Eight Takeaways on Access to Personal Finance in US High Schools: 2021-2022 Academic Year

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April 6, 2022

Background on the Dataset

Personal finance instruction has expanded drastically in the last two decades. In 2000, not a single state required high school graduates to complete a semester of personal finance in exchange for their diploma. The graduating classes of 2022 in seven states (Alabama, Iowa Missouri, Mississippi, Tennessee, Utah, and Virginia) all completed one semester of personal finance, and the graduating class of 2023 in North Carolina will similarly complete a semester of personal finance.[1] But what about other states? Do students have equal access to personal finance coursework? Research consistently shows that high school personal finance increases credit scores (Urban et al., 2018; Brown et al., 2016), reduces delinquency (Urban et al., 2018; Brown et al., 2016), shifts student loan borrowers to lower interest options (Stoddard and Urban, 2020), reduces payday borrowing (Harvey, 2019), and increases student loan repayment (Mangrum, 2019). Frisancho (2019) further shows that high school financial education has a trickle-up effect on teachers: teachers randomly assigned to teach a financial literacy course are more likely to save through formal channels. If access remains limited—particularly for students who have the most to gain from the education—state policy may be the only option for guaranteeing all students have access to personal finance prior to becoming financially independent.

The 2021-2022 Academic Year (AY) data build upon a hand-collected dataset of online course catalogs for all public high school across America from 2019-2020 and 2020-2021 AYs. I categorize each school into one of five categories based on their personal finance courses and graduation requirements: (1) a one semester personal finance is required, (2) personal finance is embedded in another required course, (3) the school offers a semester-long personal finance electives, (4) personal finance content exists within another elective course, and (5) the school has no personal finance content listed within any course. The final dataset includes 19,287 courses containing personal finance content across 9,464 high schools.

This report discusses eight takeaways from the latest wave of data.

1. One in four students are guaranteed access to a standalone personal finance course

For the 2021-2022 AY,

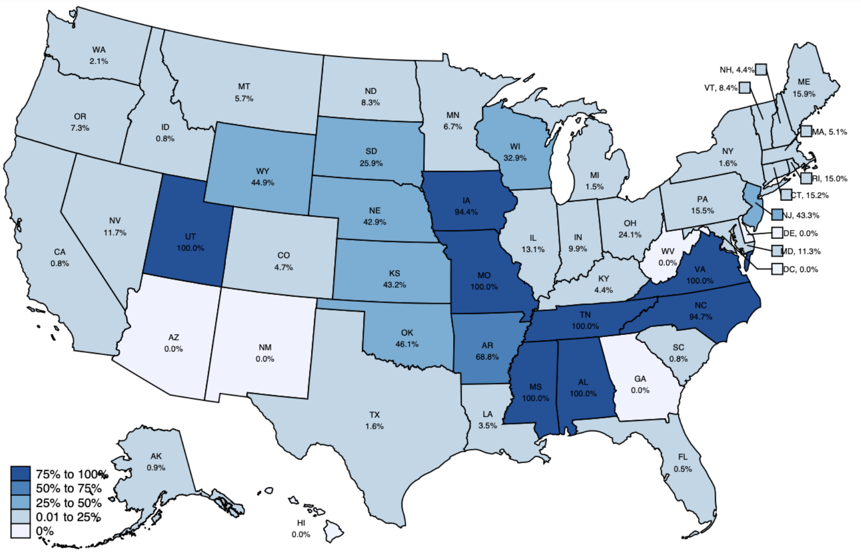
- 2,433,010 high school students (or 24%) are enrolled in schools with standalone personal finance course requirements.
- 2,740 high schools (or 29% of high schools) required a standalone personal finance course.
- 2,003,059 students are enrolled in high schools where personal finance content is embedded in another required class.

Figure 1 reports the fraction of students in each state that will be guaranteed to complete a personal finance class upon graduation. The guarantee states are clear (AL, IA, MO, MS, TN, UT, VA), and NC will join this group next year. Arkansas allows schools to choose between an economics and personal finance requirement, and 69 percent of students in Arkansas schools are in schools with a one semester personal finance requirement.

