States Fall Short on Teaching Financial Literacy

Most states rated Bs or Cs on center's latest study

By Liana Heitin

One state has gone above and beyond all others in its efforts to ensure high school students learn financial literacy, according to a new report—and that's Utah.

In its second study of financial literacy education requirements across the states, Champlain College's Center for Financial Literacy gave five states an A grade, with the Beehive State topping that list.

"Really nobody else is even close to Utah," said John Pelletier, the director of the center, located in Vermont, and the report's author. "It's a big deal what they're doing."

Twelve states received Fs on the national report card, including Alaska, Hawaii, and South Dakota, which were deemed among those with the least focus on financial literacy. The majority of states received Bs and Cs.

The study looked at states' graduation requirements, academic standards, and regulations regarding how personal-finance courses are delivered in public high schools. The data were compiled from a variety of sources including the National Conference of State Legislatures, the Council for Economic Education, and the JumpStart Coalition on Personal Financial Literacy.

For a state to get an A, high school students must be required to take the equivalent of a half-year personal-finance course in order to graduate. The course can either stand alone or be part of another full-year course. Alabama, Missouri, Tennessee, and Virginia fell into the A category along with Utah, which technically received an A-plus. As for the F grades, Pelletier characterized them this way: "If I'm able to graduate in that state from high school without ever having the opportunity to take a course that includes financial literacy topics, you get an F."

Beyond the Ratings

The grades alone don't tell the whole story, though, the report notes. Students in states that got a B might be
receiving anywhere from about seven hours of personal-finance instruction to more than 30 hours. The report further refines the B grades with pluses and minuses.

"The key point is, don't pat yourself on the shoulder just because you got a B," Pelletier said.

And just because a state received an F grade doesn't mean it's doing nothing to pursue personal-finance education, the report notes. Wisconsin, for instance, got an F because it does not require any specific courses for graduation. But the state hosts teacher trainings on financial literacy, has formed a governor's council on the subject, and has created model financial literacy standards.

Massachusetts, a state that typically performs well on K-12 state rankings, also received an F. But according to Jacqueline Reis, a spokeswoman for the Massachusetts education department, the state recently completed a three-year pilot to develop models of financial literacy programming in 10 districts, and will publicize those results soon.

Overall, local-control states like Wisconsin tend to do less well on the report card, which Pelletier said is "the biggest complaint" he's gotten since the 2013 report was released.

When data were available, he looked into what districts were mandating. In his own state, Vermont, which is largely locally controlled and received a D, Pelletier found that just 10 percent of districts mandate personal finance as a graduation requirement.

"Those are islands of excellence in a state of mediocrity," he said.

**Next Steps**

A good next step for this kind of research, said Billy J. Hensley, the director of education for the National Endowment for Financial Education, a nonprofit group, would be to highlight successful financial literacy efforts in decentralized states. "That would be a good use of time," he said, "to be able to say our state as a whole doesn't have a strong central policy on this, but this is what it looks like to do it well here."

When the first report card was released two years ago, Utah came out on top as well.

"I do believe that Utah is setting a high standard for other states to follow," said Hensley. The state requires a stand-alone, one-semester personal-finance course for high school graduation. Tennessee is the only other state with that guideline. (The other A states allow schools to embed a half-year of finance topics into another course.)

And Utah is unique among states in several ways: It mandates that students take an end-of-course financial literacy assessment administered by the state. Teachers for the half-year course must have a financial literacy endorsement, backed by specific coursework. And the state
requires teachers to be offered professional development. The state also allocated $450,000 for these mandates.

Dawn Stevenson, the financial literacy coordinator for the Utah state education agency, said an impetus for the **early legislation around financial literacy**, which went into effect in 2008, was the state's high bankruptcy rate. In the early 2000s, Utah was among the top five states for bankruptcy filings by a number of measures, according to the U.S. Department of Justice's **U.S. Trustee Program**.

More-stringent legislation went into effect in Utah last year. Teachers now need a 16-hour endorsement before getting in front of a class. Educators also now participate in financial literacy "bootcamps" offered around the state.

In their financial literacy classes, Utah high school students learn about savings, investments, credit, online banking, and the Free Application for Federal Student Aid, among other topics. "We found out that only 32 percent of our kids fill out a FAFSA," Stevenson said.

Students will also soon start taking online tests to measure their end-of-course learning.

The results of the Champlain study differ from those of the 2013 report, with more states receiving Bs and fewer getting As this time. But the grading criteria changed slightly as well, said Pelletier.