



# **SURVEY** OF THE **STATES**

**ECONOMIC AND PERSONAL FINANCE  
EDUCATION IN OUR NATION'S SCHOOLS**

**2011**



**COUNCIL FOR  
Economic  
Education**

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**T**he Survey of the States is a biennial report that brings attention to the critical importance of economics and personal finance education by documenting its status in the fifty states and the District of Columbia. The 2011 Survey shows that while there has clearly been progress since the first survey in 1998, over the last two years the trend is slowing and in some cases moving backwards.

The Council for Economic Education (CEE) is at the forefront of a movement to help young people succeed—as consumers, savers, investors, citizens and participants in a global economy—by working to ensure that K-12 economic and personal finance education is a priority in school systems across the country. This survey serves to facilitate an important dialogue that must take place between those who recognize that this knowledge and capability is critical for young people and the decision makers that can effect change. As a country, we must make it a priority to close this gap so as to enable young Americans to create opportunity for themselves and their communities.



**Just as it was not possible to live in an industrialized society without print literacy—the ability to read and write—so it is not possible to live in today’s world without being financially literate. To fully participate in society today, financial literacy is critical.”**

**-Annamaria Lusardi,**  
Denit Trust Professor of Economics and  
Accountancy at the George Washington  
University School of Business, and Director  
of the Financial Literacy Center

## SURVEY OF THE STATES BY THE NUMBERS

**22**

The number of states that require a high school course in economics to be taken. This is **one more state than 2009, but still less than half the country.**

**14**

The number of states that require a course in personal finance to be offered. **One fewer than in 2009.**

**-3**

**Decrease from 2009.** Change in the number of states that require student testing in economics.

**0**

**No change since 2009** in the number of states that require a course in personal finance to be taken.

# ECONOMIC AND FINANCIAL EDUCATION ARE CORE LIFE SKILLS

– Annamaria Lusardi

**F**inancial literacy is an essential tool for anyone who wants to be able to succeed in today's society, make sound financial decisions, and—ultimately—be a good citizen. The financial crisis has put economic news on the front pages of newspapers daily, requiring individuals not just to be abreast of concepts such as deficit, national debt, and interest rate spread but also to evaluate the economic reforms that political leaders are proposing. Moreover, the cost of college education has been increasing at a rate faster than inflation, requiring students and their families to start planning for college as soon as possible, to be savvy about financial aid, and to manage student loans effectively.

Given the importance of financial literacy, it is perhaps not surprising that, in 2012, the OECD Program for International Student Assessment (PISA) will dedicate an entire module to financial literacy, in addition to the topics they normally cover. PISA states: “Are students well prepared for future challenges? Can they analyze, reason, and communicate effectively? Do they have the capacity to continue learning throughout life? The OECD Program for International Student Assessment (PISA) answers these questions and more, through its surveys of 15-year-olds in the principal industrialized countries. Every three years, it assesses how well students near the end of compulsory education have acquired some of the knowledge and skills essential for full participation in society.” This statement also serves to remind us that financial education is

like all other education: just as it was not possible to live in an industrialized society without print literacy—the ability to read and write—so it is not possible to live in today's world without being financially literate. To fully participate in society today, financial literacy is critical.

*Annamaria Lusardi is the Denit Trust Professor of Economics and Accountancy at the George Washington University School of Business, and Director of the Financial Literacy Center*

## PERSONAL FINANCE AND ECONOMIC EDUCATION CHALLENGES

- College seniors who graduated in 2010 owed an average of \$25,250 in student loan debt, up 5% from 2009.
- Less than 20% of teachers report feeling very competent to teach personal finance topics.
- 49.7% of the U.S. adult population can define “budget deficit”.

