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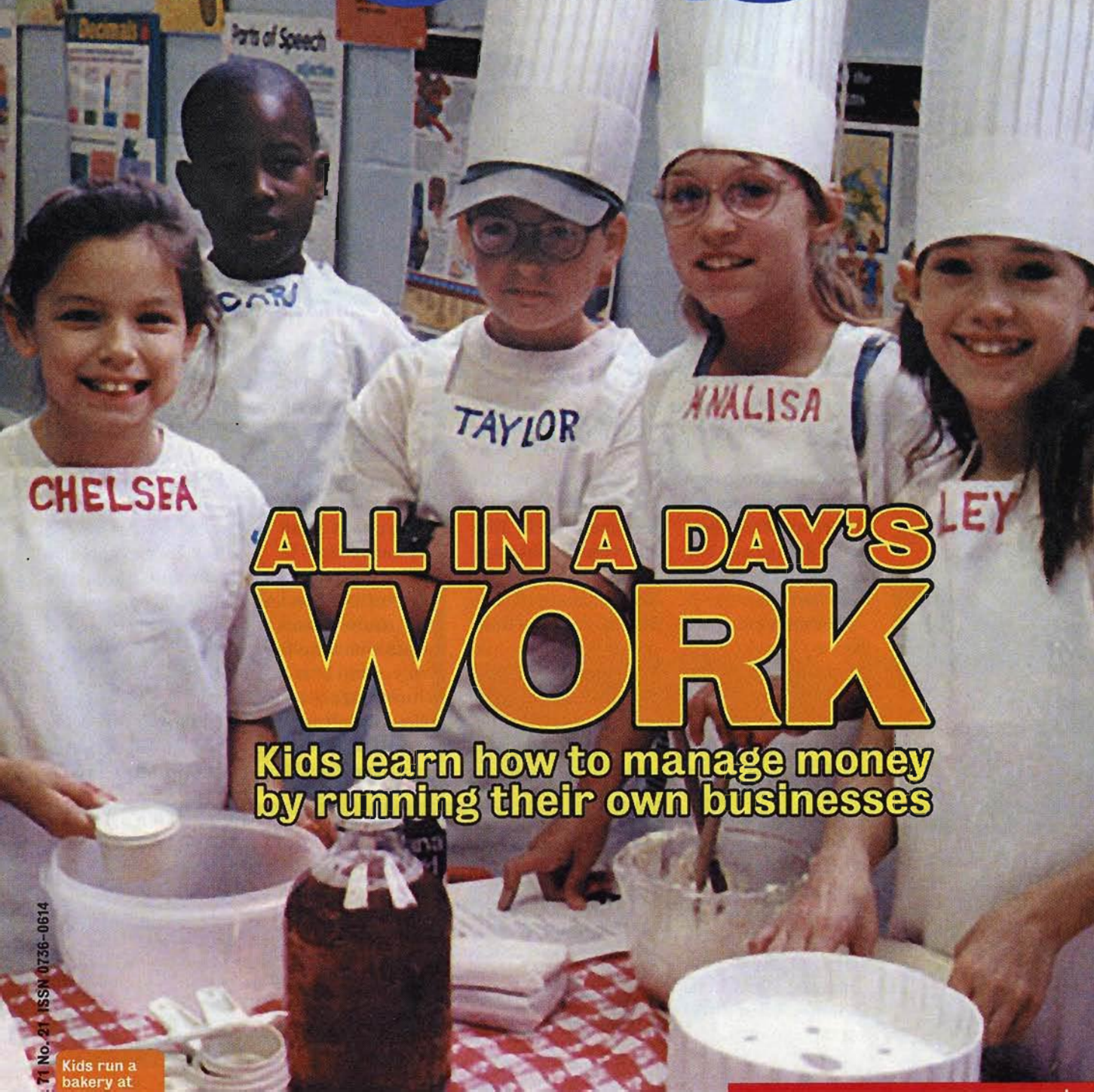
News

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KIDS OF
MILITARY FAMILIES
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ALL IN A DAY'S WORK

