

KATRINA'S CLASSROOM:

FINANCIAL LESSONS FROM A HURRICANE

INTRODUCTION

OVERVIEW: THE IMPORTANCE OF BEING FINANCIALLY PREPARED

During ordinary times, people with financial knowledge and skills contribute to a stable economy by consuming wisely, saving, and investing. In the face of a natural disaster, such as Hurricane Katrina, or in the face of a personal tragedy, the financially prepared are generally able to regain equilibrium, which helps the economy remain stable.

The Federal Reserve works to ensure the financial system is safe and sound and that payments can be made smoothly, even in the wake of a natural disaster. The Fed also recognizes that promoting financial education is an important way to ensure future economic stability and growth. To that end, the Federal Reserve Bank of Atlanta, drawing on its own experience as well as the experiences of people living in the area affected by Hurricane Katrina, has created *Katrina's Classroom: Financial Lessons from a Hurricane*, a four-part video-based curriculum designed to teach middle and high school students some of the most important aspects of financial responsibility.

VIDEO SUMMARY—A BRIEF OVERVIEW OF EACH STORY

1. Katrina Strikes—page 5

Katrina Strikes is an introduction that sets the scene for the approach of Hurricane Katrina and introduces each of the three major characters.

2. In the Aftermath—page 11

As Nick's family fled New Orleans, his mother wisely took all their important financial records so she could access her bank account when the family was staying in Atlanta. Her Social Security payments were electronically deposited into her account, so she received her payments without interruption. Today, Nick works for neighbors to make extra money and is opening a bank account to keep his money safe.

3. A Fresh Start—page 35

When Jacquelyn and her family returned to Biloxi, Mississippi, after Katrina, their entire neighborhood was destroyed. Today, the family has rebuilt their home, and they are rebuilding their finances by paying off credit card debt as quickly as they can. Jacquelyn's life is also returning to normal, and she is able to save money to buy a dress so she can participate in a school pageant.

4. Back to School—page 65

After spending most of her senior year of high school in Houston, Texas, Jamie returned to New Orleans to attend college at Xavier University. Jamie has a bank account and lives on a tight budget so she can pay for the things she needs in college while building the basis for a good income in the future.

MATERIALS

Teachers will need

- A DVD player.
- A chart to record the answers to discussion questions.

Each lesson comes with

- Visuals to photocopy and project as transparencies.
- Activity worksheets to copy and distribute to students.

NATIONAL STANDARDS ALIGNMENT

The goals of this curriculum and learning objectives of each lesson align with Jump\$tart National Standards in K–12 Personal Finance Education, third edition, 2007. The standards that are treated in each lesson are identified at the beginning of the lesson and in the matrix on page 87.

COURSE GOALS

These powerful stories underscore critical lessons for financial literacy. The themes of financial responsibility, preparation, and decision making are woven throughout. By watching the stories, engaging in discussions, and participating in activities, students will learn to

- Distinguish between needs and wants.
- Explain why wise financial decision making is the key to meeting needs and attaining wants.
- Identify fundamental tools and practices that are required to become financially responsible.
- Predict the consequences of failure to plan financially.
- Relate the benefits of financial planning to their own lives.
- Apply fundamental financial practices and tools.

FOUR-DAY CURRICULUM

Each lesson in the curriculum is designed to take one 45-minute classroom period. Lesson 4 includes an optional field trip to a local bank. Optional expansion activities require additional time.

LESSONS

1. Katrina Strikes
2. In the Aftermath (with optional extension activity)
3. A Fresh Start (with optional extension activity)
4. Back to School (with optional field trip to a local bank and optional extension activity)

VISUALS AND WORKSHEETS

One copy of each visual and worksheet for the teacher to use to create transparencies and to photocopy for students to use.

KATRINA'S CLASSROOM:

FINANCIAL LESSONS FROM A HURRICANE

LESSON 1: KATRINA STRIKES

This introductory video sets the scene for Hurricane Katrina by portraying the storm striking, showing some of the devastation during and immediately after the storm, and introducing three families whose stories we will follow throughout the curriculum.

Jump\$tart National Standards and Benchmarks for This Lesson

This lesson introduces standards that will be explored in greater depth throughout the curriculum. The primary application standard of the activity for this lesson is identifying needs, wants, and goals.

FINANCIAL RESPONSIBILITY AND DECISION MAKING

Standard 4: Make financial decisions by systematically considering alternatives and consequences	Grades 8, 12
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INCOME AND CAREERS

Standard 2: Identify sources of personal income	Grade 8
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PLANNING AND MONEY MANAGEMENT

Standard 3: Describe how to use different payment methods	Grades 8, 12
Standard 6: Develop a personal financial plan	Grade 12

CREDIT AND DEBT

Standard 1: Identify the costs and benefits of various types of credit	Grades 8, 12
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RISK MANAGEMENT AND INSURANCE

Standard 1: Identify common types of risks and basic risk management methods.	Grades 8, 12
Standard 3: Explain the purpose and importance of health, disability, and life insurance protection	Grades 8, 12

LEARNING OBJECTIVES

At the end of the lesson, students will be able to

- Identify the difference between needs, wants, and goals.
- Recognize the need for financial preparedness in the face of a disaster.