[*]This work was supported by a grant from Next Gen Personal Finance. An excellent team of research assistants performed the data collection for this project: Tyler Anderson, William Corcoran, Tim Cuddy, Grace Lindmark, Monica Martinez, Frankie Munson, Fatimah Shalaan, Janet Stefanov, and Sierra Swank.

[1]Though Iowa allows a few other courses to meet the personal finance requirement, this still counts as a guarantee state, as nearly all schools use a personal finance class to meet the requirement.

Figure 1: *Fraction of Students in Schools with a one-semester Personal Finance Requirement 2021-2022 AY*



2. Financial education access has expanded since 2019

More students have access to personal finance courses than did in 2019. Further, more schools guarantee that every student completes a full semester of personal finance prior to high school graduation.

- 843,358 more students have access to a standalone course requirement in the 2021-2022 AY than in the 2019-2020 AY.
- 1,101 more schools have a standalone personal finance graduation requirement than in the 2019-2020 AY.
- 29% of schools had a standalone course requirement, when compared to 22% in 2019-2020 AY.

These increases are displayed in Figure 2. The figure holds the set of school constant across years and only looks at within school changes in access. The changes are notable because a large portion of the 2019-2020 academic year was pre-pandemic, and the challenges in navigating the pandemic could have reduced access to financial education in schools.

Figure 2: *Long-run Increases in High School Personal Finance Course Access from 2019-2020 AY to 2021-2022 AY*

Changed to a Standalone Personal Finance Requirement

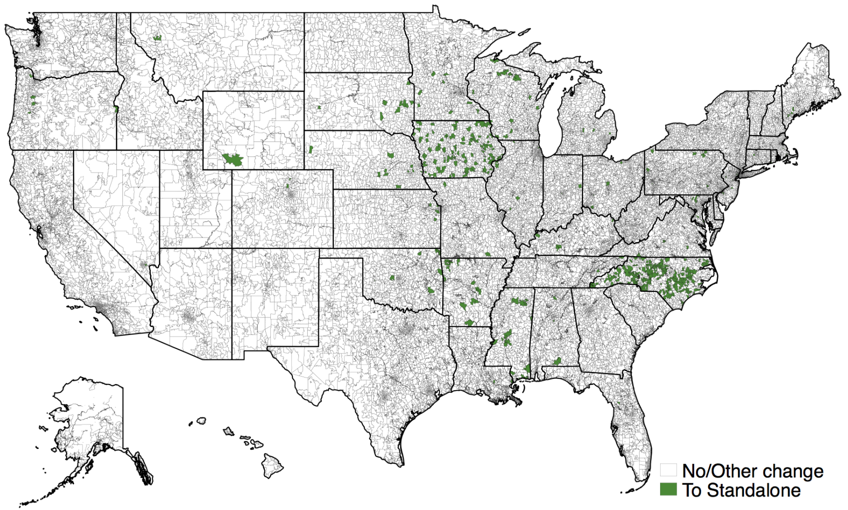
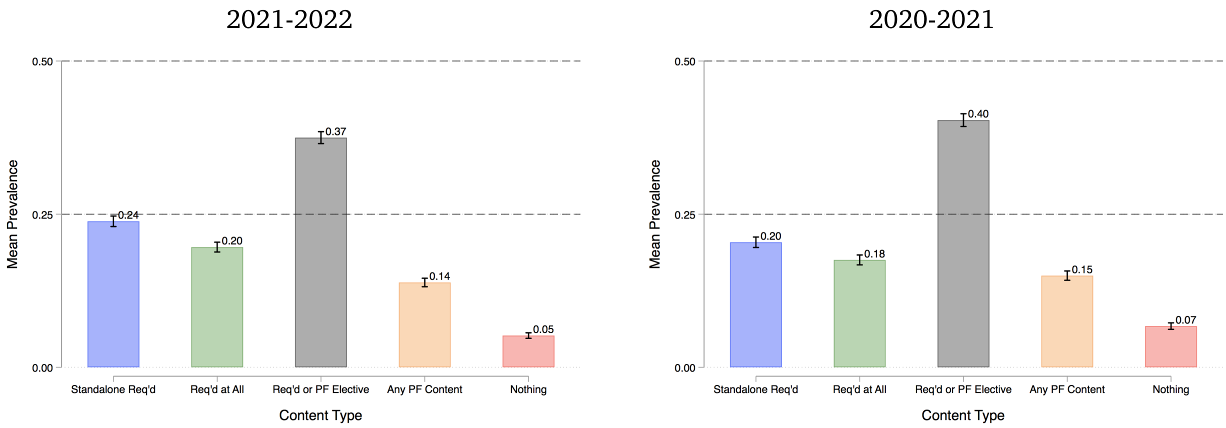


