High School Personal Finance State Mandates and Courses

Carly Urban

Professor of Economics, Montana State University
Research Fellow, Institute for Labor Studies (IZA)

My Why

It's silly.

My Why

ELSEVIER

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Education and saving:: The long-term effects of high school financial curriculum mandates

B.Douglas Bernheim [a], Daniel M. Garrett [b], Dean M. Maki [c]

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Abstract

Over the last 40 years, a majority of states have adopted consumer education policies, and a sizable minority have mandated that high school students receive instruction on topics related to household financial decision-making. In this paper, we attempt to determine whether these mandates have had any effect on subsequent decisions. We exploit the variation in requirements both across states and over time to identify the effects of interest. The evidence indicates that mandates have raised both exposure to financial curricula and subsequent asset accumulation once exposed students reached adulthood. The estimated effects are gradual, probably due to implementation lags.

WINTER 2001 VOLUME 35, NUMBER 2 241

SHARON TENNYSON AND CHAU NGUYEN

State Curriculum Mandates and Student Knowledge of Personal Finance

This study analyzes the relationship between high school students' scores on a test of personal financial literacy and their state's personal finance curriculum mandate. At the time of the testing, twenty of the thirty-one states included in the study had some kind of educational policy in the area of personal financial management. The results of the study show that curriculum mandates, broadly defined, are not generally associated with higher students' scores. However, students in states that required specific financial education course work scored significantly higher than those in states with either a general mandate or with no mandate.

Why don't these match?

Table 1. Consumer education policies by state[a]

State	First graduating class affected[b]	Consumer education mandate?[c]	Personal finance mandate?[c]
Alabama	1976	Yes	No
Alaska	1964	No	No
Arizona	1972	Yes	No
Arkansas	1977	Yes (1988)	No
California	1975	Yes (1989)	No
Colorado	No policy		
Connecticut	No policy		
Delaware	1976	Yes	Yes
District of Columbia	No policy		
Florida	1975	Yes	Yes
Georgia	1977	Yes	Yes
Hawaii	1973	Yes	Yes
Idaho	1978	Yes	Yes
Illinois	1968	Yes	Yes
Indiana	1976	No	No
Iowa	1976	Yes	No
Kansas	1977	No	No
Kentucky[d]	1975	Yes	No
Louisiana	1978	Yes	No
Maine	No policy		
Maryland	1975	No	No
Massachusetts	No policy		
Michigan	1980	No	No
Minnesota	No policy		
Mississippi	1982	Yes	No
Missouri	No policy		
Montana	1972	No	No
Nebraska	No policy		
Nevada	1957	Yes	Yes
New Hampshire	1985	Yes	No
New Jersey	1976	Yes	No
New Mexico	1979	Yes	Yes

Table 1
Personal Finance Mandates by State

Standards only (9)	No Standards (33)
Alabama	Alaska
Connecticut	Arizona
Florida	Arkansas
Idaho	California
Minnesota	Colorado
Mississippi	Delaware
Oklahoma	Georgia
Texas	Hawaii
Wisconsin	Indiana
	Iowa
Course (3)	Kansas
Illinois*	Kentucky
Nebraska	Louisiana
New York*	Massachusetts
	Missouri
Test (10)	Montana
Illinois*	Nevada
Maine	New Jersey
Maryland	North Dakota
Michigan	Ohio
New Hampshire	Oregon
New Mexico	Pennsylvania
New York*	Rhode Island
North Carolina	South Carolina
Virginia	South Dakota
Washington	Tennessee
	Utah
	Vermont
	West Virginia
	Wyoming
	District of Columbia

* Indicates state that has both test and course mandates

From Bernheim, Garrett, and Maki

Between 1957 and 1985, 29 states adopted legislation mandating some form of ‘consumer’ education in secondary schools; 14 states specifically required coverage of topics relevant to household financial decision-making, from budgeting, credit management, and balancing checkbooks to compound interest and investment principles.

From Tennyson and Nguyen

state at the time the data for this study were collected. The categorization of states is based upon that of Clow (1999) and Bernheim, Garrett, and Maki (1997), supplemented by correspondence with state education departments when these two sources did not match or the state requirements were otherwise unclear.

What did those 1980s “mandates" do?

- Correlational
  - Tennyson and Nguyen (2001): in 1997, mandates (but really testing) increase knowledge
  - Bernheim et al (2001): mandates increase asset accumulation at ages 30–49.
  - Many, many other correlational studies with findings in every possible direction imaginable.
- Causal
  - Cole, Paulson, Shastry (2016, Journal of Human Resources) find the 14 Bernheim “mandates" do not have long-run effects on investing, financial market participation, and credit management.

Newer Research: Quasi Experiments

Brown, Grigsby, van der Klaauw, Wen, Zafar
Review of Financial Studies, 2016

- First study to pick this question back up in more recent times using quasi-experimental methods and more recent data.
- Find that financial education reduces reliance on non-student debt and improves debt repayment behaviors.
- Uses credit panel data, and looks at 19–29 year-olds.
- Looks at policies from 1998-2012.
- Constructs “financial education" requirements based on Council for Economic Education Survey of the States reports.