TOOLS AND CONCEPTS

Students are introduced to concepts and tools that will be explored in greater depth throughout the curriculum

- Bank accounts.
- Emergency funds.
- Credit cards.
- Managing important documents.

PREPARATION

Make a transparency of Visual 1.1—Needs, Wants, and Goals

Photocopy Activity 1.1—Discussion Questions for *Katrina Strikes*

KEY MESSAGES

- Being financially prepared by having records on hand and a banking account.
- Understanding needs and wants.

PROCEDURE

1. Introduce the video.

Ask the class what they know about Hurricane Katrina and its aftermath. Have students share stories about a disaster their family may have had or one that they have read about. On the chalkboard, write the names of the three teenagers in the story, Nick, Jacquelyn, and Jamie, and tell students to be looking for the needs, wants, and goals of each one.

2. Play *Katrina Strikes*.

Explain that many families along the Gulf Coast lost their homes and everything they owned. Some families evacuated and stayed in other towns for weeks and even months. Others remained, living in crowded shelters, trailers, or their homes. Living conditions were extremely difficult. Families who were financially prepared were able to get their lives back on track more quickly after the storm.

3. Distribute Activity 1-1—Discussion Questions for *Katrina Strikes*. Discuss the video.

Explain that in this course students will meet the three real families who were introduced in the video and will learn more about how the families are getting their lives back after Hurricane Katrina.

Discuss the following questions with students:

- What are your impressions of what the people in these stories went through?
- If you were in a similar situation, what would you take with you?
- What would be some good ways to be financially prepared? (a bank account; an emergency fund; financial records at hand; managing important documents.)

The young people in these stories all learned the difference between needs and wants. Today, as they try to rebuild their lives, they are also discovering personal goals. Some of these goals will require good financial practices. Making wise financial decisions requires an awareness of the things we need, the things we want, and the goals we want to achieve.

4. Display Visual 1-1—Needs, Wants, and Goals.

Call attention to the names of the teenagers on the chalkboard, and ask students to predict their needs, wants, and goals.

- As human beings, we all need some basic things like food, shelter, and clothing. What do you think these families needed right after Hurricane Katrina? Enter the **predicted needs** in the row below each character.
- All of us want things that are beyond the basics, things like cell phones, cars, extra clothing, and entertainment. What do you think Nick, Jacquelyn, and Jamie might want now? Enter the **predicted wants** in the row below each character.
- Goals are things we want that require long-term planning. They are often things that will make us more secure or will make our lives better. Things like buying a home, going to college, or buying a car are goals. What goals might Nick, Jacquelyn, and Jamie have that will require financial planning? Enter the **predicted goals** in the row below each character.
- You have filled in the rows with the predicted needs, wants, and goals only. Save this transparency and return to it in each of the following lessons to record the actual needs of the young people in the story, what they want now, and how they are using financial skills to achieve their goals. Fill in the actual information after each lesson. The completed chart with actual needs, wants, and goals appears on the next page.

NEEDS, WANTS, AND GOALS

	Nick's family	Jacquelyn's family	Jamie's family
Needs (predicted)	?	?	?
Needs (actual)	Shelter, food	Shelter, food, clothes	Shelter, food, clothes
Wants (predicted)	?	?	?
Wants (actual)	To be with friends; to be in New Orleans; New Orleans food	To be in a beauty pageant; a new dress	To go to college; books for college
Goals (predicted)	?	?	?
Goals (actual)	To go to school; to earn extra income; a permanent home	A new dress; to save for an emergency fund; to pay off credit cards	To complete college and become a doctor

CLOSURE

- Why would being financially prepared help a family survive a disaster? (they could find a place to live; they could buy food; they could get away more easily)

EVALUATION

Ask students the following:

- What did the families need immediately after Hurricane Katrina struck? (food, shelter)
- What do you think they might want now that they are getting their lives back together? (new clothes, new homes, a new car, to be back with their friends in school)
- What goals might these teenagers have for their futures? (to save money, to do well in school, to have good jobs)

	Nick’s family	Jacquelyn’s family	Jamie’s family
Needs (predicted)			
Needs (actual)			
Wants (predicted)			
Wants (actual)			
Goals (predicted)			
Goals (actual)			

ACTIVITY 1-1 – DISCUSSION QUESTIONS FOR *KATRINA STRIKES*

1. What are your impressions of what the people in these stories went through?

2. If you were in a similar situation, what would you take with you?

3. What would be some good ways to be financially prepared?