



Title: America's Financial Literacy Problem: Why it Needs to Be Taught Early and Everywhere

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I. EXECUTIVE SUMMARY

Despite living in one of the world's largest existing economies, millions of students all over America graduate from high school without understanding the basics of financial literacy. This unbelievable fact contributes to real consequences such as life long financial insecurity and long term debt. Although there exists some recognition of the importance of financial literacy, strong and consistent instruction is still not present in most middle schools and high schools. This brief discusses current gaps in financial literacy education, explains why early and comprehensive instruction is critical, and outlines crucial policy options to integrate financial literacy requirements and curriculum into schools across the United States.

II. OVERVIEW

Financial literacy, defined as the knowledge and decision-making skills that help people make informed choices through problem-solving, critical thinking, and an understanding of key financial facts and concepts, is an essential life skill for managing money effectively throughout adulthood.¹ However, despite its importance, access to immediate and structured financial education in the United States remains limited. Through recent legislative efforts, 29 states now

require high school students to take a personal finance course to graduate, but many of these policies are still in the early stages of implementation.² As a result, nearly 9 in 10 students still complete school without the useful and practical knowledge of saving, budgeting, and using banks and credit cards responsibly. Adding financial literacy requirements to state and federal curriculum standards could close these gaps and prepare students to make smart and informed financial decisions throughout their adult lives.

A. Relevance

In today's growing and increasingly complex economy, financial literacy is no longer optional. Financial decisions start early and carry heavy consequences, making financial literacy an absolute necessity rather than a luxury. Teenagers today are exposed to money early and often through part time jobs, online apps, and omnipresent social media marketing. In fact, according to Empower, a financial services firm and publisher behind *The Currency*, nearly 80% of teens and young adults now receive financial advice from social media.³ This trend highlights a critical gap: students are actively seeking financial guidance, but without structured and reliable instruction in schools, they are left to rely on unregulated and often unreliable sources. If schools don't begin proactively teaching the

basics of financial literacy, then students without formal financial education will continue making high stakes decisions about saving, borrowing, and spending, without the knowledge to do so wisely. This only leads to greater economic inequality and financial instability within the economy.

III. HISTORY

A. Current Stances

Historically, financial literacy education has been both inconsistent and under prioritized in United States schools. In 2019, just six states were required to complete a personal finance course to graduate.⁴ Although the number has since grown to 29, many of these policies are recent, and implementation remains uneven. In some cases, state laws allow districts to delay enforcement for several years, meaning current students might not ever benefit. And in others, the quality and depth of instruction varies greatly, with some simply inserting minimal content into existing subjects like economics or social studies. While these efforts do show a growing awareness of the importance of financial education in schooling, these developments also highlight how late and slow this shift has been, leaving students without the tools they need to navigate their financial lives confidently throughout adulthood.

It is important to note that several states have taken major steps toward prioritizing financial literacy in schools. For example, in California, Governor Gavin Newsom signed legislation in 2024 that will make personal finance a high school graduation requirement, stating, “We need to help Californians prepare for their financial futures as early as possible. Saving for

the future, making investments and spending wisely are lifelong skills that young adults need to learn before they start their careers, not after.”⁵ Florida has also recently implemented the Dorothy L. Hukill Financial Literacy Act, meaning that they now require a standalone personal finance course beginning with the Class of 2027. Despite this momentum, challenges remain. Many different school districts across the United States do not have the funding, resources, or educators to run these programs effectively. And even in states where laws have passed, full integration into schools can be extremely slow-moving. This delay is often due to the perception that financial literacy is less essential than core academic subjects like math, science, or reading. Some also believe personal finance should be taught at home instead of the classroom.

IV. POLICY PROBLEM

A. Stakeholders

The primary stakeholders are the students themselves, as they are the ones that are either developing or missing out on important financial knowledge in their K-12 coursework. And without access to structured financial education, students graduate without the understanding of properly saving, budgeting, and even managing credit. Students are also impacted significantly in the long run as this lack of preparation can result in debt accumulation and missed financial opportunities. For students from low income or first generation households in particular, school might be their only access point to crucial financial literacy education.

Educators and school districts are critical to the implementation of financial literacy in schools.

Educators and school districts are ultimately the ones responsible for determining which academic subjects are taught to students and therefore play an integral role in adjusting curriculum standards. Although educators can advocate for more resources, without state support or funding, they face severe challenges in providing higher quality financial education, especially when students already have packed schedules.

Parents and families also deal with the consequences when children are financially unprepared. For some families, parents need to provide support all throughout adulthood or help inform their children how to avoid certain financial mistakes. While some people claim that financial literacy would best be taught at home, not all parents actually have the knowledge, time, and resources to be able to do so. Furthermore, poor financial literacy tends to be passed down from parents to children, a fact that only further stresses the need for educational intervention.

Finally, employers are dramatically affected by poor financial literacy skills in middle and high school students. Workers who cannot manage their money are more likely to miss work, suffer untreated health issues, and be disengaged even while present. Additionally, the development of financial literacy skills also boosts an employee's ability to think critically, giving employers easier access to higher quality candidates.

B. Risks of Indifference

Choosing to ignore or neglect financial literacy education in United States schools carries significant social and economic risks. As students enter adulthood without basic financial literacy

knowledge, the effects compound over time, contributing to much broader economic instability. Failing to act now only leads to a greater number of individuals needing to rely extensively on other resources, such as public assistance programs and other forms of welfare, later. While students without structured and consistent financial literacy education in their school might be unprepared to take on day to day skills such as saving, budgeting, or managing credit effectively, they also risk being caught in financial pitfalls that otherwise could have been avoidable—including scams, credit fraud, and irresponsible debt. For example, national surveys conducted by the Federal Reserve have indicated that 37% of adult Americans don't have enough savings to cover a \$400 emergency expense,⁶ such as a medical bill or car repair, without borrowing money or selling something they own. This kind of financial vulnerability starts very early, when students aren't given the chance to learn basic financial skills in school. Without early action, these patterns will only continue to worsen, illustrating the importance of prioritizing financial literacy education in schools rather than waiting until the consequences become severe and generational.

