Raising the Grade on Financial Literacy in Oregon

January 5, 2021
John Pelletier
Director
Center for Financial Literacy

CHAMPLAIN COLLEGE
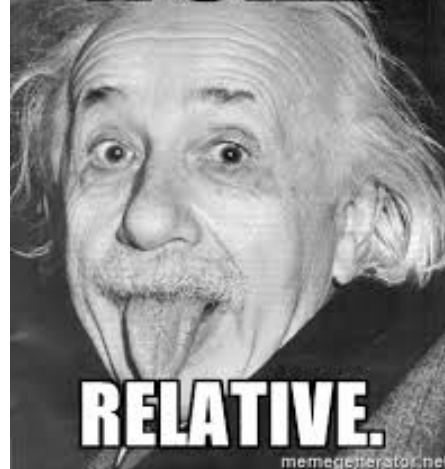Center for Financial Literacy

CHAMPLAIN COLLEGE
Center for Financial Literacy

2016 NATIONAL REPORT CARD ON

Adult Financial Literacy

IS YOUR STATE MAKING THE GRADE?

BY JOHN PELLETIER, DIRECTOR
CENTER FOR FINANCIAL LITERACY AT CHAMPLAIN COLLEGE
DECEMBER 12, 2016

IT'S ALL RELATIVE.

Letter Grade	Percent Grade from Linear Curve
A+	97-100
A	93-96
A-	90-92
B+	87-89
B	83-86
B-	80-82
C+	77-79
C	73-76
C-	70-72
D+	67-69
D	63-66
D-	60-62
F	Below 60

CHAMPLAIN COLLEGE
Center for Financial Literacy

Oregon

OVERALL GRADE: B-

FINANCIAL KNOWLEDGE*				Category Weighting: 15%
Data Points	US Data Point	US Letter Grade	State Data Point	State Letter Grade
Mean Number of Correct Answers on Six Financial Knowledge Questions	3.16	C-	3.31	C+
Offered and Participated in Financial Education	20.84%	D+	22.37%	C
Quality and Availability of High School Financial Literacy Education	76%	C	75%	C
Financial Knowledge Category Grade	NA	C-	NA	C+

CREDIT				Category Weighting: 30%
Data Points	US Data Point	US Letter Grade	State Data Point	State Letter Grade
GENERAL CREDIT				Subcategory Weighting: 15%
Average Vantage Credit Scores	666	C-	683	B-
On Time Payers	79.2%	C+	83.4%	B+
Prime Credit	48.9%	B-	54.6%	A-
Inclusion in Credit Economy	92.5%	C	94.7%	B
Access to Revolving Credit	67.9%	B	70.8%	B+
Low Credit Use (use less than 30%)	36.9%	B-	40.2%	B
Bankruptcy Rate (per 1,000 people)	2.9	B-	3.0	C+
Past Due Debt	5.3%	B	4.5%	A-
Debt Past Due and in Collections as a Percent of Household Income	7.2%	B-	8.3%	C-
Highest Tier Credit	81%	C-	85%	B+
General Credit Subcategory Grade	NA	C+	NA	B+
HOUSING CREDIT				Subcategory Weighting: 30%
Average Loan to Value Ratio on Mortgage	82%	C-	77%	A-
Equity Rich Mortgages	22.54%	C	26.42%	B-
Homeownership Rate	63.1%	C-	60.7%	C
Mortgage Delinquency Rate	2.25%	B	1.64%	A-
Foreclosure Rate	2.09%	B+	2.22%	B+
Homeowners with a Mortgage	57.28%	C	60.32%	C-
High Cost Homeowners (30% or more of income)	20.8%	C	32.8%	D+
High Cost Renters (30% or more of income)	51.8%	D+	55.1%	D-
Seriously Underwater Mortgages	11.5%	B-	5.7%	A
Mortgage Balance as a Multiple of Household Income	3.58	B-	4.09	C
Housing Credit Subcategory Grade	NA	C	NA	C
AUTO CREDIT*				Subcategory Weighting: 15%
Auto Loan Balance as a Percent of Household Income	33.8%	B-	33.4%	B-
Auto Loan Delinquency Rate	1.32%	B	0.58%	A+
Percent with Auto Loans	30.42%	B-	26.47%	B+
Increase in Auto Insurance Premiums Due to Bad Credit	53%	B-	68%	C
Auto Credit Subcategory Grade	NA	B-	NA	B
CREDIT CARD				Subcategory Weighting: 15%
Always Pay in Full	52.64%	C	49.42%	D+
Carried Balance with Interest Charged	47.08%	C+	53.59%	F
Made Only Minimum Monthly Payments	32.37%	C	33.83%	C-
Credit Card Delinquency Rate	1.47%	B-	1.06%	A-
Credit Card Balance as a Percent of Household Income	9.71%	C	9.34%	C
Credit Card Subcategory Grade	NA	C	NA	C-

*Most category and subcategory grades were calculated by equal weighting each datapoint grade. However, data points were not equal weighted for the Financial Knowledge category grade and Auto Credit subcategory grade. See the Methodology section of this Report Card for the data point weighting used for all category and subcategory grades.

CHAMPLAIN COLLEGE
Center for Financial Literacy

Oregon (continued)

CREDIT				Category Weighting: 30%
Data Points	US Data Point	US Letter Grade	State Data Point	State Letter Grade
STUDENT LOANS				Subcategory Weighting: 15%
Graduates with Student Loan Debt	69%	D	62%	C
Average Debt Balance	$28,950	D+	$26,106	C+
Figured Monthly Payments Before Getting Loan	38.00%	B	35.87%	B-
Never Made a Late Payment on Student Loans	35.59%	C	40.26%	B-
Student Loans Subcategory Grade	NA	D-	NA	C
OTHER CREDIT				Subcategory Weighting: 10%
Unpaid Medical Bills	20.78%	C	19.39%	C
Using One or More Non-Bank Borrowing Methods in the Past 5 Years	25.51%	C	26.85%	C
Took a Loan From Retirement Account	13.39%	B-	15.45%	C+
Delinquency Rates for Unsecured Personal Loans	3.53%	B	2.48%	A-
Unsecured Personal Loan Balance as a % of Median Household Income	14.13%	B-	15.47%	B-
Other Credit Subcategory Grade	NA	C+	NA	C
Credit Category Grade	NA	C	NA	B-

SAVING AND SPENDING				Category Weighting: 25%
Data Points	US Data Point	US Letter Grade	State Data Point	State Letter Grade
Spending Less Than Income	40.48%	C+	38.03%	D
Does Not Have an Emergency Fund	49.57%	C+	52.01%	C-
Unbanked	7.7%	C+	4.5%	A-
Underbanked	20.00%	B-	17.10%	B
Saving for Children's College Education	41.02%	C+	42.62%	B-
Overdraws Checking Account Occasionally	18.90%	C	22.57%	D
Could Come Up with $2000 in an Emergency	39.43%	C	38.62%	C-
Household has a Budget	56.03%	C	59.79%	B
Made a Hardship Withdrawal from Retirement Account	10.47%	C+	12.91%	C-
Saving and Spending Category Grade	NA	B-	NA	B-

RETIREMENT READINESS AND OTHER INVESTING				Category Weighting: 20%
Data Points	US Data Point	US Letter Grade	State Data Point	State Letter Grade
Access to a Retirement Plan	58%	C+	64%	B+
Take Up Rate of Retirement Plans	84.5%	C+	85.9%	B-
Tried to Figure Out How Much is Needed for Retirement	39.33%	C	41.76%	B-
Estimated Percentage of Income Replaced During Retirement	60.27%	C+	63.71%	B
Relies on Social Security for 90% or More of Retirement Income	22.8%	B-	23.2%	B-
Invest Outside of Retirement Plans	30.12%	C-	29.08%	D+
Retirement Readiness and Other Spending Category Grade	NA	D+	NA	C

