

# JA Financial Capability<sup>®</sup> 1

## ■ Financial Literacy

In *JA Financial Capability 1*, a one-semester teacher-led course, high school students examine financial capabilities from a business perspective, focusing on banking, economics, business planning, and risk management.

Volunteers engage with students through a variety of activities that includes subject matter guest speaking and coaching or advising for case study and project course work. Volunteer activities help students better understand the relationship between what they learn in school, their future career, and their successful participation in today's global economy.

Students examine financial capabilities from a business perspective, focusing on investing, banking, and insurance. The course includes themes that introduce economics, banking services, employee benefits, ethics, business planning and investment, risk management, and international business opportunities.

## LEARNING EXPERIENCE OBJECTIVES

- Learn the necessary concepts applicable to state and national educational standards
- Apply these standards-based concepts to the real world
- Synthesize elective concepts through a cumulative, tangible deliverable (project)
- Analyze a business situation or principle through the use of a case study
- Demonstrate the skills necessary for future career pathway success

## COURSE OUTLINE

Course Theme	Theme Topics	Project Topic
<b>Economics and Business</b>	<ol style="list-style-type: none"> <li>1. Resource Scarcity</li> <li>2. Supply and Demand</li> <li>3. Profit and Nonprofit Businesses</li> <li>4. Introduction: Exploring Careers</li> </ol>	Investing Challenge Students review the basics of investing in the stock market, create a mock stock portfolio, and track their investments.
<b>Business Planning and Financial Management</b>	<ol style="list-style-type: none"> <li>1. Building a Small Business Financial Plan</li> <li>2. Track and Manage a Financial Plan</li> <li>3. Financial Decision Making</li> <li>4. Exploring Careers in Finance</li> </ol>	FAFSA and Paying for Education: Students explore post-secondary training and education as well as how to pay for it. They review completion of the FAFSA form and protection of their personal data.

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# JA Financial Capability 1

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<b>Banking Services</b>	<ol style="list-style-type: none"> <li>1. Banking Basics</li> <li>2. Financial Resources for Small Businesses</li> <li>3. Matching Needs with Products</li> <li>4. Exploring Careers in Banking</li> </ol>	JA Build Your Future: Students explore the concept of return on investment as it relates to post-secondary education and career choices.
<b>Business Risk Management</b>	<ol style="list-style-type: none"> <li>1. Risk to Small Businesses</li> <li>2. Risk Management Products</li> <li>3. Business Profile: Insurance Agency</li> <li>4. Exploring Careers in Insurance</li> </ol>	Managing Finances: Students review basic budgeting concepts, use an online budgeting tool to set up a monthly budget, enter transactions, and analyze the outcome.

For the guiding standards that are presented below, the legend for reference is as follows: **CCTC** – Common Career Technical Core; **NBEA** – National Business Education Association.

## THEME 1: ECONOMICS AND BUSINESS

Session	Session Description	Guiding Standards	Student Learning Activities
<b>1. Resource Scarcity</b>	Students learn how the economic principle of resource scarcity affects businesses. Students practice allocating limited resources while still leaving room for profit.	<ul style="list-style-type: none"> <li>• NBEA–Economics I: Allocation of Resources: Assess opportunity costs and trade-offs involved in making choices about how to use scarce economic resources.</li> <li>• CCTC–BAC01.02.01: Identify fundamental economic concepts necessary for employment in business.</li> <li>• CCTC–FNC01.02: Discuss the economic principles and concepts fundamental to financial operations.</li> </ul>	<ol style="list-style-type: none"> <li>1. Describe the economic principle of scarcity.</li> <li>2. Explain how scarcity affects businesses.</li> <li>3. Identify three categories of resources that a business owner or manager must account for when planning business finances.</li> </ol>
<b>2. Supply and Demand</b>	Supply and demand are at the basis of all business transactions. When supply of a product or service changes, the price charged to consumers will rise or fall depending on supply. In the same manner, consumers can drive demand for a product. If consumer demand increases, prices may rise.	<ul style="list-style-type: none"> <li>• NBEA–Economics IV: Markets and Prices: Analyze the role of markets and prices in the U.S. economy.</li> <li>• NBEA–Economics IX: Aggregate Supply and Aggregate Demand: Analyze how the U.S. economy functions as a whole and describe selected macroeconomic measures of economic activity.</li> <li>• CCTC–FNC01.02.01: Discuss economic concepts impacting finance.</li> </ul>	<ol style="list-style-type: none"> <li>1. Define supply and demand.</li> <li>2. Describe two ways a change in the supply impacts price.</li> <li>3. Identify three ways changes in supply and demand affect each other.</li> </ol>