C. Nonpartisan Reasoning

Financial literacy impacts families, communities, and the long term health of the entire economy, making it crucial that people from all political backgrounds support action to implement structured and consistent financial literacy in schools. The benefits of doing so are wide reaching and nonpartisan:

- 1) Economic stability and financial independence: Teaching students how to

manage their own money responsibly leads to greater self sufficiency in their adult lives. When young kids understand how to budget, save, and avoid unnecessary debt early, then they are less likely to be reliant on credit, loans, or assistance from the government later in their lives. Regardless of someone's political views, almost all can agree that helping children in the United States learn how to earn money and spend it wisely can also promote greater personal responsibility and economic stability for everyone.

- 2) Equal access to essential life skills: Not all students learn financial literacy in the home. Financial literacy requirements in school can therefore bridge outstanding literacy gaps by ensuring that all students, regardless of income or background, can develop critical life skills.
- 3) Better decision making and long term planning: Any student that learns basic financial literacy skills will be better prepared to make informed decisions about things like their college loans, jobs, and housing. This kind of education helps students weigh their options, understand possible consequences, and plan ahead more effectively. With a stronger foundation in financial literacy, students are more likely to make intelligent and thoughtful choices in general.

V. TRIED POLICY

One example of real policy that has tried to

address financial literacy education in schools would be Georgia's Senate Bill 220, which was signed into law by Governor Brian Kemp in 2022. This bill requires all 11th and 12th grade students in Georgia to take at least a half-credit personal finance course before graduation, starting with the 2024-2025 school year. Georgia's Governor Brian Kemp emphasized the goal of the law during the signing event, stating that the measure "will ensure that students learn financial literacy in our schools, like the importance of good credit and how to budget properly so that they can be better prepared for the world beyond the classroom."⁷

Although the bill was passed in 2022, it is still in its early stages of implementation, given that students only began taking the required course the last school year. The law is widely considered successful in that it clearly defines the course that needs to be taken and sets up a statewide graduation requirement. In passing the law, Brian Kemp also created a Commission on Civics Education, a 17-member panel responsible for making sure that schools follow through with the new requirement across districts.⁸ The commission's responsibilities include reviewing how districts are implementing the required coursework, recommending updates to the curriculum, and reporting regularly to the state legislature.

While Georgia's Senate Bill 220 represents a major step towards taking financial literacy education more seriously, it by no means makes financial literacy accessible to the vast majority of other students across the country. Even in places where laws are on the books, the success of those laws heavily depends heavily on the available

funding and the quality of teacher training.

VI. POLICY OPTIONS

Standalone Requirement for Financial Literacy Courses in all 50 States

Although 29 states now require standalone personal finance requirements, 21 still do not. Students in these states without a standalone requirement receive inconsistent financial education: it is also common for students in these states to receive no financial literacy education whatsoever. This leaves students unprepared to make informed and strategic financial decisions within adulthood.

In order to address this gap, I recommend that states without a formal requirement follow Georgia's model (SB 220), which requires a semester-long course focused on essential topics like budgeting, saving, credit, and loans. This course should be added in 10th, 11th, or even 12th grade in order to allow flexibility within schools and should ideally be funded through existing curriculum budgets. Another option to make implementation feasible would be for states to rely on nonprofits like Next Gen Personal Finance, for example, that are already used in classrooms worldwide, can provide free financial materials, and wouldn't require states to create brand new curriculums.

State-level Funded Training and Curriculum Support

Despite having support from nonprofit organizations, one of the biggest barriers to financial literacy education is still a lack of resources and funding. It is extremely costly to hire teachers that deliver strong and effective course materials to students. And even where

financial literacy is technically required, many schools still struggle to deliver quality instruction. For example, a 2024 RAND survey on Nevada's statewide financial literacy mandate found that most teachers had not received training and felt underprepared themselves to teach the subject.⁹ Because of this, state education departments should provide funding for teacher training programs and grade level curriculum materials. This would ensure that educators have the confidence, knowledge, and resources needed to teach financial literacy effectively. Even an investment around \$30–40 per student annually could cover training costs and provide access to curriculum resources without needing to pull significant amounts from state education budgets.

Accountability Through Graduation Reporting

In states such as Michigan and Pennsylvania, there has been a lack of clear and publicly available reporting on the exact number of students completing standalone personal finance courses. Without this kind of transparency, it becomes increasingly difficult to identify gaps and ensure that all students are benefitting equally from policy improvements. In order to solve this, state education departments should create annual reports that include data both from school and district levels on financial literacy course completion. These reports need to include whether or not the course is standalone or if it is combined/embedded in another subject. Finally, releasing this data publicly would help communities and policymakers hold schools accountable.

VII. CONCLUSIONS

This brief has examined the widespread gaps in financial literacy education across the United States and discussed both reasons for policy options and what policy options should look like to address this issue. Despite the growing awareness of its importance, strong and consistent instruction is still not offered to students in most middle and high schools. Out of the three proposed policy options outlined—a standalone financial literacy requirement in all 50 states, state funded training and curriculum support, and accountability through graduation reporting—the most promising is pushing for standalone financial literacy requirements in every state.

However, this option will only succeed if states commit to supporting their teachers and tracking their outcomes through regular reports, making it equally important to combine standalone requirements with state level investment as well as strong accountability measures. Together, these options would build a future where all students, regardless of their backgrounds and zip codes, can access the financial skills they need to succeed.

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