PROTECT AND INSURE				Category Weighting: 10%
Data Points	US Data Point	US Letter Grade	State Data Point	State Letter Grade
Population without Health Insurance	11.7%	C	9.7%	B-
Average Life Insurance Policy as a Multiple of Household Income	2.56	C	3.42	A-
Percent Uninsured Motorists	12.6%	B-	9.0%	B+
Protect and Insure Category Grade	NA	C	NA	B+
Final Grade	NA	C	NA	B-

Financial Knowledge

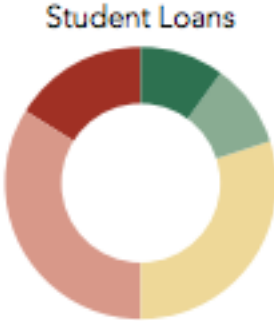|				
A	**B**	**C**	**D**	**F**
12%	18%	34%	30%	6%
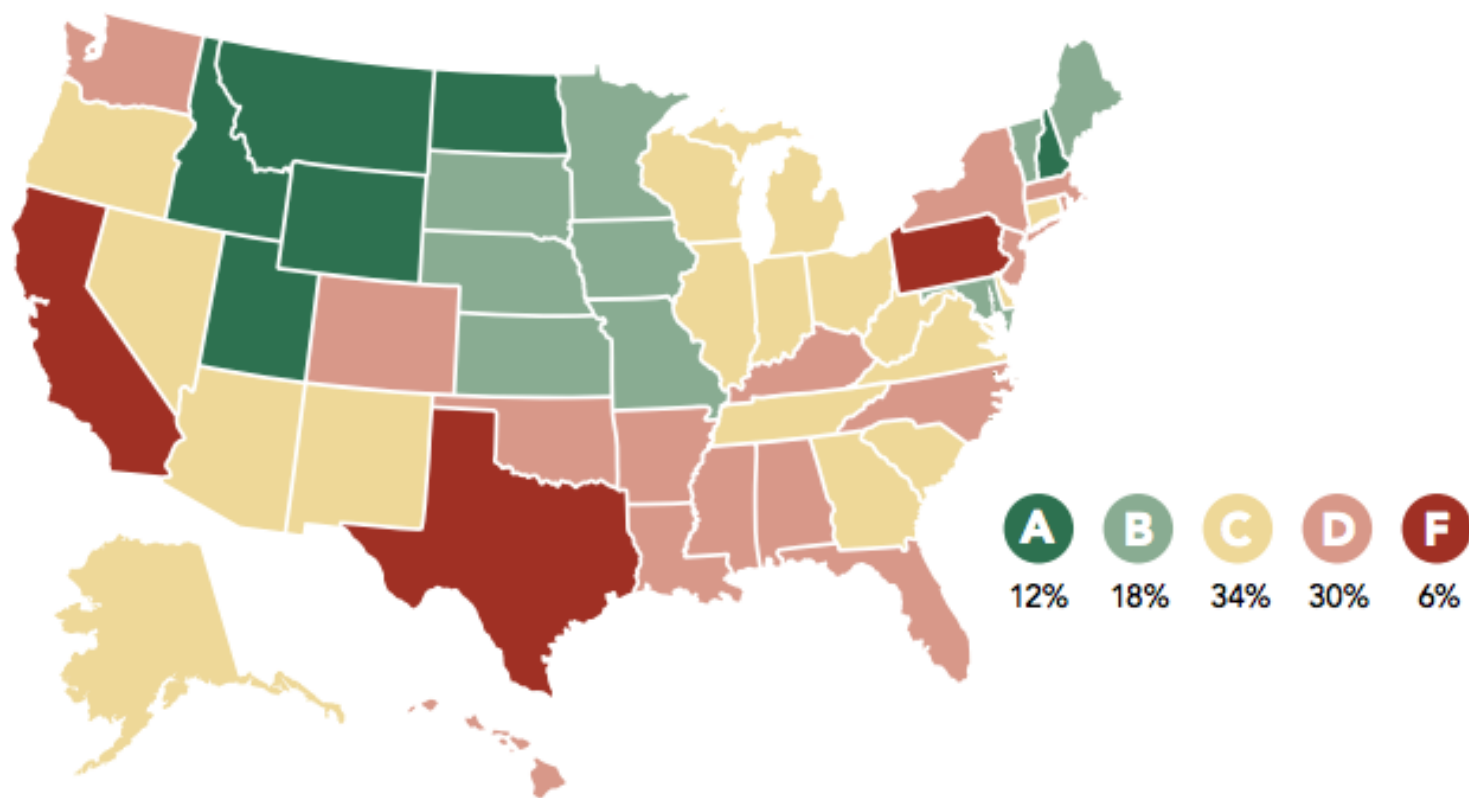
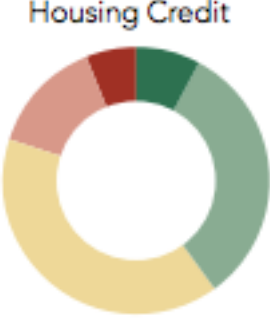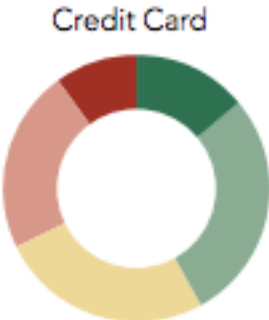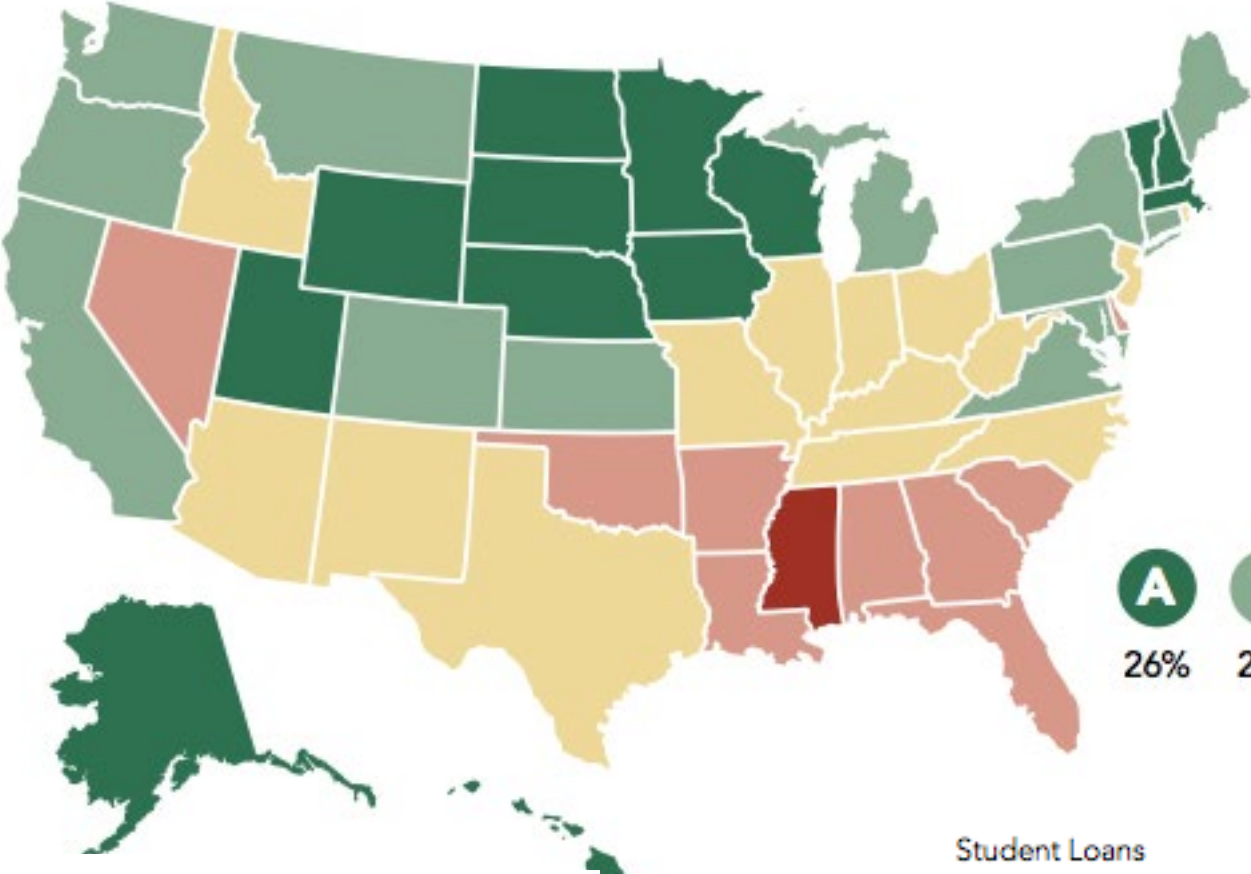Mean Number of Correct Answers on Six Financial Knowledge Questions

