

If My Goal Is To:	Here's Evidence That School-Based Financial Education Improves Behavioral Outcomes
a) show positive impacts of FinEd on credit	a.) The Effects of K-12 FinEd Mandates on Student Postsecondary Education Outcomes
b) compare impacts of teaching FinEd vs. control	b.) The Impact of School-Based FinEd on HS Students and Teachers: Evidence from Peru
c) show significant positive effects of financial education on both financial knowledge and behaviors	c.) Does Fin Ed Impact Financial Literacy and Financial Behavior, and if so, when?
d) show a meta-analysis that FinEd is effective	d.) Financial Education Affects Financial Knowledge and Downstream Behaviors
e) show that FinEd guarantees reduce the likelihood / frequency of payday borrowing	e.) Impact of FinEd Mandates on Younger Consumers' Use of Alternative Financial Services
f) Show that FinEd classes are far more effective than embedding	f.) Financial Capabilities of College Students from States with Varying FinEd Policies
g) correlate FinEd to financial literacy test scores	g.) Retirement Savings with School-Based Financial Education
h) connect FinEd with wealth inequality	h.) Optimal Financial Knowledge and Wealth Inequality
i) show "Trickle-up" impacts on parents	i.) The impact of high school financial education: experimental evidence from Brazil
j) show the impact of FinEd on first-gen & students in low Income communities	j.) Personal Finance Education Mandates & Student Loan Repayment
k) Demonstrate less than half of schools in states that require them to embed personal finance standards actually do so	k.) Financial Education in High Schools Across America
If I Need:	Here's the Evidence-Based Policy Resource
a) a comprehensive strategy to impart personal financial management skills in school.	a.) Transforming the Financial Lives of a Generation of Young Americans: POLICY RECOMMENDATIONS FOR ADVANCING K-12 FINANCIAL EDUCATION
b) to show how financial capability must be woven into the fabric of our lives	b.) Final Report - President's Advisory Council on Financial Capability
c) survey data from over 5,000 young adults	c.) Financial Literacy Subject Survey

- d) an expertly vetted summary of academic research
- d.) [A review of youth financial education: Effects and Evidence](#)

Evidence School-Based Financial Education Improves Behavioral Outcomes

a.) The Effects of K-12 Financial Education Mandates on Student Postsecondary Education Outcomes

Research from the National Endowment for Financial Education. Financial education mandates have positive impacts on student borrowing behaviors across all income groups. States with personal finance graduation requirements have students with a higher incidence of applying for financial aid, a lower incidence of borrowing from private student lenders, a higher incidence of receiving grants and federal aid, and a lower likelihood of carrying credit card balances.

→ Executive Summary:

<https://www.nefe.org/images/research/Effects-of-K-12-Financial-Education-Mandates/Better-Borrowing-Report-MSU-Executive-Summary.pdf>

→ Stoddard, C. and Urban, C. (2018). *The Effects of K-12 Financial Education Mandates on Student Postsecondary Education Outcomes*. NEFE.org. [online] Available at:

<https://www.nefe.org/images/research/Effects-of-K-12-Financial-Education-Mandates/Effect-State-Mandated-Fin-Ed-June25-2018.pdf>

b.) The Impact of School-Based Financial Education on High School Students and their Teachers: Experimental Evidence from Peru

The Global Financial Literacy Excellence Center (GFLEC), a financial education research institute at George Washington University in Washington, D.C., released this new paper in 2018. In a randomized controlled study of 300 high schools in Peru, the researchers, headed by Dr. Veronica Frisancho, found that both students' and teachers' financial knowledge and behaviors improved when exposed to school-based financial education.

→ Executive Summary:

<http://gflec.org/wp-content/uploads/2018/09/Frisancho-2018-FinancialEdSecondaryPeru.pdf?x87657>

→ Frisancho, V. (2018). *The Impact of School-Based Financial Education on High School Students and their Teachers: Experimental Evidence from Peru* GFLEC.org. [online] Available at:

<http://gflec.org/wp-content/uploads/2018/09/Frisancho-2018-FinancialEdSecondaryPeru.pdf?x87657>

c.) Does Financial Education Impact Financial Literacy and Financial Behavior, and If So, When?