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# JA Financial Capability 1

## THEME 1: ECONOMICS AND BUSINESS

Session	Session Description	Guiding Standards	Student Learning Activities
<b>3: Profit and Nonprofit Businesses</b>	Students learn about the purpose of a business and compare and contrast for-profit and nonprofit businesses. Students will learn how each form of business obtains revenue or funding to support their goals.	<ul style="list-style-type: none"> <li>NBEA–Economics III: Economic Institutions and Incentives: Analyze the role of core economic institutions and incentives in the U.S. economy.</li> <li>CCTC–FNC08.01.08: Determine form of business ownership.</li> <li>CCTC–BAC01.02.02: Describe the nature of business and its contribution to society.</li> </ul>	<ol style="list-style-type: none"> <li>1. Explain the importance of profit in a for-profit business.</li> <li>2. Describe two differences and two similarities for nonprofit and for-profit businesses.</li> <li>3. Identify two ways a nonprofit business can obtain funding for its mission.</li> </ol>
<b>4: Introduction: Exploring Careers</b>	Students take a guided tour through the job site Indeed.com and practice using several of its features for finding a job, learning about salaries, and reviewing companies.	<ul style="list-style-type: none"> <li>NBEA–Career Development II: Career Exploration and Research: Utilize career resources to develop a career information portfolio that includes international career opportunities.</li> <li>CCTC–ESS09.03: Demonstrate skills related to seeking and applying for employment to find and obtain a desired job.</li> </ul>	<ol style="list-style-type: none"> <li>1. Locate and analyze information from a job website.</li> <li>2. Research a career of interest on a job website.</li> </ol>

## THEME 2: BUSINESS PLANNING AND FINANCIAL MANAGEMENT

Session	Session Description	Guiding Standards	Student Learning Activities
<b>1. Building a Small Business Financial Plan</b>	Students identify the reasons for financial planning and review the basic components of a financial plan for a small business. Students will create a break-even analysis for a business scenario.	<ul style="list-style-type: none"> <li>NBEA–Entrepreneurship III: Economics: C. The Role of Profit. Entrepreneurship V: Finance: Use the financial concepts and tools needed by the entrepreneur in making business decisions.</li> <li>CCTC–FNC01.01.04: Perform data analysis to make business decisions.</li> <li>CCTC–FNC01.02.05: Analyze cost/profit relationships in finance.</li> <li>CCTC–FNC10.02.02: Utilize planning tools that can guide finance organization's/ department's activities.</li> </ul>	<ol style="list-style-type: none"> <li>1. Explain three reasons why a small business prepares a financial plan.</li> <li>2. Identify four common components of a small business financial plan.</li> <li>3. Complete a break-even analysis for a sample business.</li> </ol>