### Sources:

- From: (2010) “Student Debt and the Class of 2010”. Oakland, CA: Project on Student Debt
- From: W. Way and K. Holden (2010) “Teachers’ Background and Capacity to Teach Personal Finance” Denver, CO: National Endowment for Financial Education
- From: P. Grimes, K. Rogers and W. Bosshardt (2011) “Economic Education and Consumer Experience During The Financial Crisis”- Working Paper

## Following the Diplomacy Road: How Arkansas Introduced a High School Economics Requirement

– Susan M. Owens

### THE GOAL

In early November 2008, the board of Economics Arkansas, a CEE affiliate, voted to pursue a high school economics course requirement as part of its agenda for improving education in Arkansas. We at Economics Arkansas spent the next nine months discussing, planning, and negotiating with interested stakeholders. The key individuals at the table included the Commissioner for the Arkansas Department of Education and his staff, superintendents, teachers, the Economics Arkansas staff, and several board members. It quickly became clear that if we pursued a legislative mandate, there would be no support from the Arkansas Department of Education, or educators—the diplomatic route was the only way to proceed.

### THE CHALLENGE

As we worked to build consensus, a number of concerns were raised, including:

- How to add a required course for graduation without adding to the number of graduation units that students need to graduate
- Determining who would be certified to teach the course, at what grade level, and where in the curriculum
- Ascertaining how districts would afford additional teacher salaries for a new course
- Deciding who would pay for textbooks, if they were required

continued ►

- Deciding whether the course would include personal finance concepts

After much discussion, we were able to satisfy all the concerns and had a road map that would lead to a high school course requirement. In July 2009, the Arkansas Department of Education proposed to the State Board of Education that an economics course be added to the graduation requirements—a proposal which the State Board of Education members enthusiastically approved.

### CRITICAL SUCCESS FACTORS

What made our initiative so successful was ensuring that all

stakeholders were involved in the process throughout and collaborated closely to determine how to make it work in our state. By engaging these stakeholders we found a path to a requirement without a legislative mandate that worked for everyone involved.

Beginning in the fall of 2010, all 9th grade students in Arkansas who enter high school are required to take an economics course for graduation. Arkansas became the 21st state with this graduation requirement, and we are extremely proud of this achievement.

*Susan M. Owens is the Executive Director of Economics Arkansas*

## From Mandates to Implementation

- Barbara O'Neill

In 2009, New Jersey experienced a perfect positive storm of events in K-12 financial education, with new curriculum content standards, a graduation requirement, and a law requiring a pilot test of the effectiveness of financial education. These events, and the activities that have followed, highlighted some of the important steps necessary to equip teachers to implement a new mandate.

A critical starting point was to provide a framework for meeting a new mandate. In New Jersey, the state Department of Education solicited ideas from a number of resources – including other existing national and state standards, federal government reports, textbooks in financial education, and interactions with teachers. Based on their findings they developed new content standards that addressed the underlying goal of the new graduation requirement.

A 2009 study by Way and Holden found many teachers lacking formal education in personal finance. Yet, education is a significant predictor

of teachers' perceived competence to teach this subject. So, with the standards in place, the obvious next step was to move quickly to build teacher knowledge and their capacity to deliver this content through high quality programs. Financial education advocates such as the New Jersey Coalition for Financial Education (NJCFE) have been active in meeting this challenge, conducting training workshops for over 1,000 educators to date.

There is without a doubt more work to do. Teacher capacity-building is a major undertaking and requires a coordinated effort by financial education advocates. But with standards in place and trainers working diligently to prepare teachers for teaching these standards, New Jersey has taken some important steps to make its new requirement operational.

*Barbara O'Neill is Extension Specialist in Financial Resource Management at Rutgers Cooperative Extension, N.J.*



## ECONOMIC KNOWLEDGE CHANGES LIVES

- Julia Heath

Economic and financial literacy can be transformative. A mother recently told me the story of her son. A year earlier, while a senior in high school, he informed her that he was going to drop out of school. Coincidentally, I had given her financial literacy materials in a training not too long before. She gave the materials to her son and he went through them, particularly the lessons on investing in education. A couple of weeks later, he went back to her and told her that he had changed his mind and would graduate. After graduation, he joined the Army, developed a personal budget and began sending money home to his mother every month. He is now saving to buy a house when his tour is over. This young man recognized the power of economic and financial literacy and used it to change his life.

*Julia Heath is Professor of Economics and Director of the Center for Economic Education at the University of Memphis*



# Early training in economics and finance will go a long way towards the creation of a stable society in the future.”

-Henry Kaufman, President of Henry Kaufman and Co., Renowned Economist and Author

## RESEARCH RESULTS

“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.”