Figure 3 shows that progress has even been made in the last year. The fraction of students in schools with standalone personal finance requirements has increased, as has the fraction of students in schools where personal finance is embedded into another required class. Fewer students are in schools without any personal finance content.

Figure 3: *Fraction of Students in each course type 2021-2022 AY*

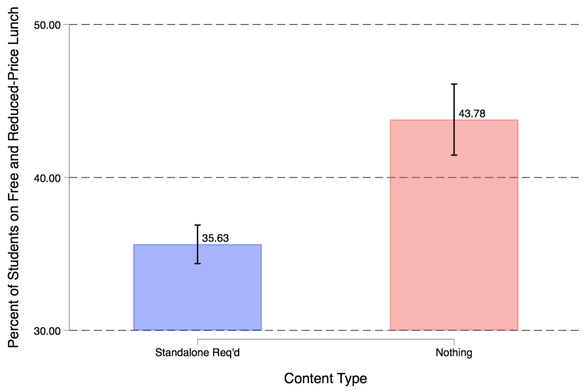


Notes: These averages include the states where every student completes personal finance as a graduation requirement.

3. Schools with less access have higher poverty rates

Removing the eight states (AL, IA, MO, MS, NC, TN, UT, VA) where all students are required to complete one semester of personal finance prior to graduation, I plot the average poverty rate–measured by the fraction of students receiving free or reduced-price lunch–by course type.[2] For simplicity, I compare the schools with a standalone personal finance requirement to schools with no offerings or requirements.

Figure 4: *School Poverty (%FRPL) by Types of Personal Finance Courses 2021-2022 AY*



Notes: Free and reduced-price lunch data come from the National Center for Education Statistics (2019).

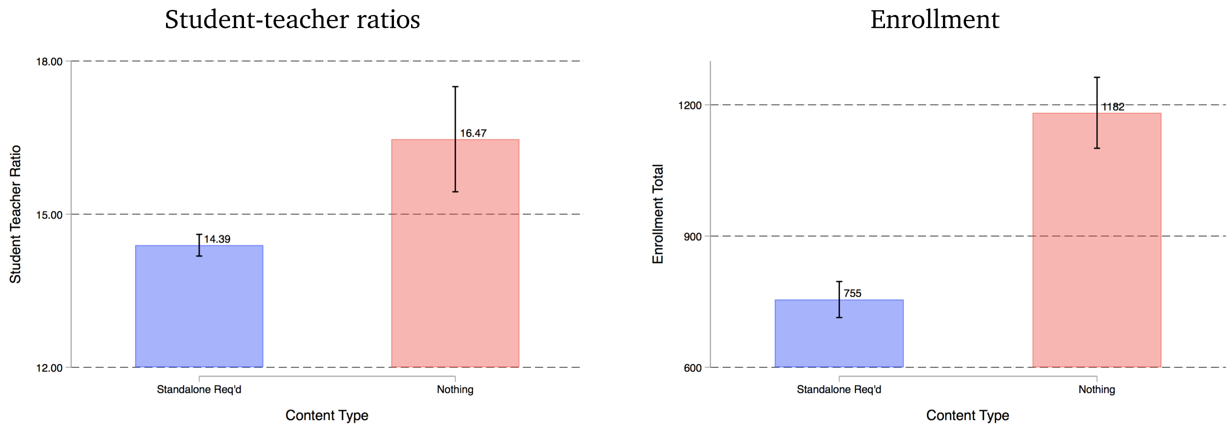
Schools with no personal finance included in their curriculum have an eight percentage point or 22 percent higher rate of students on free and reduced-price lunch than schools with standalone personal finance courses. This difference suggests that there is more access to personal finance in more affluent areas. Since Mangrum (2019) and Stoddard and Urban (2020) both find the greatest benefits of financial education to be among lower income populations, adding personal finance in high poverty schools should be a priority that has potential for a high return on investment.

