

Why Every State Should Require Financial Literacy Education, as Florida Does

May 06, 2022

The glaring lack of financial literacy in our nation can be traced back to what we were taught — or not taught — in school.

This past March, Florida became the latest state to mandate a financial literacy course for high school graduation. Florida students must now earn a half-credit in personal financial literacy and money management in order to graduate.

The law is a result of a decade-long effort on the part of bankruptcy judges, the Florida Council on Economic Education, Florida legislators, practitioners from the Business Law Section of The Florida Bar, and others.

Now, the rest of the country must catch up to Florida and a handful of other states when it comes to personal finance education. Currently, 11 states require students to take a stand-alone personal finance course. NextGen Personal Finance, a nonprofit organization, considers this course to be essential. A total of 46 personal finance education bills are now pending in 20 states, as legislatures become more aware of the need for better financial education.

Americans' lack of financial planning knowledge is startling. More than half of Americans have less than three months' worth of emergency savings. On an international financial literacy test of 15-year-olds, the U.S. ranked seventh out of 15 countries, behind China, Canada, Russia and Australia.

Critics of financial literacy education insist that such matters should be left to parents but a 2019 study showed that 72% of parents do not talk to their children about money, and 82% of those parents cite fear as the barrier keeping them from doing so.

Financial literacy education yields results. In a 2014 study, researchers focused on three states where personal finance high school education mandates were recently enacted. Default rates and credit scores of recently graduated students who received this education were compared to individuals in bordering states who did not change their financial literacy education requirements in high school. The study showed that mandated personal finance education in high school improved credit scores and reduced the default rates of young adults.

There was no measurable change in the bordering states over the same time period measured.

Luckily, states like Florida have provided a roadmap of possible initiatives to take to get this important legislation passed in the states that have not yet followed this important legislative trend. It is imperative that lawyers and judges in these states use their expertise and community involvement to spearhead efforts to make financial literacy a requirement in their state's school curriculum.

In Florida, the push for financial literacy education initially came from federal bankruptcy judges. At first, financial literacy was only incorporated into existing math standards. The Business Law Section of the Florida Bar pushed for the enactment of a financial literacy course as a prerequisite for high school graduation. In 2018, under the leadership of then-BLS Chair (now Bankruptcy Judge) Jacob Brown, BLS created a Financial Literacy Task Force. In 2019, BLS published a white paper in support of a bill to advance financial literacy education in the public school system, which was named in honor of the late Senator Dorothy Hukill, who was an advocate of financial literacy education.

The final version of the bill only required financial education to be offered as an elective course in public high schools in the state. It wasn't until March that Gov. Ron DeSantis signed the Dorothy L. Hukill Financial Literacy Act into law requiring a stand-alone course in financial literacy to graduate high school.

While it was a long road for Florida to pass this important legislation, other states should jump on this trend while it is hot. Every state bar association should be forming its own task forces to push for financial literacy education legislation to be passed now.

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