**FINANCIAL EDUCATION INFLUENCES BEHAVIOR**

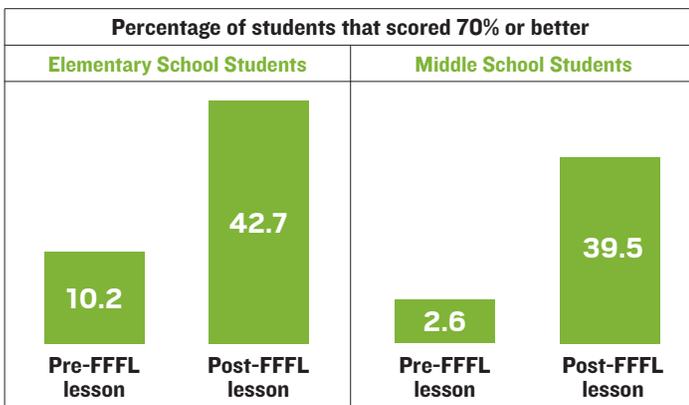
“Financial behaviors of college students vary by state policy on financial education, even when controlling for demographics, financial resources, financial education, financial knowledge, financial social learning opportunities, and financial disposition....Further, **requiring a course was the only policy significantly related to all three financial behaviors: budgeting, saving, and credit usage.** Thus, formal education plays a significant role in financial knowledge, which in turn affects financial behaviors.”

“**Financial education is a key predictor of financial knowledge—and financial knowledge is a key predictor of financial behavior....**Having state standards should be considered a minimum. The ideal situation is for states to be in the Course Required category because this factor had an even stronger impact on knowledge.”

Reprinted with permission from: Gutter, M., Copur, Z., & Garrison, S. (2010). Financial Capabilities of College Students from States with Varying Financial Education Policies. Denver, CO: National Endowment for Financial Education.

## IMPACT

### WELL PREPARED TEACHERS IMPROVE STUDENT LEARNING



SmartTennessee 2010: This data measures the impact of teacher training and the integration of *Financial Fitness for Life* (FFFL), a CEE personal finance curriculum, in K-12 classrooms.

## SURVEY OF THE STATES METHODOLOGY

To ensure the integrity of the Survey of the States, the CEE conducted a survey with respondents who are considered expert representatives with the specific knowledge necessary to answer the survey accurately.