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# JA Financial Capability 1

## THEME 2: BUSINESS PLANNING AND FINANCIAL MANAGEMENT

Session	Session Description	Guiding Standards	Student Learning Activities
<b>2. Track and Manage a Financial Plan</b>	Students review the basic components of a small business financial plan and then prepare a balance sheet and an income statement for a business scenario. To deepen understanding of the financial plan, students compare and contrast the timing, content, and purpose of the balance sheet and income statement.	<ul style="list-style-type: none"> <li>• NBEA–Economics VI: Productivity: Explain the importance of productivity and analyze how specialization, division of labor, investment in physical and human capital, and technological change affect productivity and global trade.</li> <li>• NBEA–Entrepreneurship III: Economics: C. The Role of Profit. Entrepreneurship V: Finance: Use the financial concepts and tools needed by the entrepreneur in making business decisions.</li> <li>• CCTC–FNC01.01.04: Perform data analysis to make business decisions.</li> <li>• CCTC–FNC01.02.05: Analyze cost/profit relationships in finance.</li> <li>• CCTC–FNC05.03: Describe tools, strategies, and systems used to maintain, monitor, control, and plan the use of financial resources.</li> </ul>	<ol style="list-style-type: none"> <li>1. Manage a financial plan by creating a balance sheet and an income statement for a business scenario.</li> <li>2. Compare and contrast the balance sheet and an income statement.</li> <li>3. Identify methods for tracking finances.</li> </ol>
<b>3. Financial Decision Making</b>	Students review financial planning and create a cash flow statement for a business scenario. They apply their understanding of the cash flow statement to make business decisions.	<ul style="list-style-type: none"> <li>• NBEA–Entrepreneurship V: Finance: Use the financial concepts and tools needed by the entrepreneur in making business decisions.</li> <li>• CCTC–FNC01.01.04: Perform data analysis to make business decisions.</li> <li>• CCTC–FNC05.02.02: Implement accounting procedures for tracking money flow and determining financial status.</li> </ul>	<ol style="list-style-type: none"> <li>1. Create a cash flow statement for a business scenario.</li> <li>2. Analyze the information in a cash flow statement to make business decisions.</li> </ol>
<b>4. Exploring Careers in Finance</b>	Students complete a brief activity related to career soft skills and then evaluate a sample career before conducting independent research on two other careers at a job website. Students use information they have gathered to complete a brief creative activity at the end of the session.	<ul style="list-style-type: none"> <li>• NBEA–Career Development II: Career Exploration and Research: Utilize career resources to develop a career information portfolio that includes international career opportunities.</li> <li>• CCTC–ESS09.03: Demonstrate skills related to seeking and applying for employment to find and obtain a desired job.</li> </ul>	<ol style="list-style-type: none"> <li>1. Locate and use information gathered from a career website.</li> <li>2. Identify basic career information about two of the following three careers: economist, financial controller, or nonprofit fundraiser.</li> <li>3. Reflect on personal interest and fit for the researched careers.</li> </ol>

# JA Financial Capability 1

## THEME 3: BANKING SERVICES

Session	Session Description	Guiding Standards	Student Learning Activities
<b>1: Banking Basics</b>	Students learn about the differences between personal and business banking and then conduct research to identify some of the specific services offered to businesses.	<ul style="list-style-type: none"> <li>• NBEA–Economics VI: Banking and Financial Institutions: Evaluate services provided by financial deposit institutions to transfer funds.</li> <li>• NBEA–Entrepreneurship V Finance: Use the financial concepts and tools needed by the entrepreneur in making business decisions.</li> <li>• CCTC–FNC05.01.03: Determine needed resources for a new finance venture.</li> <li>• CCTC–FNC10.01.04: Describe the use of financial-services providers.</li> </ul>	<ol style="list-style-type: none"> <li>1. Compare and contrast personal banking services and small business services.</li> <li>2. Explain how a business determines which bank and banking services it needs.</li> <li>3. Identify, describe, and evaluate three banking services offered specifically to businesses.</li> </ol>
<b>2: Financial Resources for Small Businesses</b>	Students learn about the main reasons businesses need financial support and the types of financing available. Students also will conduct research about funding resources and evaluate the products they offer.	<ul style="list-style-type: none"> <li>• NBEA–Economics VI: Banking and Financial Institutions: Evaluate services provided by financial deposit institutions to transfer funds.</li> <li>• NBEA–Entrepreneurship V Finance: Use the financial concepts and tools needed by the entrepreneur in making business decisions.</li> <li>• CCTC–FNC05.01.03: Determine needed resources for a new finance venture.</li> <li>• CCTC–FNC10.01.04: Describe the use of financial-services providers.</li> </ul>	<ol style="list-style-type: none"> <li>1. Explain three reasons a business may need to seek financial support.</li> <li>2. Explain the difference between debt financing and equity financing.</li> <li>3. Identify three outside sources of funding for a small business.</li> <li>4. Evaluate the advantages and disadvantages of each funding source.</li> </ol>
<b>3: Matching Need with Products</b>	Students advise a small business about the best financial resource to meet their needs.	<ul style="list-style-type: none"> <li>• NBEA–Economics VI: Banking and Financial Institutions: Evaluate services provided by financial deposit institutions to transfer funds.</li> <li>• NBEA–Entrepreneurship V: Finance: Use the financial concepts and tools needed by the entrepreneur in making business decisions.</li> <li>• CCTC–FNC05.01.03: Determine needed resources for a new finance venture.</li> <li>• CCTC–FNC10.01.04: Describe the use of financial-services providers.</li> </ul>	<ol style="list-style-type: none"> <li>1. Match financial resources to small business needs.</li> <li>2. Explain how to access and qualify for small business funding.</li> </ol>

