

PRO/CON: Should all high schoolers take courses in personal finance?

By K. Alexander Ashe and Wayne Madsen, Tribune News Service on 06.13.17

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Students line up for lunch at the Ariel Community Academy in Chicago, Illinois, February 12, 2008. The one-of-a-kind public elementary school was established in 1996 by the Chicago-based money management firm Ariel Capital Management. It promotes financial literacy and gives students money to invest. Photo by: AP Photo/Charles Rex Arbogast

PRO: Yes. Education system overhaul should include new emphasis on financial literacy

As Secretary of Education Betsy DeVos sets out to reform America's underperforming public schools, let's hope she puts their appalling lack of personal finance instruction near the top of her priority list. Our nation's high schools are flunking badly when it comes to imbuing their students with the key elements of financial literacy.

A 2016 study by the Council for Economic Education found that only 17 states require high school students to take courses in personal finance.

That's particularly distressing when you consider that the final year of high school is, for many young people, the last great opportunity to acquire financial literacy before entering today's costly, complex and rapidly changing world.

Personal finance courses don't require teachers with advanced degrees. Almost any teacher who can balance a checkbook can follow some already successful course guidelines to impart financial basics to graduating seniors.

"To be successful, most kids don't need to learn about collateralized debt instruments, but they do need to know how to open a bank account, how much they need to save each month to reach their goals and, if they borrow this amount of money, how much money they will need to earn to pay it back," said Nan J. Morrison, president and CEO of the Council for Economic Education, in an interview with CNBC following the report's release.

She and other personal finance advocates are responsible for many of the recent gains made in the establishment of what some call "everyday economics" in high school classrooms. In 1998, only 14 states required that high schools give their seniors a rudimentary knowledge of personal finance. Now 37 states do, meaning more students are receiving finance lessons in their civics and math classes.

And over the last few years, populous states like New York and Illinois have toughened standards. Washington state has new legislation doing the same.

But while more states are implementing personal finance standards, the number of states that require high school students to take an actual course in personal finance — 17 — has remained unchanged since 2014, according to the study.

That's truly unfortunate. The states with the most rigorous personal finance requirements send their students on to college and into the real world with a measureable head start.

Data recently released by the Investor Education Foundation show high school students who passed mandatory personal finance courses have better-than-average credit scores and lower debt delinquency rates as young adults.

The IEF study found "notable improvements" in credit outcomes for young adults ages 18-22 in three states — Idaho, Georgia and Texas — where financial education mandates are considered rigorous by the Council for Economic Education.

Personal finance courses provide an important leg-up to students in low-income areas with lagging schools.

A key driver of the perpetuation of poverty is that young people in economically challenged areas are often unemployed or underemployed and find themselves at the mercy of loan sharks and payday loans with stratospheric interest rates.

Hemmed in by poverty, recent graduates in these communities find themselves struggling to pay bills and manage what little money they have.

As Morrison told CNBC: "Exposure is everything. When you learn good habits, you tend to have better outcomes."

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CON: No. Better we get back to basics

At a time when basic classroom subjects like writing, reading, mathematics, science and history are being discarded or underfunded by state public education authorities, toughening the requirements on the teaching of personal finance would be a waste of time and money.

Politicians and school board members pushing such an agenda should be required to take and pass courses in public finance before making such demands.

All 50 states plus the District of Columbia already require, as part of their standard kindergarten-to-high-school curriculums, the teaching of basic economics. Forty-five require that personal finance be taught in their basic economics curriculum.

That's sufficient when you consider the education basics getting short shrift.

Students who finish high school without acquiring a baseline education in science, math, English comprehension and at least one foreign language wind up competing for low-wage jobs that don't require special skills.

In the field of science, as measured by the Programme for International Student Assessment, U.S. students now rank behind those of Vietnam, Slovenia, Portugal, South Korea and 19 other nations.

In reading skills, American students rank 24th, behind Ireland, Estonia, Macao and France. And America's report card in math is abysmal: 39th, behind Russia, Spain Poland, and Macao.

With these kinds of results, the United States cannot hope to compete in a globalized world that demands a workforce with expertise in engineering, medical research, computer science, robotics and environmental technology.

In the same ranking, Singapore topped all others in all three categories. Hong Kong came in second in math and reading, while Japan took second place, just barely ahead of Estonia, in science.

With this in mind, Americans and their elected representatives have only themselves to blame when Singaporean, Japanese and Estonian workers are favored for employment by multinational corporations over unfortunate also-rans from the United States.

In 2015, the U.S. Department of Education found that only 25 percent of 12th-graders were either proficient or advanced in math. The same study found that a mere 22 percent of high school seniors were either proficient or advanced in science.

The only nation in history to land 12 astronauts on the moon would be hard-pressed to repeat that amazing feat today with the inadequacy of its education system.

And besides the need for our schools to refocus on the fundamentals, there's another big problem with states requiring courses in personal finance.

There is the distinct possibility that teachers and school administrators, already stretched thin, would be lured into allowing outsiders in the classroom to provide personal finance instruction.

What purveyors of quickie college loans, gold and silver investment schemes, or high-interest credit cards would not jump at the chance to have high school seniors about to enter college or the job market at their disposal?

State education departments and school boards should be insulating their students from such ilk, not opening their school doors to them.

America would not be the great nation it is today without its history of quality public education. Abigail Adams, the second first lady of the United States, lived in a time when women were denied equality in employment and foresaw what was required of the young country: "Learning is not attained by chance; it must be sought for with ardor and attended to with diligence."

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