Offered and Participated in Financial Education

Quality and Availability of High School Financial Literacy Education

Credit

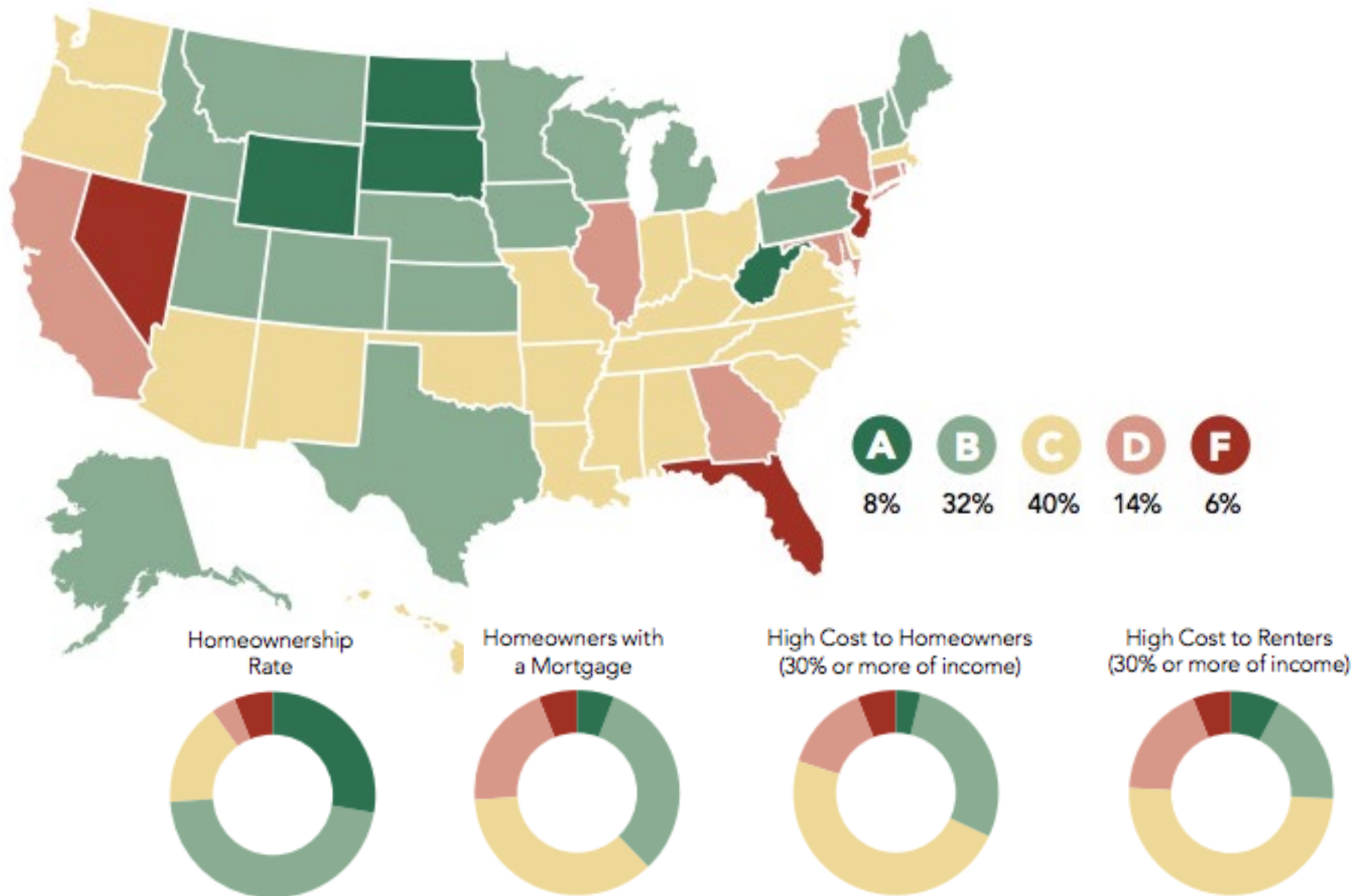A **26%**   B **26%**   C **28%**   D **18%**   F **2%**

Credit Card

Housing Credit

Student Loans

Other Credit

General Credit

A	B	C	D	F
30%	34%	12%	22%	2%
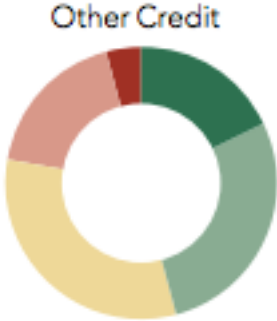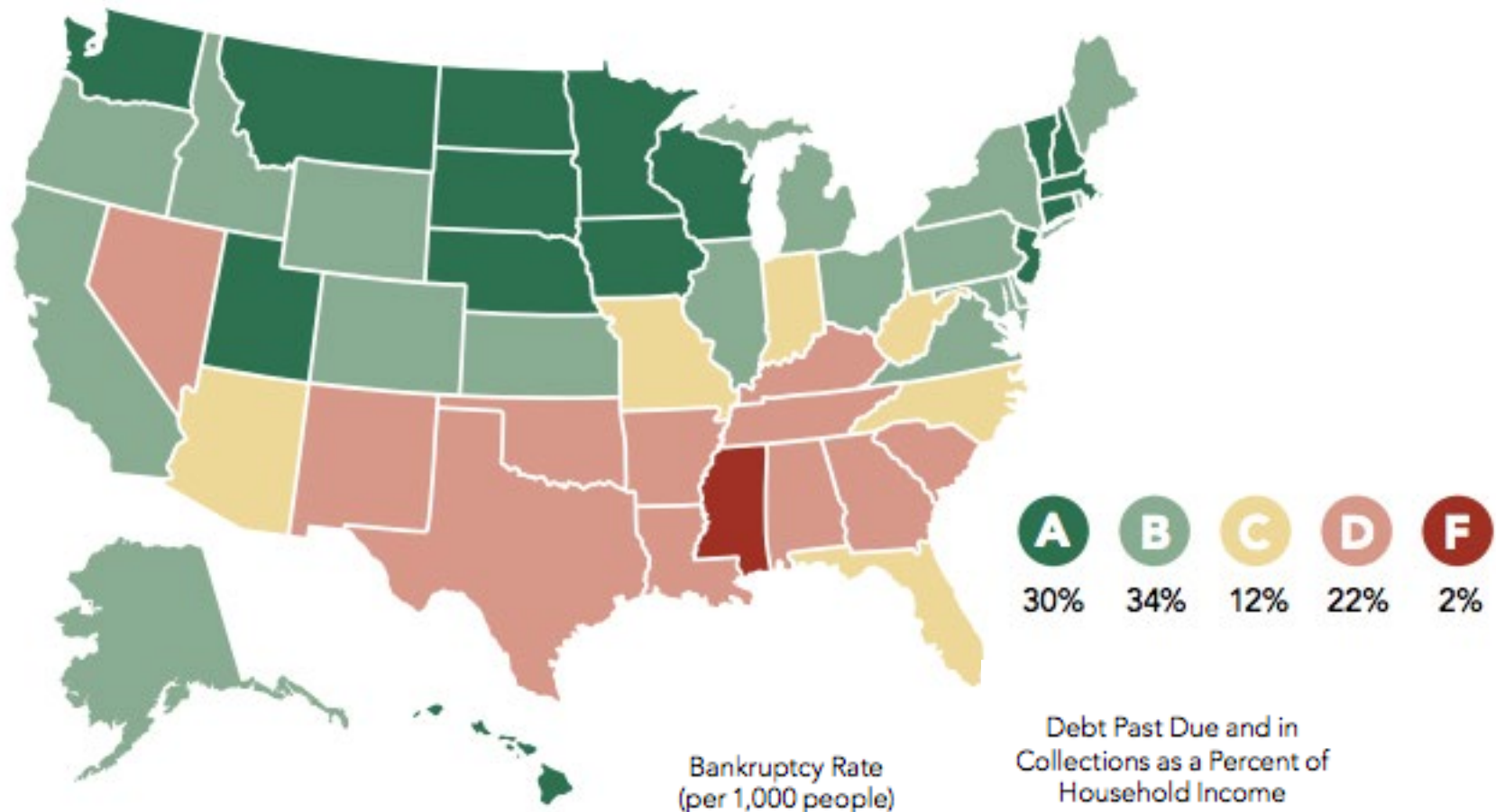
Bankruptcy Rate
(per 1,000 people)