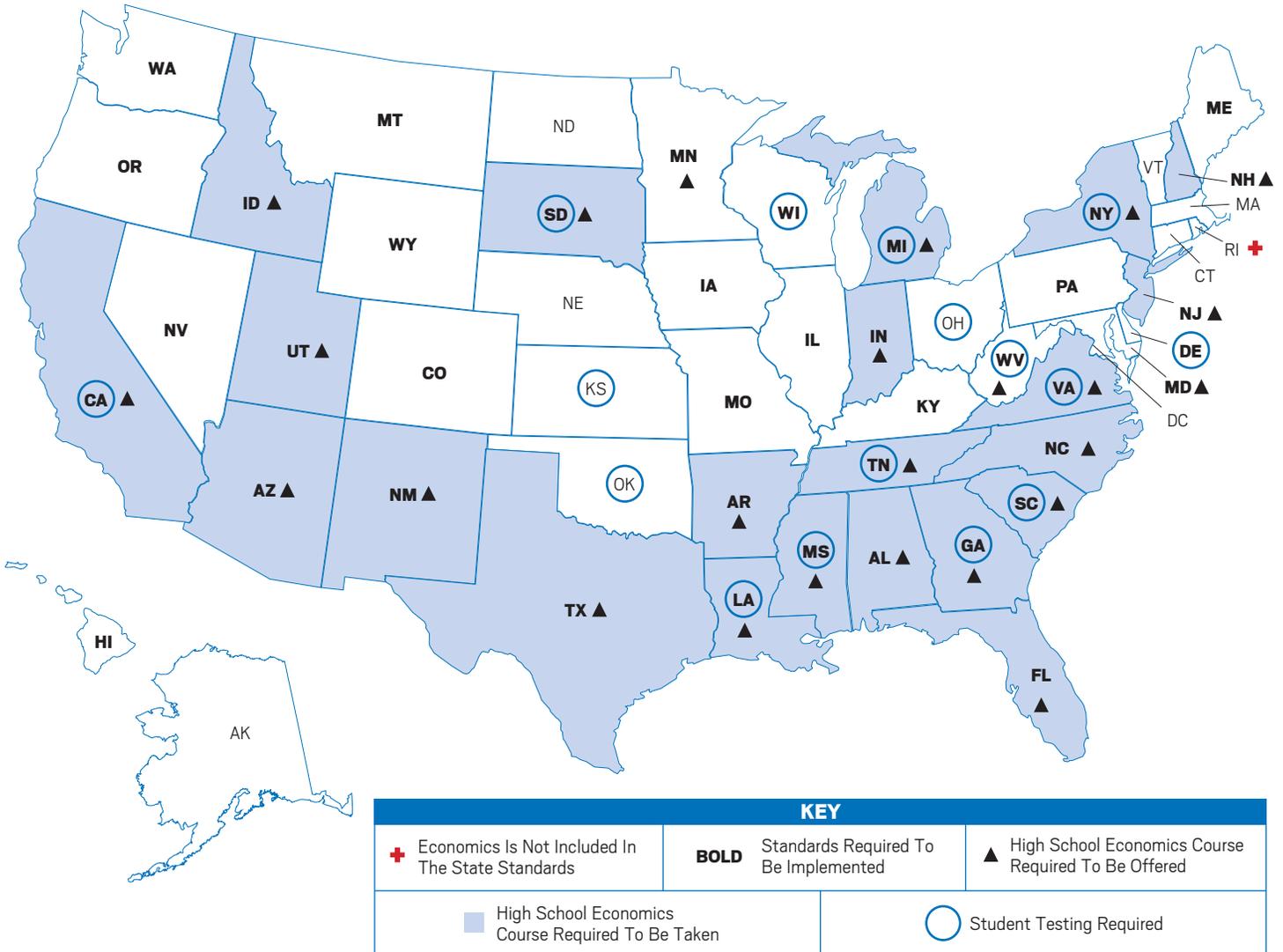
These include:

- Social studies specialists at state departments of education in all 50 states and the District of Columbia
- The chief executives of state councils on economic education, affiliated with the CEE.

All data is self-reported and sources are contacted for verification under the following circumstances:

- The data is significantly different from previous years, and/or
- Different information is received from multiple sources in the same state.

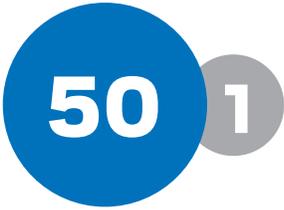
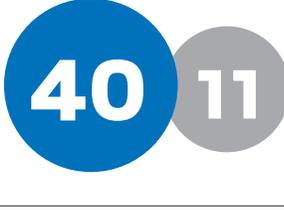
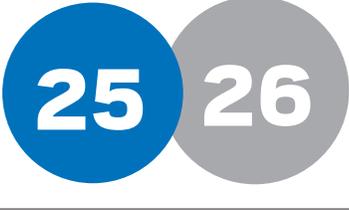
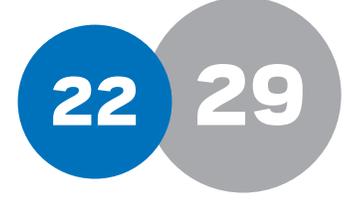
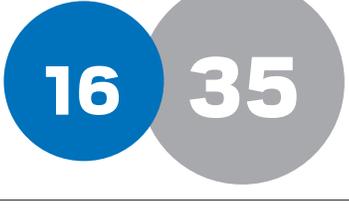
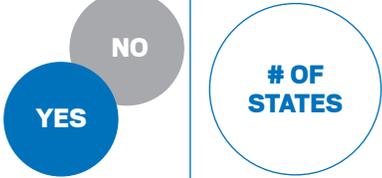
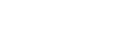
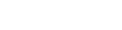
## STATUS OF ECONOMIC EDUCATION ACROSS THE NATION - 2011