Most earlier studies of financial education rely on outdated financial education requirements. Kaiser and Menkhoff show significant positive effects of financial education on both financial literacy (knowledge) and financial behavior. This meta-analysis corrects an often cited meta-analysis from Fernandes et. al. (2014), adding additional interventions and a more rigorous statistical methodology to make its conclusions. Compelling, rigorously critiqued evidence of the need for “just in time” financial education for high school students.

→ Kaiser, T. & Menkhoff, L. (2017). *Does Financial Education Impact Financial Literacy and Financial Behavior, and If So, When?* worldbank.org. [online] Available at:

<http://documents.worldbank.org/curated/en/144551502300810101/pdf/WPS8161.pdf>

d.) Financial Education Affects Financial Knowledge and Downstream Behaviors (Meta-Analysis)

We study the rapidly growing literature on the causal effects of financial education programs in a meta-analysis of 76 randomized experiments with a total sample size of over 160,000 individuals. The evidence shows that financial education programs have, on average, positive causal treatment effects on financial knowledge and downstream financial behaviors. Treatment effects are economically meaningful in size, similar to those realized by educational interventions in other domains, and are at least three times as large as the average effect documented in earlier work. These results are robust to the method used, restricting the sample to papers published in top economics journals, including only studies with adequate power, and accounting for publication selection bias in the literature. We conclude with a discussion of the cost-effectiveness of financial education interventions.

- Financial Education Affects Financial Knowledge and Downstream Behaviors (with Tim Kaiser, Annamaria Lusardi, and Lukas Menkhoff), Forthcoming at the Journal of Financial Economics <https://www.nber.org/papers/w27057>

e.) Impact of Financial Education Mandates on Younger Consumers' Use of Alternative Financial Services (UPDATED 2019)

This Journal of Consumer Affairs paper studies the effect of state financial education mandates on the use of "Alternative Financial Services" or "AFS". The study concludes that "financial education mandates significantly reduced the likelihood and frequency of payday borrowing."

- Harvey, M. (2019) *Impact of Financial Education Mandates on Younger Consumers' Use of Alternative Financial Services*. The Journal of Consumer Affairs. [online] Available at: https://drive.google.com/file/d/1x1zvGYT_XOmThF7PRRNxOEYI0vix0OPI/view?usp=sharing

f.) Financial Capabilities of College Students from States with Varying Financial Education Policies

Well-educated students exhibit positive financial behaviors. After analyzing data from 15,797 college students, Gutter found that students from states where a financial education course was required had the highest reported financial knowledge and were more likely to display positive financial behaviors and dispositions. Compared to other students, these young adults were: More likely to save; Less likely to max out their credit cards; Less likely to make late credit card payments; More likely to pay off credit cards in full each month; Less likely to be compulsive buyers; More likely to be willing to take average financial risk

- Executive Summary <https://www.nefe.org/images/research/Financial-Education-Mandates-Report/Financial-Education-Mandates-Report-Executive-Summary.pdf>
- Gutter, M., Copur, Z. and Garrison, S. (2010). *Financial Capabilities of College Students from States with Varying Financial Education Policies*. [online] NEFE.org. Available at: <https://www.nefe.org/images/research/Financial-Education-Mandates-Report/Financial-Education-Mandates-Report-Final-Report.pdf>

g.) Retirement Savings with School-Based Financial Education

Students' financial literacy performance is significantly associated with their schools' and teachers' characteristics, both positive and negative. Students who attend a school with adequate teaching materials and competent teachers — those who demonstrate control over their classroom and try to actively engage with students — are more likely to perform at the two highest levels on the PISA financial literacy test.

- Executive Summary: <https://www.nefe.org/images/research/Enhancing-Retirement-Savings-with-School-Based-Fin-Ed/Enhancing-Retirement-Savings-with-School-Based-Fin-Ed-Executive-Summary.pdf>

- Lusardi, D. and Scheresberg, C. (2016). *Retirement Savings with School-Based Financial Education* | NEFE. [online] Nefe.org. Available at: <http://nefe.org/What-We-Provide/Primary-Research/Enhancing-Retirement-Savings-with-School-Based-Financial-Education>.

h.) Optimal Financial Knowledge and Wealth Inequality

Financial literacy plays a key role in explaining inequality. Different levels of financial knowledge early in life have important implications for how much people will save. Adding financial knowledge to life cycle models permits a more accurate rendering of a world where consumers must cope with complex financial markets and must save so as to provide for their own retirement.