Debt Past Due and in
Collections as a Percent of
Household Income

Housing Credit

A	B	C	D	F
8%	32%	40%	14%	6%

Homeownership Rate

Homeowners with a Mortgage

High Cost to Homeowners (30% or more of income)

High Cost to Renters (30% or more of income)

Auto Credit

A 14%   **B** 48%   **C** 20%   **D** 16%   **F** 2%

Increase in Auto
Insurance Premiums
Due to Bad Credit

Credit Card

A 14% B 28% C 26% D 22% F 10%
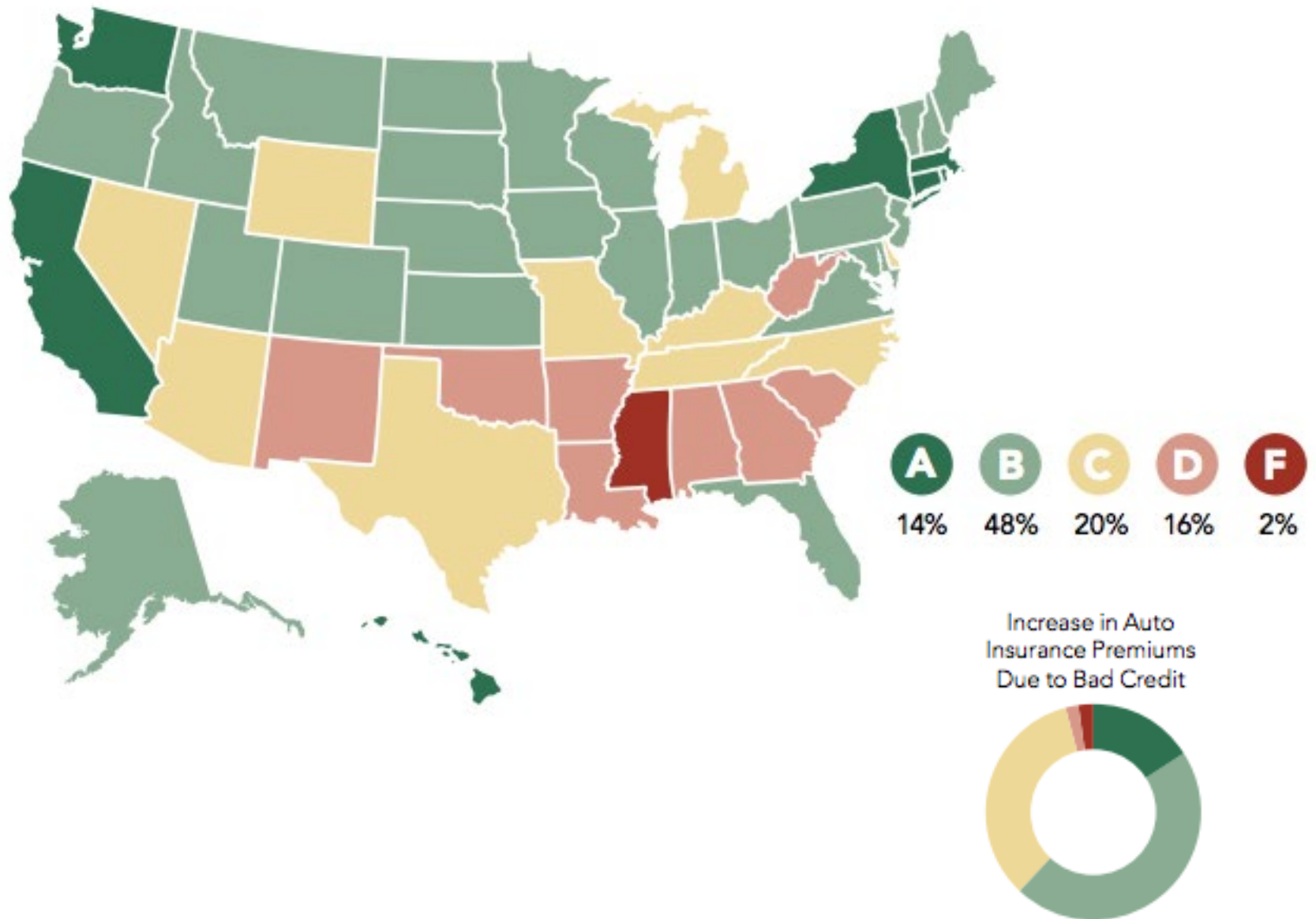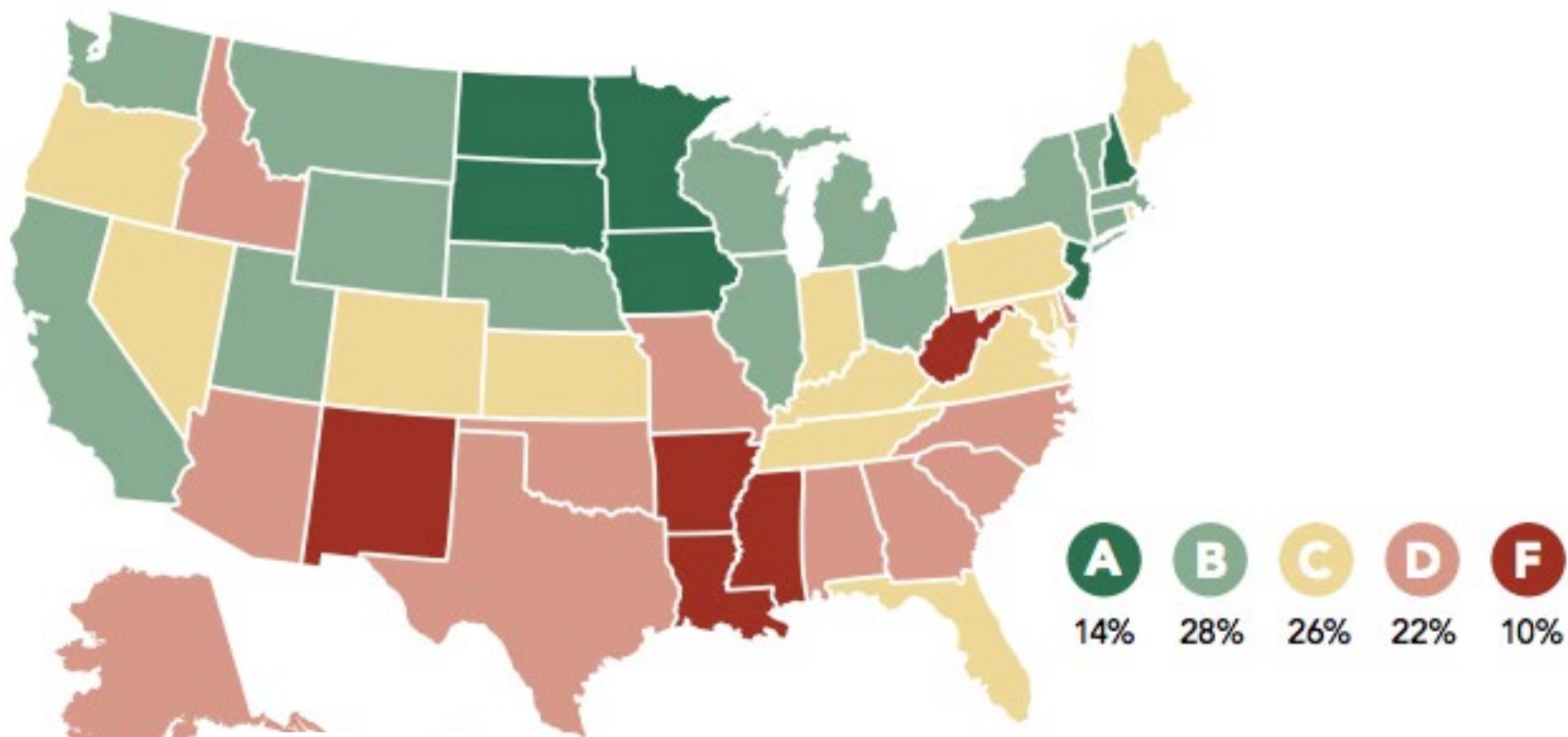
Credit Card Balance as a Percent of Household Income