## HISTORICAL COMPARISON - ECONOMIC EDUCATION 1998-2011

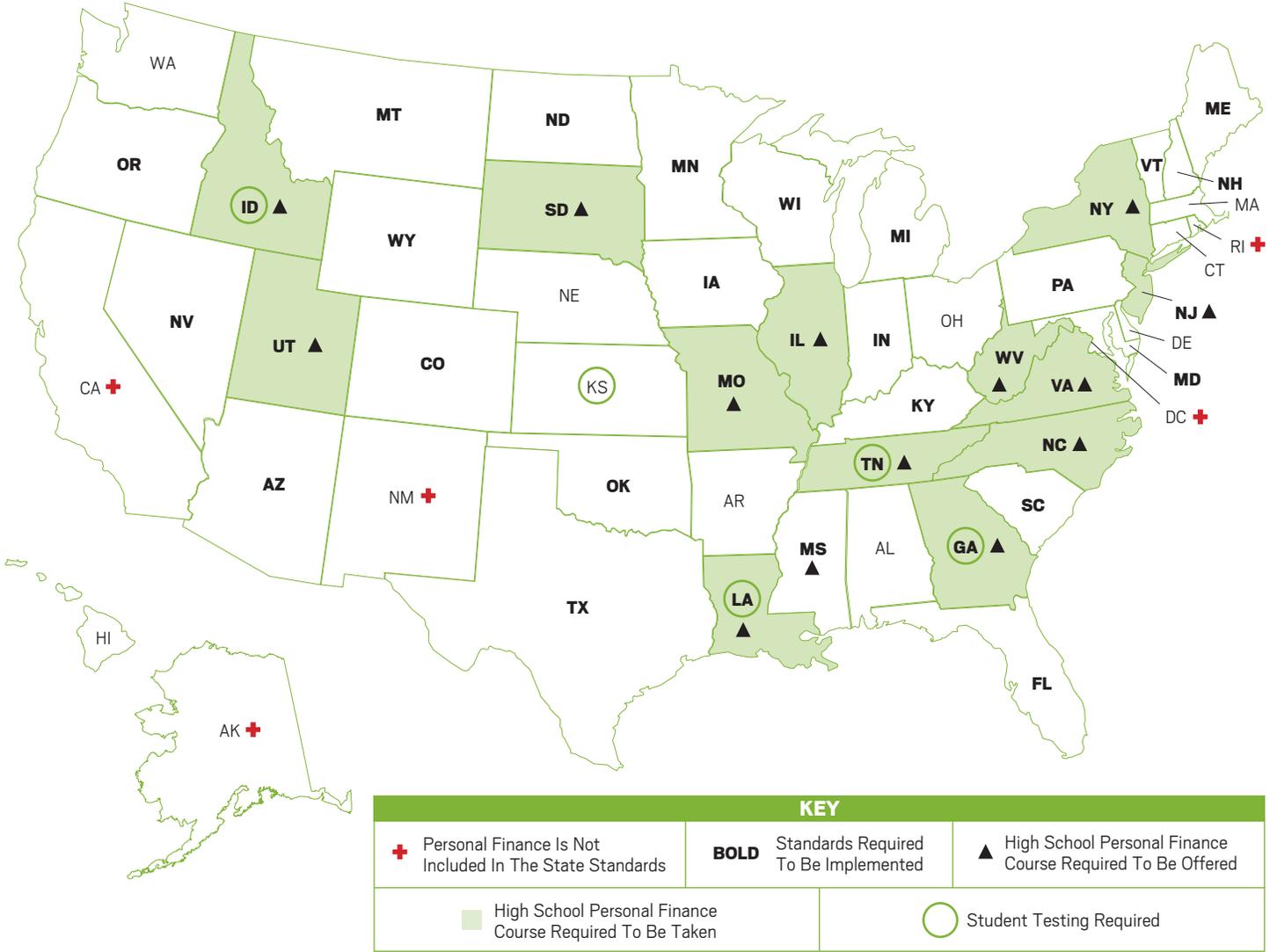
TOPICS	SURVEY FINDINGS						
	1998	2000	2002	2004	2007	2009	2011
Include economics in state standards	38	48	48	48	48	50	50
Standards required to be implemented	28	36	33	38	40	40	40
High school course required to be offered	16	16	17	16	17	21	25
High school course required to be taken	13	13	14	14	17	21	22
Student testing of economic concepts required	25	21	27	25	23	19	16