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# JA Financial Capability 1

## THEME 3: BANKING SERVICES

Session	Session Description	Guiding Standards	Student Learning Activities
<b>4: Exploring Careers in Banking</b>	Students complete a brief activity related to career soft skills and then evaluate a sample career before conducting independent research on two other careers at a job website. Students use information they have gathered to complete a brief creative activity at the end of the session.	<ul style="list-style-type: none"> <li>NBEA–Career Development II: Career Exploration and Research: Utilize career resources to develop a career information portfolio that includes international career opportunities.</li> <li>CCTC–ESS09.03: Demonstrate skills related to seeking and applying for employment to find and obtain a desired job.</li> </ul>	<ol style="list-style-type: none"> <li>1. Locate and use information gathered from a career website.</li> <li>2. Identify basic career information about two of the following three careers: loan officer, bank teller, or business banking specialist.</li> <li>3. Reflect on personal interest and fit for the researched careers.</li> </ol>

## THEME 4: BUSINESS RISK MANAGEMENT

Session	Session Description	Guiding Standards	Student Learning Objectives
<b>1: Risks to Small Business</b>	Students learn about the basics of insurance, the types of risks faced by businesses, and strategies for managing risk. They will apply what they learn to a small business scenario.	<ul style="list-style-type: none"> <li>NBEA–Entrepreneurship VII: Management: Develop a management plan for an entrepreneurial venture.</li> <li>NBEA–Personal Finance VIII: Protecting Against Risk: Analyze choices available to consumers for protection against risk and financial loss.</li> <li>CCTC–BAC10.09: Examine and employ risk management strategies and techniques in order to minimize potential business loss.</li> </ul>	<ol style="list-style-type: none"> <li>1. Define insurance and explain its purpose.</li> <li>2. Explain the relationships among risk, loss, peril, and insurance.</li> <li>3. Define risk management and explain five methods of managing risk.</li> <li>4. Identify potential risks and management strategies for a small business.</li> </ol>
<b>2: Risk Management Products for Business</b>	Students learn about the coverage and contents of a business owner's policy as a risk management tool for businesses. They interpret the coverage and exclusions of a sample policy.	<ul style="list-style-type: none"> <li>NBEA–Entrepreneurship VII: Management: Develop a management plan for an entrepreneurial venture.</li> <li>NBEA–Personal Finance VIII: Protecting Against Risk: Analyze choices available to consumers for protection against risk and financial loss.</li> <li>CCTC–BAC10.09: Examine and employ risk management strategies and techniques in order to minimize potential business loss.</li> </ul>	<ol style="list-style-type: none"> <li>1. Identify risks to small businesses that are most appropriately managed with insurance.</li> <li>2. Explain the five parts of the business owner's policy (BOP).</li> <li>3. Interpret a sample business owner's policy to identify examples of included and excluded events.</li> </ol>

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# JA Financial Capability 1

## THEME 4: BUSINESS RISK MANAGEMENT

Session	Session Description	Guiding Standards	Student Learning Objectives
<b>3: Business Profile: Insurance Agency</b>	Students compare and contrast various aspects of an insurance agency with other small businesses and then set up a mock insurance agency.	<ul style="list-style-type: none"><li>• NBEA–Entrepreneurship VII. Management: Develop a management plan for an entrepreneurial venture.</li><li>• CCTC–FNPD04.01.02: Describe roles and responsibilities in insurance.</li></ul>	<ol style="list-style-type: none"><li>1. Compare an insurance agency to other small businesses.</li><li>2. Explain how insurance pricing and profit differ from other small businesses.</li><li>3. Research insurance agent licensing requirements.</li></ol>
<b>4: Exploring Careers in Insurance</b>	Students complete a brief activity related to career soft skills and then evaluate a sample career before conducting independent research on two other careers at a job website. Students use information they have gathered to complete a brief creative activity at the end of the session.	<ul style="list-style-type: none"><li>• NBEA–Career Development II: Career Exploration and Research: Utilize career resources to develop a career information portfolio that includes international career opportunities.</li><li>• CCTC–ESS09.03: Demonstrate skills related to seeking and applying for employment to find and obtain a desired job.</li></ul>	<ol style="list-style-type: none"><li>1. Locate and use information gathered from a career website.</li><li>2. Identify basic career information about two of the following three careers: actuary, underwriter, or claims adjuster.</li><li>3. Reflect on personal interest and fit for the researched careers.</li></ol>

## CASE STUDY: ANALYZING AND APPLYING DATA

Students take up the challenge to collect, analyze, and use data to make a business decision for a film company wanting to create content appealing to teens.