Always Pay in Full

Carried Balance with Interest Charged
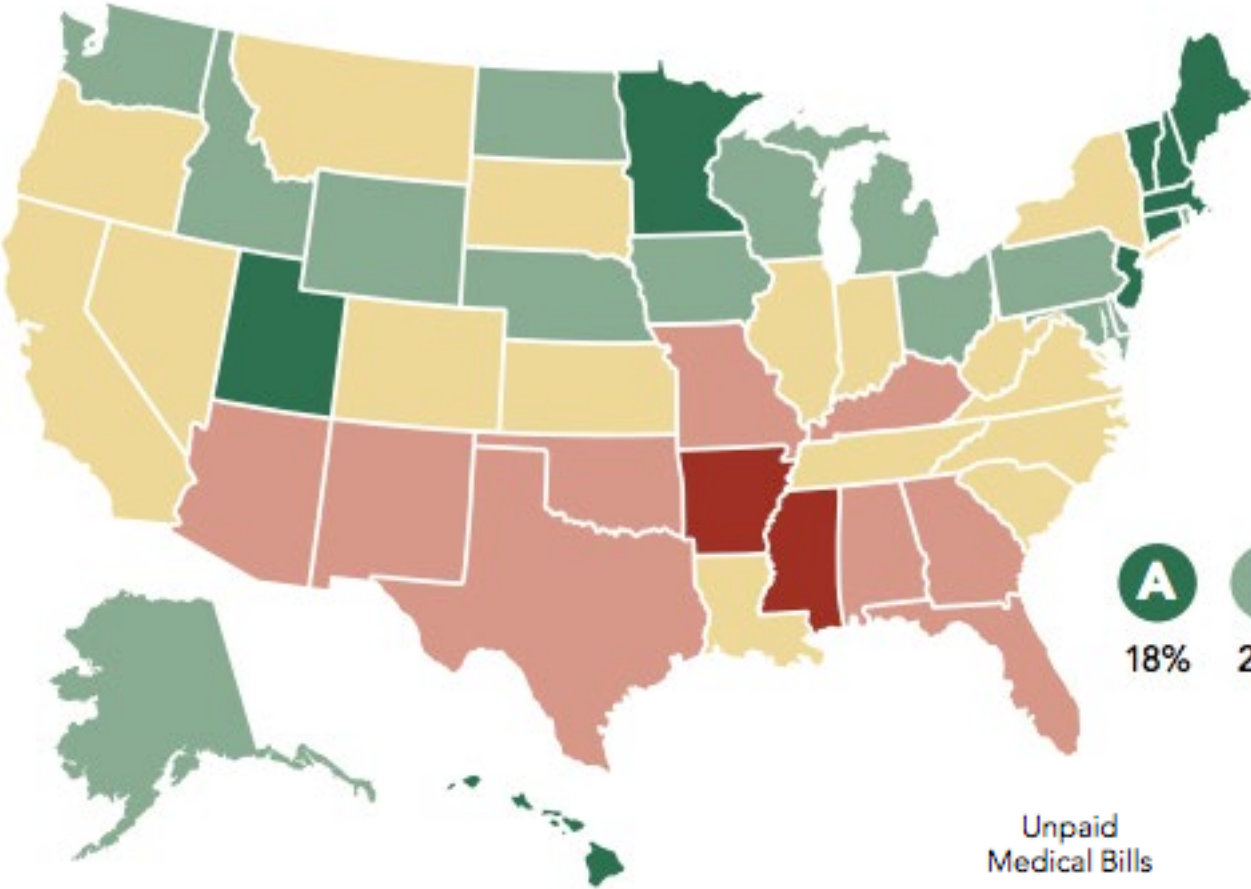
Made Only Minimum Monthly Payments