4. Schools with more access have more resources

Figure 5 shows that student-teacher ratios are higher for schools without access to any personal finance education: schools with standalone personal finance requirements have on average two students less for every teacher than schools with no personal finance content in any course. Figure 5 further shows that student enrollment is about 400 students lower in schools with standalone requirements than schools with no access. This difference suggests that smaller schools have an easier time adding these course requirements.

[2] I remove North Carolina because nearly all students are in schools with a personal finance graduation requirement already, even though the mandate goes into place for the 2023 graduating class.

Figure 5: *Student-teacher Rates and Enrollment by Personal Finance Requirement 2021-2022 AY*



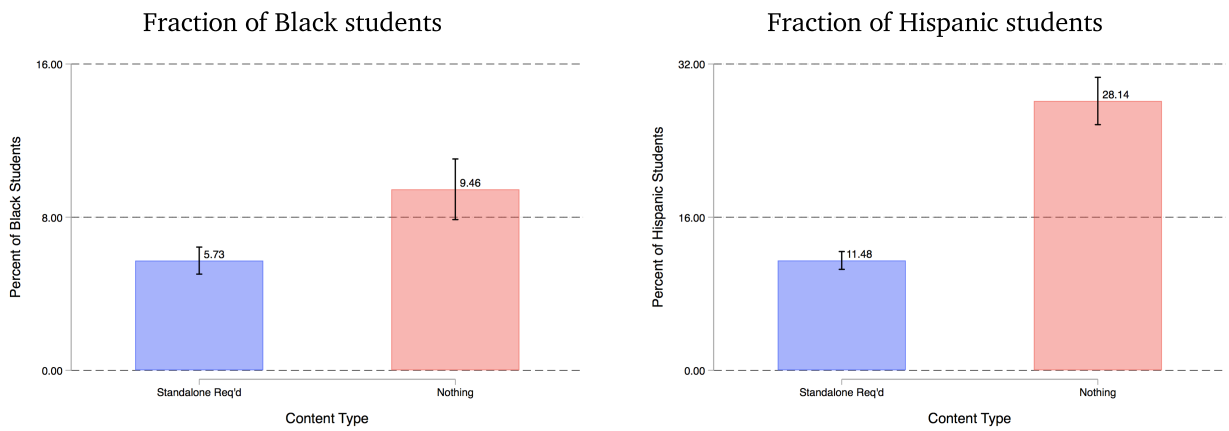
Notes: Student-teacher ratios constructed based on data from the National Center for Education Statistics Common Core of Data (2019).

5. Schools with higher proportions of Black and Hispanic students have less access to standalone personal finance requirements

Access to personal finance differs based on the racial composition of the school. Figure 6 shows that high schools with standalone requirements have about half the fraction of Black students as students with no content. Further, Figure 6 also shows important differences based on ethnicity. Schools with standalone personal finance requirements have a third of the fraction of Hispanic students of schools with no personal finance content.

Taken together, the racial and ethnic gaps add to important research on gaps in access to low-cost financial services among racial and ethnic minorities. Research has shown that low-income and communities of color have less access to mainstream financial services (Prager, 2014; Barth et al., 2016; Hegerty, 2020).

Figure 6: *Fraction of Black and Hispanic Students by Personal Finance Requirement 2021-2022 AY*

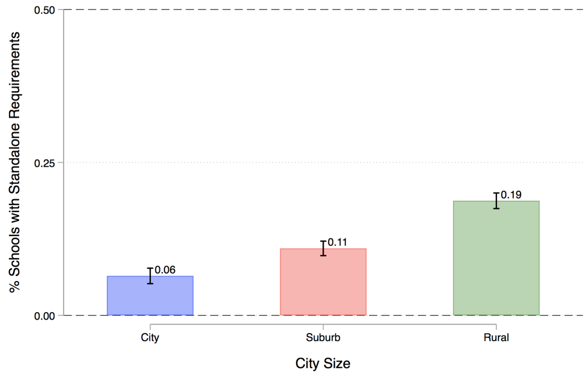


Notes: School enrollment data come from the National Center for Education Statistics Common Core of Data (2019).