- Lusardi, A., Michaud, P. and Mitchell, O. (2013). *Optimal Financial Knowledge and Wealth Inequality*. [online] NBER. Available at: <http://www.nber.org/papers/w18669> [Accessed 4 Aug. 2017].

i.) The impact of high school financial education: experimental evidence from Brazil

This paper studies the impact of a comprehensive financial education program spanning six states, 868 schools, and approximately 20,000 high school students in Brazil through a randomized control trial. The program increased student financial knowledge, increased saving rates for purchases, better likelihood of financial planning, and greater participation in household financial decisions by students. "Trickle-up" impacts on parents were also significant, with improvements in parent financial knowledge, savings, and spending behavior. The study also finds evidence that the program affected students' inter-temporal preferences and attitudes.

- Zia, B., Legovini, A., Bruhn, M., de Souza Leao, L. and Marchetti, R. (2013). *The impact of high school financial education: experimental evidence from Brazil*. [online] Documents.worldbank.org. Available at: <http://documents.worldbank.org/curated/en/753501468015879809/The-impact-of-high-school-financial-education-experimental-evidence-from-Brazil> [Accessed 4 Aug. 2017].

j.) Personal Finance Education Mandates & Student Loan Repayment

Being exposed to Personal Financial Literacy (PFL) mandates in a student's state positively impacts their student loan repayment behaviors, especially among first generation college students and students from low income communities attending public universities. This study's results suggest that, "rather than reductions in borrowing or improvements in financial literacy, the personal finance education mandates studied in this paper may act as a just-in-time information intervention for students making postsecondary decisions."

- Mangrum, Daniel (2019). *Personal Finance Education Mandates & Student Loan Repayment*. [online] danielmangrum.com. Available at: https://www.danielmangrum.com/docs/PFMandates_current.pdf [Accessed 22 Nov. 2019]

k.) Financial Education in High Schools Across America

State-level embedded course requirement mandates do not result in full compliance. While this lack of compliance could be because course catalog descriptions do not detail financial literacy instruction in all schools, it could also be because state departments of education have trouble auditing embedded course mandates. In our estimate, only 36.44% of schools or 37.96% of students within states that have embedded course mandates have either a standalone or embedded course requirement.

- Urban, Carly (2020). *Financial Education in High Schools Across sAmerica*. [online] Available at: https://www.montana.edu/urban/main_brief.pdf [Accessed 9 Nov. 2021]

Evidence-Based Policy Resources

a.) Transforming the Financial Lives of a Generation of Young Americans POLICY RECOMMENDATIONS FOR ADVANCING K-12 FINANCIAL EDUCATION

What we propose here is a comprehensive strategy to impart personal financial management skills to young people while they are in school. Recommendation 1: Introduce key financial education concepts early and continue to build on that foundation consistently throughout the K-12 school years. In addition, CFPB encourages states to make a stand-alone financial education course a graduation requirement for high school students. Recommendation 2: Include personal financial management questions in standardized tests. Recommendation 3: Provide opportunities throughout the K-12 years to practice money management through innovative, hands-on learning opportunities. Recommendation 4: Create consistent opportunities and incentives for teachers to take financial education training with the express intention of teaching financial management to their students

Consumer Financial Protection Bureau. (2013). *Transforming the Financial Lives of a Generation of Young Americans POLICY RECOMMENDATIONS FOR ADVANCING K-12 FINANCIAL EDUCATION*. [online] consumerfinance.gov. Available at: http://files.consumerfinance.gov/f/201304_cfpb_OFE-Policy-White-Paper-Final.pdf [Accessed 3 Aug. 2017].

b.) Final Report - President's Advisory Council on Financial Capability

The Council acknowledges that financial capability must be woven into the fabric of our lives—into our homes, our schools, our workplaces, our communities, even the design and regulation of the financial products and services we use.

