

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

By K. Alexander Ashe and Wayne Madsen, Tribune News Service, adapted by Newsela staff on 06.13.17

Word Count **1,215**

Level **1090L**



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

Secretary of Education Betsy DeVos is setting out to reform America's underperforming public schools. Let's hope she makes their shocking lack of personal finance instruction a top concern. Our high schools are failing badly when it comes to teaching students about how to manage money.

Only 17 states require high school students to take courses in personal finance, a 2016 study by the Council for Economic Education said.

It's particularly distressing when you consider that the final year of high school is, for many young people, a last opportunity to acquire financial knowledge. Then, they'll enter today's costly, complex and rapidly changing world.

Personal finance courses don't require teachers with advanced degrees. Almost any teacher who can manage personal finances can follow course guidelines to teach basic money matters.

Learn How To Manage Your Bank Account

To be successful, most kids don't need to learn advanced ideas, said Nan J. Morrison. She is president and CEO of the Council for Economic Education. However, students do need to know how to open a bank account and how much they need to save each month to reach their goals, she said. They also should know how much money they will need to earn to pay back money they borrow, she said.

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 basic knowledge of personal finance. Now 37 states do. Students learn about finance as part of other classes.

Over the last few years, New York and Illinois have set tougher standards. Washington state has new legislation doing the same.

Only 17 States Require Finance Courses

Still, the number of states that require high school students to take a separate personal finance course has remained unchanged since 2014, the study said. There are still just 17 states that require a finance course.

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

Data recently released by the Investor Education Foundation, or IEF, show that students benefit from the classes. Those who passed required personal finance courses have better-than-average credit scores as young adults, the information says. They are less likely to fall behind when it comes to paying back money they owe.

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

It Would Help Students In Low-Income Areas

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

Young people in economically challenged areas are often unemployed or underemployed. They find themselves at the mercy of loan sharks and payday loans who take advantage of people who need to borrow money quickly. These lenders target poor people with unethical and even illegal practices, charging very high interest rates. These factors can be key drivers of ongoing poverty.

Recent graduates in these communities find themselves struggling to pay bills and manage what little money they have.

As Morrison said, "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

Today, basic classroom subjects like writing, reading, mathematics, science and history are being neglected by state education authorities. Making tougher requirements for teaching personal finance would be a waste of time and money.

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

All 50 states plus the District of Columbia already require teaching basic economics. Forty-five states require that personal finance be taught in basic economics courses.

That's sufficient when you consider the education basics getting little attention.

U.S. Students Lagging In Math, Science, Reading Skills

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

The Programme for International Student Assessment measured students around the world. In science, 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. America's report card in math is awful. It ranks 39th, behind Russia, Spain, Poland and Macao.

Losing Ground In Global Workforce Market

With these results, the United States cannot hope to compete with other countries on jobs. Today's work demands expertise in engineering, medical research, computer science 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, barely ahead of Estonia, in science.

Americans and their elected officials have themselves to blame when other countries' workers are favored for employment over U.S. workers.

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

The only nation in history to land 12 astronauts on the moon would have trouble repeating that amazing feat today. Our education system has gotten weaker.

Besides the need to refocus on the basics, there's another big problem with states requiring courses in personal finance.

Outside Influences In The Classroom

There is the possibility that school administrators, already stretched thin, would allow outsiders in the classroom to teach finance.

What pushers of questionable loans or high-interest credit cards would not jump at the chance to prey upon high school seniors? These students are about to enter college or the job market.

Educational leaders should be protecting their students from these types, 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 not treated equally in employment. She foresaw what was required of the young country and said, "Learning is not attained by chance; it must be sought for with ardor and attended to with diligence."

ABOUT THE WRITER: Wayne Madsen is a longtime progressive commentator whose articles have appeared in leading newspapers throughout the U.S. and Europe. Readers may write him at 415 Choo Choo Lane, Valrico, FL, 33594. This essay is available to Tribune News Service subscribers. TNS did not subsidize the writing of this column; the opinions are those of the writer and do not necessarily represent the views of TNS or its editors.