Student Loans

A 10% B 10% C 30% D 34% F 16%
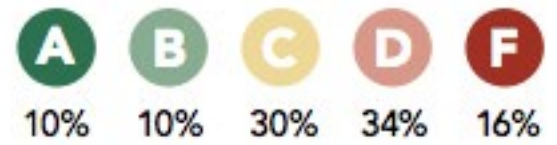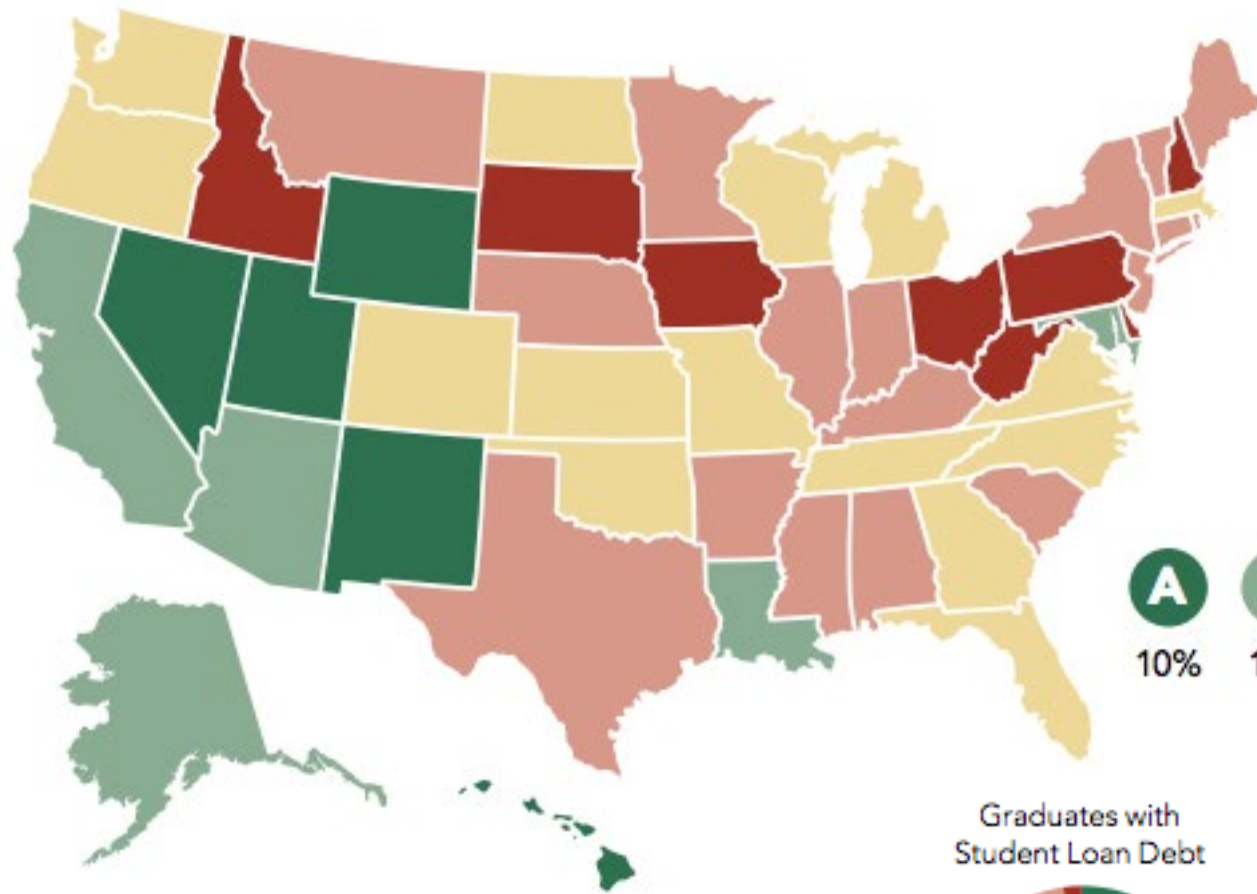
Graduates with Student Loan Debt

Average Debt Balance

Other Credit

A	B	C	D	F
18%	28%	32%	18%	4%

Unpaid Medical Bills

Using One or More Non-Bank Borrowing Methods in the Past 5 Years

Savings and Spending

A 16% B 48% C 26% D 8% F 2%

Spending Less Than Income

Does Not Have an Emergency Fund

Overdraws Checking Account Occasionally

Could Come Up with $2000 in an Emergency

Final Grade

A 8% **B** 36% **C** 32% **D** 22% **F** 2%
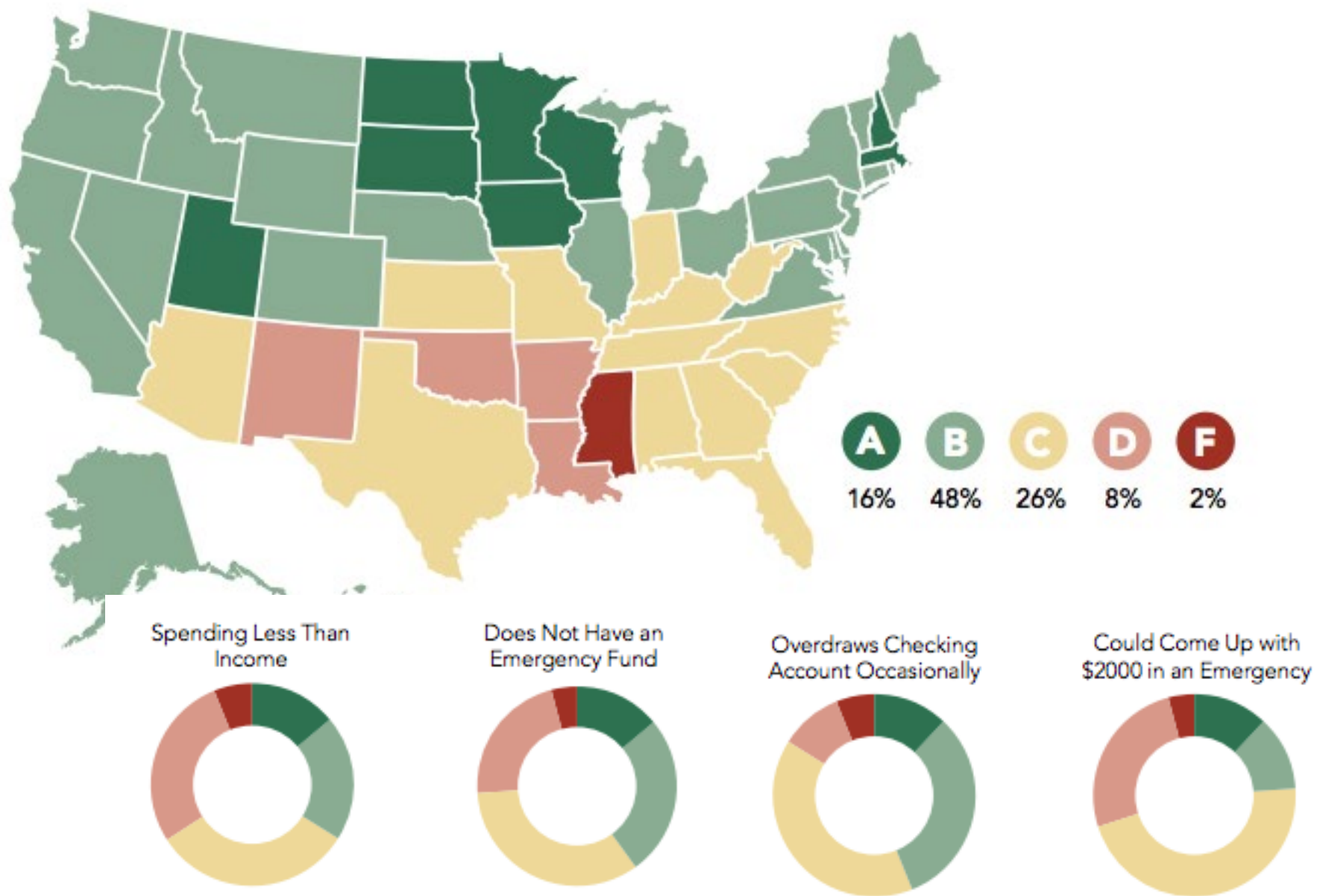
Appendix