United States Treasury. (2013). *Final Report President's Advisory Council on Financial Capability*. [online] treasury.gov. Available at: https://www.treasury.gov/resource-center/financial-education/Documents/PACFC%20final%20report%20revised%2022513%20%288%29_R.pdf [Accessed 3 Aug. 2017].

c.) Financial Literacy Subject Survey

Between July 15th and 17th, 2017 the National Financial Educators Council asked 5,123 young adults, "What high school-level course would benefit your life the most?" Respondents chose money management more often than math, science, and social studies:

- 49.97% selected "Money Management (Personal Finance)"
- 18.25% selected "Mathematics (Algebra, Geometry)"
- 14.43% selected "Social Studies (History, Government)"
- 17.35% selected "Science (Biology, Chemistry)"

State by state results are available: [NFEC Survey: "Should High Schools Require Financial Literacy?"](#)

NFEC. (2017). *Financial Literacy Subject Survey*. [online] Available at: <https://www.financialeducatorsCouncil.org/Financial-literacy-subject-survey/> [Accessed 22 Aug. 2017].

d.) A review of youth financial education: Effects and Evidence

“This report reviews current research and reporting in the field, and is intended to inform policymakers, practitioners, financial educators, and researchers of the current state of rigorous evidence on financial education in schools”... “This report features studies that (1) evaluate youth financial education programs in schools, (2) have a causal interpretation evidenced by a randomized controlled trial, natural experiment setting, or a valid pre-post study design, and (3) have been published in peer-reviewed academic journals or as reviewed working papers. Note that the studies predominately relate to school based programs, as this is the context in which most youth financial education research has occurred.”

- “Well-implemented state financial education mandates led to a clear improvement in financial behaviors.”
- “Many U.S. financial education programs improve financial knowledge for students, though effect sizes vary based on the population served, amount of instruction time, and topics covered.”
- “Other countries have used more widespread randomized controlled trials to study the effects of programs as they embed and expand them broadly. Those studies also provide useful information.”

Consumer Financial Protection Bureau. (2019). *A review of youth financial education: Effects and Evidence*. [online] consumerfinance.gov. Available at:
https://files.consumerfinance.gov/f/documents/cfpb_youth-financial-education_lit-review.pdf
[Accessed 5 Nov. 2019].

Other Compelling Surveys and Statistics

Surveyed need: Consumer data points

- “When it comes to retirement savings... 2 in 3 U.S. adults (65%) say they save some portion of their household’s annual income for retirement, an increase of 5 percentage points since last year (60%).” - [2018 Consumer Financial Literacy Survey](#)
- “When surveyed, nearly half of Americans didn’t have enough cash available to cover a \$400 emergency.” - [Federal Reserve](#)
- More than half of consumers have subprime credit scores and nearly 1 in 3 are unbanked or underbanked. - [Prosperity Now Scorecard](#)
- [One study from Experian](#) shows that over 76% of 18- and 19-year olds said not only should personal finance be offered in high schools but it should be REQUIRED.

Surveyed need: Personal finance data points most relevant to teens

- “Outstanding student debt has surpassed \$1.5 trillion” - [Forbes](#)
- “Only 31% said their HS did a good job teaching them strong financial habits.” - [Bank of America/USA TODAY Better Money Habits® Report: Young Americans and Money](#)
- According to an [H&R Block survey](#), “Only 3% of teens have filled out an income tax form” despite the fact that most teens are likely to receive a tax refund.

Surveyed need: Addressing myths and obstacles around financial education

- Most students earn up to 24 credits before graduating high school. Students who earn one half credit of personal finance (semester class) receive a well rounded education! The impact on other classes is usually minimal.
 - ◆ The Virginia Department of Education designed around 80 [downloadable](#) detailed Plans of Study (example schedules) for high school students with broad ranging career interests, all that include personal finance as a graduation requirement.

- ◆ “While the opportunity cost of adding a required personal finance class to a program of study would seem to be the loss of another class, in the case of personal finance, the trade-off is not that simple. Because financial education teaches students about how to make good decisions, and because good decisions are required in many different contexts, financial education can significantly inform and improve the curriculum in other disciplines.
- Dr. Julie Heath Director, University of Cincinnati
- Personal Finance and Economics are two different standards and classes!
 - ◆ Personal Finance: Real world skills; your personal choices; how governments, banking, and industry fits into your life, learn to avoid bad personal debt; CEE [Voluntary National Content Standards in Economics](#)
 - ◆ Economics: Economic theory, study of personal choices of others; study of governments, industries, central banking, and the boom and bust of the business cycle, learn about national debt; CEE [National Standards for Financial Literacy](#)

Surveyed need: Free curriculum and professional development.

- [Next Gen Personal Finance](#) provides best-in-class personal finance curriculum and professional development at no cost.

Surveyed need: Evidence of strong academic standards

- Jumpstart [National Standards in K-12 Personal Finance Education](#)
- Council for Economic Education [National Standards for Financial Literacy](#)
- K-12 personal finance standards are included in 45 states.