# STATUS OF ECONOMIC EDUCATION - 2011

KEY						Included In The K-12 Standards?	
 YES		Included In The K-12 Standards?	Standards Required To Be Implemented By Districts?	High School Course Required To Be Offered?	High School Course Required To Be Taken?	Student Testing Required?	
Alabama							
Alaska							
Arizona							Standards Required To Be Implemented By Districts?
Arkansas							
California							
Colorado							
Connecticut							High School Course Required To Be Offered?
Delaware							
Florida							
Georgia							
Hawaii							High School Course Required To Be Taken?
Idaho							
Illinois							
Indiana							
Iowa							Student Testing Required?
Kansas							
Kentucky							
Louisiana							
Maine							KEY
Maryland							
Massachusetts							
Michigan							
Minnesota							YES
Mississippi							
Missouri							# OF STATES
Montana							
Nebraska							NO
Nevada							
New Hampshire							YES
New Jersey							
New Mexico							YES
New York							
North Carolina							YES
North Dakota							
Ohio							YES
Oklahoma							
Oregon							YES
Pennsylvania							
Rhode Island							YES
South Carolina							
South Dakota							YES
Tennessee							
Texas							YES
Utah							
Vermont							YES
Virginia							
Washington							YES
West Virginia							
Wisconsin							YES
Wyoming							
District of Columbia*							

\* 2009 data

# STATUS OF PERSONAL FINANCE EDUCATION ACROSS THE NATION - 2011



## HISTORICAL COMPARISON - PERSONAL FINANCE EDUCATION 1998-2011

TOPICS	SURVEY FINDINGS						
	1998	2000	2002	2004	2007	2009	2011
Include personal finance in state standards	21	40	31	36	40	44	46
Standards required to be implemented	14	16	17	21	28	34	36
High school course required to be offered	N/A	7	1	7	9	15	14
High school course required to be taken	1	1	1	6	7	13	13
Student testing of personal finance concepts required	1	6	8	8	9	9	5

# STATUS OF PERSONAL FINANCE EDUCATION - 2011

KEY						Included In The K-12 Standards?	
YES	Included In The K-12 Standards?	Standards Required To Be Implemented By Districts?	High School Course Required To Be Offered?	High School Course Required To Be Taken?	Student Testing Required?		
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Arkansas							
California							
Colorado							
Connecticut						High School Course Required To Be Taken?	
Delaware							
Florida					Student Testing Required?		
Georgia							
Hawaii							
Idaho							
Illinois							
Indiana							
Iowa							
Kansas							
Kentucky							
Louisiana							
Maine							
Maryland							
Massachusetts							
Michigan							
Minnesota							
Mississippi							
Missouri							
Montana							
Nebraska							
Nevada							
New Hampshire							
New Jersey							
New Mexico							
New York							
North Carolina							
North Dakota							
Ohio							
Oklahoma							
Oregon							
Pennsylvania							
Rhode Island							
South Carolina							
South Dakota							
Tennessee							
Texas							
Utah							
Vermont							
Virginia							
Washington							
West Virginia							
Wisconsin							
Wyoming							
District of Columbia*							

\* 2009 data



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## **ABOUT THE COUNCIL FOR ECONOMIC EDUCATION**

**The Council for Economic Education educates children about the real world through lessons in economics and personal finance so that they can make informed and responsible choices throughout their lives as consumers, savers, investors, citizens, and participants in the global economy. We close the knowledge gap by supporting better and greater school-based K-12 economic and personal finance education through well-prepared teachers. Each year CEE's programs reach more than 55,000 K-12 teachers and approximately 5 million students in the United States.**

THE CALVIN K.  
**KAZANJIAN**  
ECONOMICS FOUNDATION

Funding for this survey  
was provided by the  
Calvin K. Kazanjian  
Economics Foundation

MARCH 2012