

# Does Personal Finance have to be its own Class?

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An ever-evolving financial world requires young people gaining their financial independence to start their journeys prepared to take on many important and evolving decisions. To better prepare young people for their financial journeys, more states are requiring students to complete personal finance content within their high school courses. Research has consistently shown the positive short-, medium-, and long-run effects on financial behaviors (Brown et al., 2016; Harvey, 2019; Urban et al., 2020; Stoddard and Urban, 2020; Mangrum, 2022; Burke, Collins, and Urban, 2025; Lee et al., 2024). None of these papers are able to answer the policy-relevant question: do students benefit more when states require personal finance to be its own class?

## Data and Methods

This paper estimates the causal effect of state policies requiring a standalone personal finance class compared to state policies requiring personal finance to be embedded into another course on financial behaviors. We consider two outcomes studied in the literature that reflect overall outcomes both objectively and subjectively: credit scores (as in Brown et al., 2016 and Urban et al., 2020) and subjective financial well-being (as in Burke, Collins, and Urban, 2025).

Using data from the 2012 through 2024 nationally-representative National Financial Capability Study (NFCS) and data from the 2015–2024 nationally-representative Ohio State University–University of Wisconsin Consumer Credit Panel (OSU-Wisc CCP), we estimate the causal effect of the two different policies on credit scores and subjective financial wellbeing. We consider only states with policies beginning with graduating classes from 2008–2017. We start with 2008 because this is the first graduating class in any state required to have a full semester of personal finance. We end with 2017, as this is the last graduating year where a state implements a standalone course requirement before 2020.<sup>1</sup> We then include all embedded states that pass in the same period.<sup>2</sup> This way, we do not

pick up the relatively different effects of implementing financial education in different time periods across the two policy types. Our control states have never implemented graduation requirements.<sup>3</sup> While five states implemented standalone and four states implemented embedded graduation requirements from 2020 through 2025, we exclude these periods, as implementation is directly related to the relative COVID-related disruptions in this period.

We include only 22 through 34 year olds in our sample, as these are the ages at which we can identify the effects of the policy. This has the added benefit of observing individuals after they have completed their initial postsecondary training, where they may be more engaged in employment and establishing independent households, while also allowing us to detect more medium and long run effects of high school education.

Our final sample consists of 3.6 million records in the credit panel, and 16,347 individuals in the NFCS from 2012–2024 in the NFCS survey.<sup>4</sup>

## Findings

There are four main takeaways from this research.

1. Standalone course requirements improve long-run credit scores (from ages 22 through age 34—the latest year we can estimate with our data), while embedded course requirements do not. In particular, students in states and graduating cohorts required to complete a full semester of personal finance to earn a high school diploma are 1.2 percentage points (3.9 percent) less likely to have a subprime credit score than those in the same graduating cohorts in other states when compared to cohorts just before the requirement went into place. There is no change for those subject to embedded requirements.
2. Standalone course requirements improve long-run financial well-being (again, from ages 22 through 34). The improvements are over six times as large as for embedded course requirements for the same

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<sup>1</sup>The standalone states include: AL (2017), MO (2010), TN (2013), UT (2008), VA (2015).

<sup>2</sup>The embedded states include: IN (2013), KS (2012), ME (2017), MN (2015), ND (2011), NJ (2014), OH (2014), OK (2014), OR

(2013), and SC (2008).

<sup>3</sup>The control states include: AK, CT, DC, DE, HI, MA, MD, MT, NM, PA, SD, VT, WA, WI. While some of these states passed legislation during the sample period, none of these states required students to complete a course by the graduating class of 2025.

<sup>4</sup>The NFCS sample falls to 9,834 when we use the subjective financial well-being measure, as it is only available in 2018, 2021, and 2024.

time horizon and time period, where embedded effects are also not statistically different from zero.

3. Prior research finds that nearly half of schools within states embedding personal finance into other required classes fail to fully implement these policies (Luedtke and Urban, 2023). Our results suggest that the effectiveness gap comes from both the lack of availability of the class **and** a difference in effectiveness. Standalone course requirements result in both more adherence to the policy and a more effective implementation of personal finance content.
4. The original financial well-being study (Burke, Collins, and Urban, 2025), which combined standalone and embedded mandates, found that the education *reduced* financial wellbeing for those who ended their education with a high school diploma. However, this combines embedded and standalone courses. Our results show that standalone course requirements improves long-run financial well-being for those with and without postsecondary education.

## Conclusions

Among states that have developed financial education policies in the last decade and a half, standalone course requirements appear to be more likely to produce positive effects on the personal financial situation of young people. Prior studies of pre-2008 policies, which are mostly curricula embedded into other courses, do show evidence of improved financial outcomes (Brown et al., 2016; Harvey, 2019; Urban et al., 2020; Stoddard and Urban, 2020; Mangrum, 2022). Other work that pooled standalone and embedded policies also finds some positive effects (Harvey, 2019; Stoddard and Urban, 2020). It is likely that earlier policies embedding personal finance into other courses were better-designed than more recent mandates. Standalone courses are more intensive and require more administrative costs, but they are also more likely to generate positive impacts for young adults.

Policies implemented starting with the graduating class of 2008 only improve objective measures (credit scores) and subjective measures (financial well-being) when personal finance is its own class.

For a full copy of the report, see [https://papers.carlyurban.com/DRAFT\\_EmbeddedStandalone.pdf](https://papers.carlyurban.com/DRAFT_EmbeddedStandalone.pdf).

Please contact [carly.urban@montana.edu](mailto:carly.urban@montana.edu) for questions regarding this report.

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