6. Rural schools are most likely to have personal finance graduation requirements

Figure 7 shows that schools in rural areas are three times as likely to have a personal finance graduation requirement than schools in cities, and they are twice as likely to have a personal finance graduation requirement than schools in suburbs. This finding is consistent with the findings on enrollment, where smaller schools may have easier times implementing the requirement.

Figure 7: *Personal Finance Course Requirements across Rural, Suburban, and Urban Schools 2021-2022 AY*

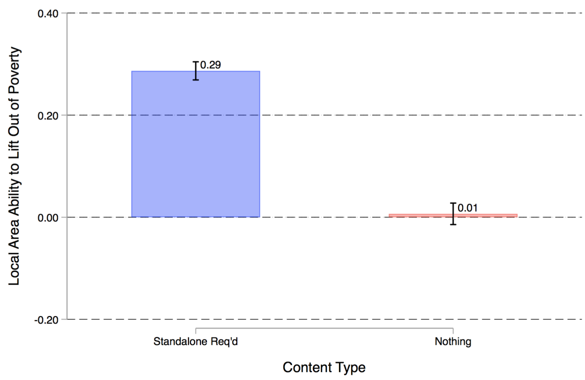


7. Schools with personal finance graduation requirements are in areas with the most opportunity for future mobility

Recent work by Chetty and Hendren (2018) show the importance of place in children's outcomes. In particular, they use administrative data to show how growing up in each county affects children's household income by age 26. Since they use administrative data, they can measure this for children whose parents are in the bottom 25th percentile of the income distribution nationally. I use their measure of the gain to household income by age 26 from moving to a given county in childhood.

Figure 8 compares the level of "opportunity" of a given area by local financial education access. Schools with standalone personal finance requirements—outside of the seven states where all schools that require personal finance coursework in all schools—are in counties where children coming from families in the bottom 25th percentile of the income distribution have the most opportunity for income growth. Specifically, schools with personal finance mandates are in counties where one more year of living in that county during childhood for families earning the 25th percentile of income increases household income in adulthood by 0.29 percentiles in the national ranking. Schools with no personal finance content are in areas that neither increase nor decrease future earnings. Expanding access to personal finance education could be one tool to help improve upward mobility.

Figure 8: *Places that have more upward mobility have more access to personal finance*

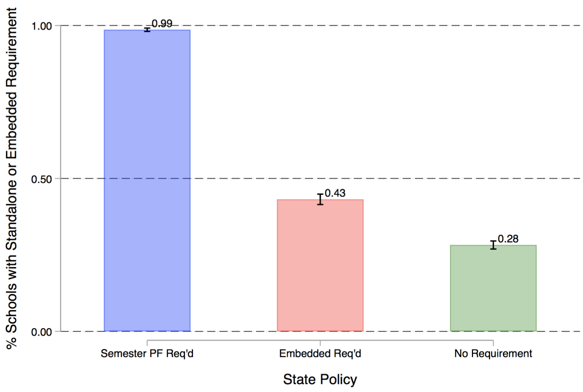


Notes: Data from Opportunity Insights. The measure is the causal effect of moving to a certain county in childhood on the percentile of the national income distribution the person's household is at age 26. The specific measure of upward mobility comes from Chetty and Hendren (2018).

8. States with policies that require schools to embed personal finance in another course do not always do this.

In addition to the states that require a standalone course for graduation, some states require that personal finance be taught within another class. Within these states, auditing can be a challenge. Figure 9 plots the fraction of schools that require either a standalone personal finance course or personal finance embedded into a required class. In states where a standalone course is required, all schools have the requirement.[3] In states where personal finance is required and can be embedded in another course, only about half of schools have the course. This is still higher than the fraction of schools with requirements in states that have no personal finance policies (28%).

Figure 9: *Fraction of Schools with standalone or embedded course requirements by state policy 2021-2022 AY*



Notes: This includes NC as a mandate state, even though the requirement doesn't go into place until the 2022-2023 AY

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[3] Since I include North Carolina as a mandate state, even though it doesn't go into effect until the following academic year, it is not 100 percent.