The 2020 *TIAA Institute-GFLEC Personal Finance Index*

Many Do Not Know What They *Do* and *Do Not* Know
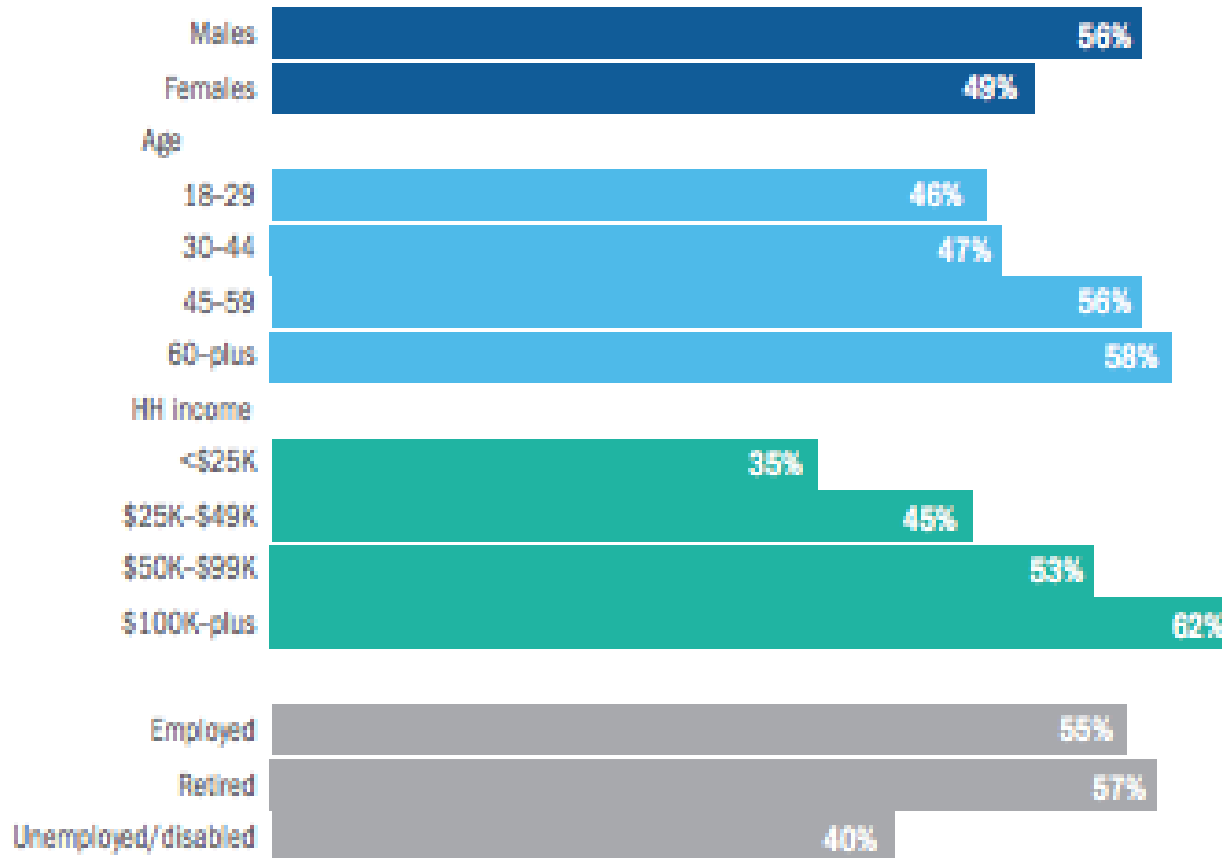
Paul J. Yakoboski, TIAA Institute

Annamaria Lusardi, The George Washington University School of Business and Global Financial Literacy Excellence Center (GFLEC)

Andrea Hasler, The George Washington University School of Business and Global Financial Literacy Excellence Center (GFLEC)

Figure 7. Demographic comparisons
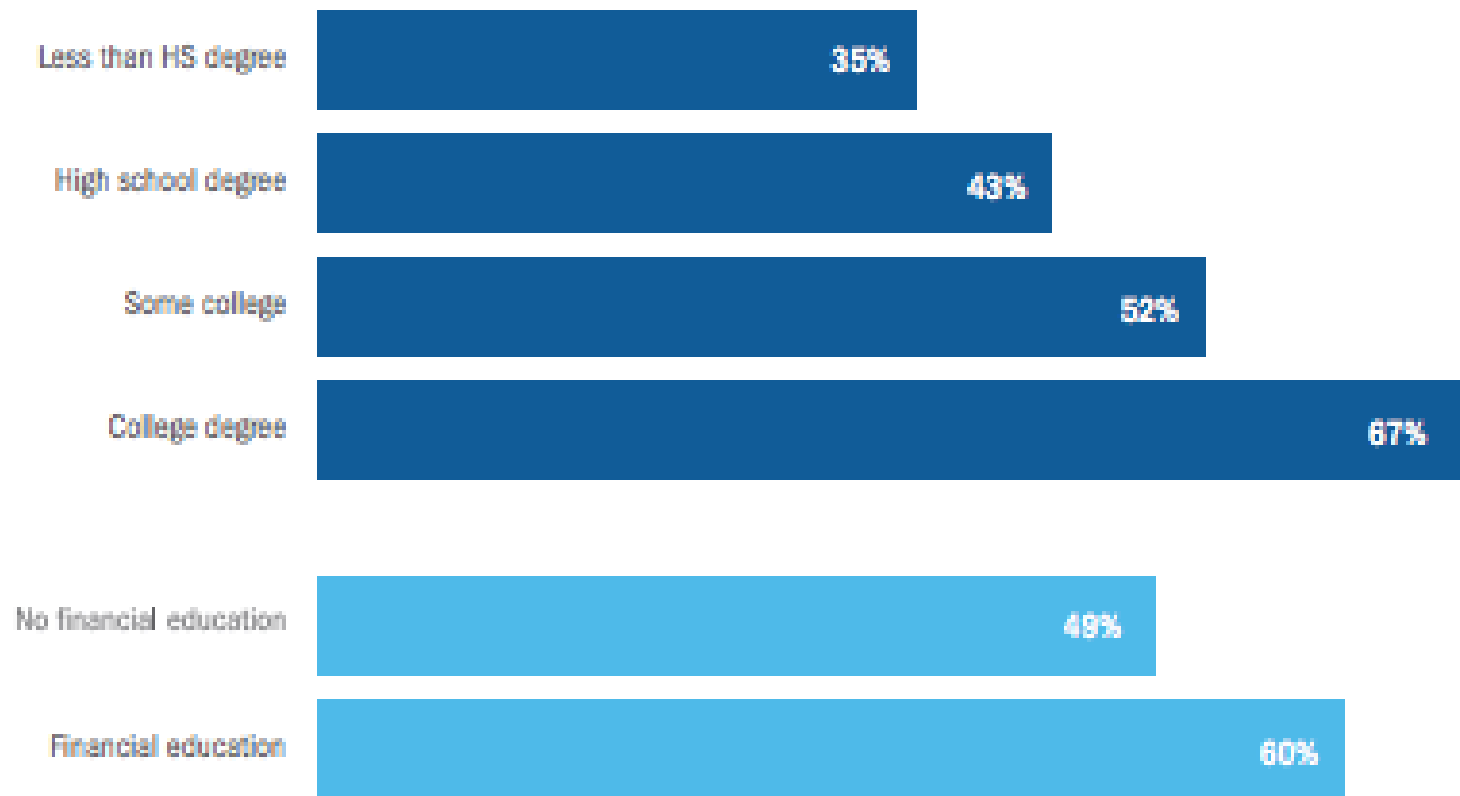
% of *P-Fin* questions answered correctly

Males	56%
Females	49%

Age

18–29	46%
30–44	47%
45–59	56%
60-plus	58%

HH income

<$25K	35%
$25K–$49K	45%
$50K–$99K	53%
$100K-plus	62%

Employed	55%
Retired	57%
Unemployed/disabled	40%

Source: TIAA Institute-GFLEC Personal Finance Index (2020).

