you and your family. The teen driver program helped start a conversation with teens and their families about driving and included a fun game that everyone enjoyed.

PID is a nonpartisan state agency and their presentations are not political in nature. They focus tightly on helping consumers understand how insurance works, how to find appropriate coverage for their needs, and how to report problems with an insurer. Both the health insurance program and the teen driver program were advertised to the community through social media, the library website, e-newsletters, and local print news. The programs were well-attended and the presenters well-received, with 20 attendees at the health insurance program, and 10 at the teen driver insurance program. The library previously avoided preregistration for events, as they were concerned patrons might think their information could be sold, and would therefore avoid the event. PID requested preregistration for their session and the library found that taking registration increased participation, rather than diminish it, as they previously feared. When working with a PA Forward Partner, the library knew patron information would not be used for marketing purposes.

The Pennsylvania Insurance Department's PA Forward Partner status indicated that they were reliable and would deliver high-quality presentations. Further, as a government agency, they would present unbiased information in a professional manner, and help patrons make a connection to the agency that protects consumers in the insurance market.

Heritage Valley Credit Union/Pennsylvania Credit Union Association

Financial literacy is beneficial for all ages—even children. Heritage Valley Credit Union, a credit union serving York County, wanted a way to reach out to children and families to provide financial literacy resources and promote saving. They approached York County Libraries and became partners in Reading Rainbow, an annual event with a regional or national author, local agencies, and other groups to help promote reading and the love of books in children. Instead of a single financial literacy event with a small draw, they became part of something bigger, reaching a huge audience to encourage parents to create savings accounts or college funds for their children.

During Reading Rainbow, the Heritage Valley Credit Union served two distinct audiences: children, who played age-appropriate money games, participated in story time, and met Sammy the Saver, the bank's mascot, and adults, who received information from financial professionals about the importance of teaching their child good money behaviors like saving and preparing financially for the future.

Reading Rainbow drew 200-300 people and was held at larger venues outside of the library, including a mall and York College of Pennsylvania. The event was advertised through the library website and many local media outlets, including the local newspaper the *York Daily Record* and the magazine *Central Penn Parent*. The high-profile author and festivities helped draw a larger audience than standalone financial literacy sessions. Feedback was overwhelmingly positive. Attendees were able to get information about financial management and products they would not have otherwise had access to, because the information came to them at the event. Parents may have been unaware of savings options for children. While Heritage Valley Credit Union discussed savings options available at their institution, they did not overtly push their products and guided parents to other institutions if they were seeking different services.

Best Practices for Planning a Program with a Partner

The first step in hosting a successful program is to understand the information needs of your community. If your reference services receive many similar questions about insurance, taxes, financial planning, or any other core literacy-related topic, it is probably a good idea to organize a program. You might also consider programs to highlight advocacy and awareness celebrations like America Saves Week or Freedom of Information Day.

A list of current PA Forward Partners is available on the [PA Forward Star Libraries](http://paforwardstarlibraries.org/pa-forward-partners) website (paforwardstarlibraries.org/pa-forward-partners). If you are not sure who to contact at a partner agency, or need more help in locating a partner, the Pennsylvania Library Association is always available as a resource and to help make a connection. Libraries can also view examples of programs and partnerships on the Star Libraries website.

PA Forward Partners help libraries by providing original and customized programming and by bringing subject matter experts to your library to speak with and answer questions from your community. The hosting library is responsible for publicity and event coordination, including scheduling a meeting space and registering attendees. Ensuring program participation is a perennial challenge for many libraries. Libraries hosting partner programming have found the following strategies helpful for increasing audience size:

- Conduct an environmental scan of your community and patrons to determine the need for specific types of financial literacy programs, such as budgeting workshops, first-time homebuyer seminars, etc.

- Schedule programming at times when you know your target audience will be available and/or already at the library, e.g. common hours for academic libraries, adjacent to teen advisory board meetings at public libraries, etc.
- Ask for advance registration to gauge attendance and help people commit to attending
- Come up with a catchy name and let your audience know exactly what you will cover
- Partner with other libraries in your area or district to increase audience size
- Provide snacks or other small incentives for attendance
- Share some of your own experience to build trust and community with attendees
- Have some method of gathering feedback/assessing attendee perceptions of the event
- Ask attendees what else they want to learn to help plan additional events

While some of these approaches may increase attendance, it is worth noting that PA Forward Financial Literacy Partners appreciate the opportunity to engage with audiences of all sizes, and have emphasized that number of attendees is not the only measure of success. Additional measures of success include:

- Engagement with the presenter—do attendees participate actively in the program when appropriate, and ask questions of the presenter?
- Repeat customers—do attendees return for other events?
- Demonstration of knowledge—do participants indicate through self-reporting or behavior that the sessions improved their financial literacy? Post-session quizzes can help assess this area.

Conclusion

PA Forward Financial Literacy Partners make it easy for libraries to provide crucial programming to their communities by making direct connections to vetted, trustworthy subject experts. Financial literacy is a wide-ranging and important topic for libraries and communities to engage with throughout the Commonwealth and across the country so that citizens can be informed consumers and make better financial decisions for themselves and their families. Working with partners allows Pennsylvania libraries of all kinds to address the financial literacy needs of their community in budget-friendly ways, without placing additional burdens on librarians to develop new programming themselves or act as subject matter experts in unfamiliar territory. Given the problematic behaviors found in Pennsylvania by the FINRA financial capability study, it is important for all libraries to consider offering financial literacy programming that addresses the needs of their users so we can improve financial knowledge and change risky monetary behaviors for a secure financial future for all Pennsylvanians.

Acknowledgements

We would like to acknowledge the work of librarians Paula Gilbert, York County Libraries Director of Youth Services, and Sarah Fetzer, Free Library of Northampton Township Reference Librarian, as well as First National Bank, the Pennsylvania Insurance Department, and the Heritage Valley Credit Union, whose cases are featured in this article. Their work in support of financial literacy and PA Forward contribute to stronger communities across the Commonwealth.

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