Kids learn how to manage money
by running their own businesses

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Kids run a
bakery at

A REAL EDUCATION IN MONEY

STUDENTS LEARN THE POWER OF A DOLLAR IN A HANDS-ON PROGRAM IN WHICH THEY CREATE AND MANAGE THEIR OWN BUSINESSES *by F. Ronald Smalls*

Tiffany Medina and Jasmine Sutherland eagerly approach loan officer Vanessa Marrero at the Elmwood Bank. Tiffany and Jasmine are Vanessa's first customers. They take seats in front of Vanessa's desk with a loan application in hand.



news for the girls: "I brought your application to my boss, and he approved your loan," Vanessa writes the girls a check and sends them on their way.

In return for the loan, Tiffany and Jasmine will repay the bank a 5 percent fee in addition to what they borrowed.

Learning by Doing

"We have a business and we are trying to get a loan," the girls explain. Tiffany and Jasmine hope to get start-up capital for their business, T&J Picture Frames. "We make picture frames and sell them to the public," Jasmine says. "If they want, they can get them custom-made. We can put a person's name on it, or we can design it the way our customer wants it."

But before Tiffany and Jasmine can get their business off the ground, they need to buy supplies and have enough money to pay the 10 employees included in their business plan. They turned to the bank for a loan.

Vanessa looks over their application, and asks a few questions. She speaks with her manager, bank president Horatio Andraeu, then returns with good

Tiffany and Jasmine's experience is similar to that of many business owners who apply for a bank loan. But all these business owners are kids, students at Elmwood Elementary School in Montsey, New York. They produce real products and services, but instead of dollars they use their own money—Eagles.

It's all part of a special program at Elmwood Elementary called MicroSociety. The program, which is in about 200 schools across the country, teaches kids about money matters by letting them set up and run their own government and businesses at school.

"In elementary school, you are getting the basics of reading, writing, and math," says Elmwood assistant principal Sharyn Reiner.



"MicroSociety helps children understand why learning is important."

At Elmwood, students created the Department of Economic Growth, a multipurpose governmental agency. It issues business licenses and acts as a training and employment center. The Elmwood Bank controls the school's currency, the Eagle, named after the school's mascot. The bank handles 350 personal and business accounts and loans. The kids also created an Internal Revenue Service to collect taxes.

Elmwood students run more than 20 different businesses, including a T-shirt-making operation and the selling of chocolate candy. Students run the MicroSociety half a day, twice a week.

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MICROSOCIETY ACTIVITIES PHOTOGRAPHY: VASA BUNIN/PERKINS

WHAT'S HOT

capital: (Cap-uh-tal) *noun.* An amount of money used to start or run a business.

WHAT'S HOT

currency: (Cur-uh-nsee) *noun.* The form of money used in a locality.

HOW A BANK WORKS

Keeping your money in a bank is probably the safest way to go. There are no guarantees for money kept under a pillow or in a shoe box. But the federal government insures most money kept in bank accounts for up to \$100,000. Here's how banks work.



- 1 People deposit money in the bank. The most-common types of accounts are savings and checking.
- 2 Banks often reward people for depositing their money by paying them interest, a certain percentage of the money deposited.
- 3 Banks use the money deposited to give loans to businesses and other people.
- 4 Banks make money by charging borrowers more interest than the banks pay depositors.

Alison's schoolmate and Elmwood Bank president Horatio says it's important that kids learn about money early, so that they are comfortable making economic decisions as adults.

"I'm learning how banks operate," the fifth-grader says. "Even though my dad works at a bank, I didn't know anything about banks before I started working here. But now I know much, much more."

Back To YOU

- Learning to make economic decisions is a part of growing up. Many kids make these decisions every day, such as how to spend allowance or lunch money.
- Business is a major part of U.S. society. What kinds of economic decisions are made by government officials, such as mayors and Governors? What kind of economic decisions do parents often make?

SHE'S THE BOSS Alison shows off one of her T-shirts.