Figure 8. Comparisons by education

Financial literacy increases with education.
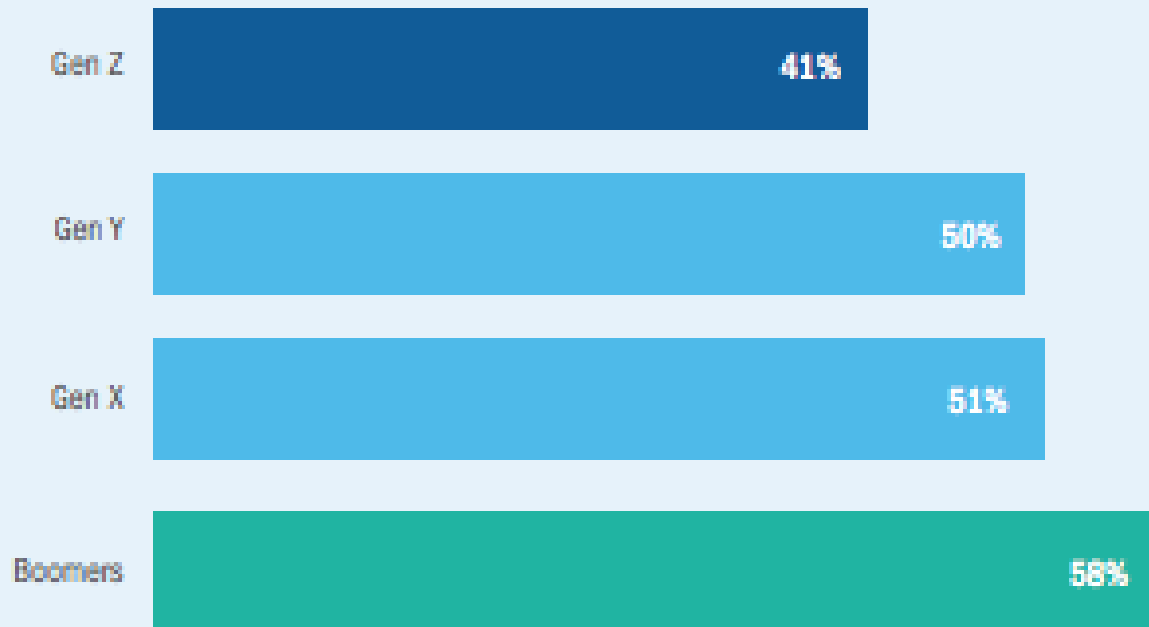
% of *P-Fin* questions answered correctly

Education	%
Less than HS degree	35%
High school degree	43%
Some college	52%
College degree	67%
No financial education	49%
Financial education	60%

Figure 9. Generational comparisons

Financial literacy is highest among boomers; lowest among Gen Z.

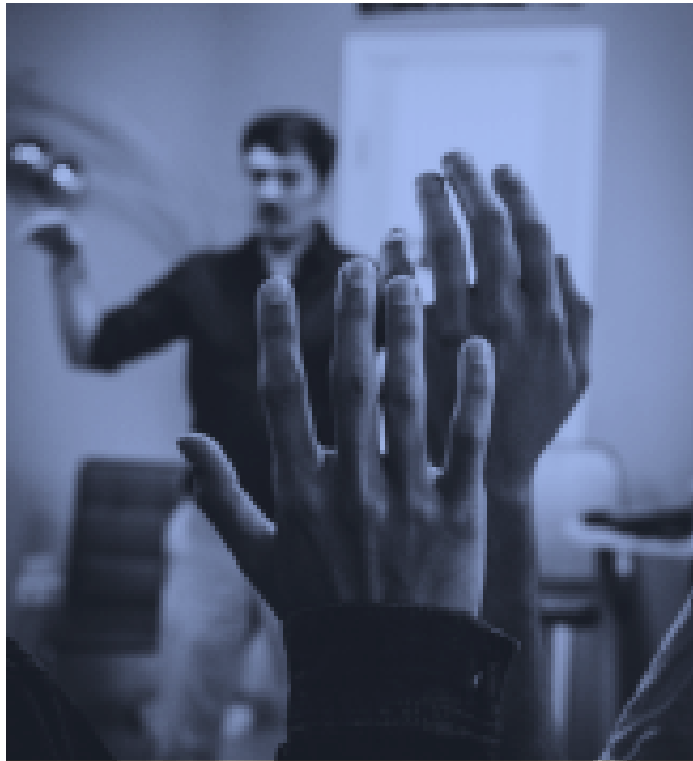% of *P-Fin* questions answered correctly

Source: *TIAA Institute-GFLEC Personal Finance Index (2020).*

Several findings stand out when functional knowledge is examined across generations (Table 1).

EQUITY

When viewing nationwide access to financial education across socioeconomic and racial lines, we find persistent gaps.

In schools with 50% or more students receiving free or reduced lunches only

1 IN 7*

students are required to take a Personal Finance course

In schools with a population of 50% or more Black and Brown students only

1 IN 22*

students are required to take a Personal Finance course

*In non-mandate states

College Debt Levels

State Averages of College Debt for a Graduating Senior (2019)
High of $39,400 (NH) to a Low of $17,950 (UT);
Portion with Debt: High of 75% (NH) to a Low of 40% (UT)

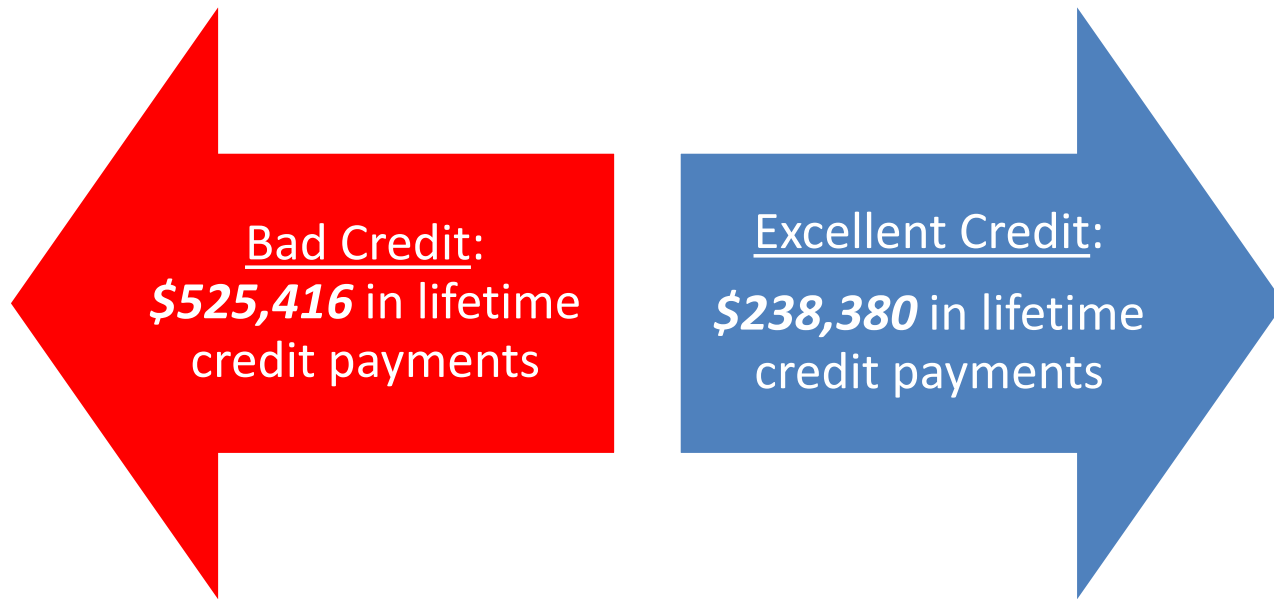**<u>Oregon</u>**
Average Debt: $27,542
National Rank: 30th
Percent Graduating with Debt: 54%
National Rank: 33rd

Source: The Project on Student Debt Study—Student Debt and the Class of 2019

Estimated Lifetime Cost of Debt: assumes home, auto loan and credit card

25 year old woman in Vermont with bad credit vs. a 25 year old woman with excellent credit

Bad Credit:
$525,416 in lifetime credit payments

Excellent Credit:
$238,380 in lifetime credit payments