Why don’t these match? Because it’s hard

Table 1. Consumer education policies by state[a]

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Maryland	North Dakota
Michigan	Ohio
New Hampshire	Oregon
New Mexico	Pennsylvania
New York*	Rhode Island
North Carolina	South Carolina
Virginia	South Dakota
Washington	Tennessee
	Utah
	Vermont
	West Virginia
	Wyoming
	District of Columbia

* Indicates state that has both test and course mandates

State	Fin lit mandate[a]
Alabama	2000
Alaska	
Arizona	
Arkansas	
California	
Colorado	
Connecticut	
Delaware	
District of Columbia	
Florida	
Georgia	2005
Hawaii	
Idaho	2000
Illinois	< 1998
Indiana	
Iowa	
Kansas	
Kentucky	2002
Louisiana	2007
Maine	
Maryland	2009
Massachusetts	
Michigan	
Minnesota	
Mississippi	
Missouri	2007
Montana	
Nebraska	
Nevada	
New Hampshire	
New Jersey	2009
New Mexico	
New York	2000
North Carolina	2011
North Dakota	
Ohio	
Oklahoma	2009
Oregon	
Pennsylvania	
Rhode Island	
South Carolina	
South Dakota	2007
Tennessee	2009
Texas	
Utah	2005
Vermont	
Virginia	2009
Washington	
West Virginia	2011
Wisconsin	
Wyoming	

Good Research can be Very Slow

- Wrote a grant to figure out what financial education graduation requirements actually look like in 2012(!)
- Dove deep into details of policy for at least a year:
  - Collected graduation requirements from every state department of education from 1980-2013.
  - Combed through the graduation requirements in depth. Is personal finance required for HS graduation? Starting with which graduating class?
- At the same time, went deep into policies in a few states to write one paper before we had the full dataset together.
- ...and the learning has continued over the last 13 years...

U.S. Education Policy Landscape

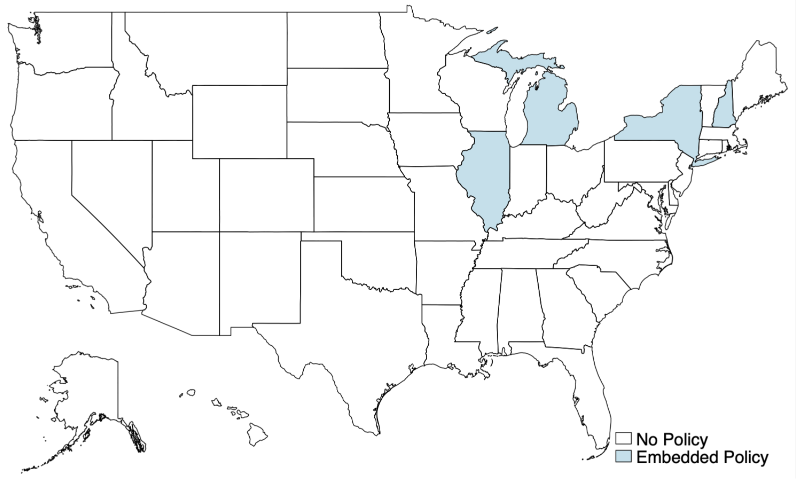
In the U.S., education policy is local:

- States decide graduation requirements and standards for K-12 education.
- Local school districts and individual schools can also require specific classes.
- Even if states have requirements, local schools are not audited to make sure state policies are implemented locally.
- Local changes, particularly in bigger schools, often include parental involvement and school boards.

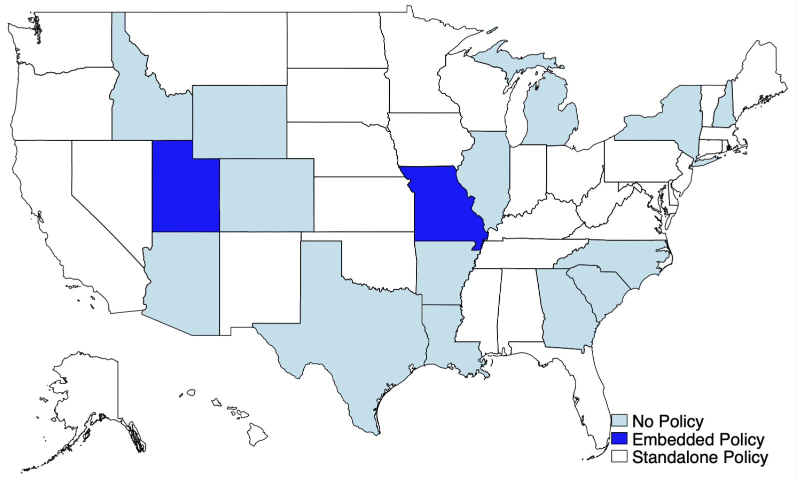
Using State Variation as a Natural Experiment

- State variation in personal finance graduation requirements is often used as a natural experiment to determine causal effects.
- As of the graduating class of 2025:
  - 10 states require a full semester of PF (“guarantee states"),
  - 25 states require PF content flexibly.
- This legislation is rapidly moving through states.

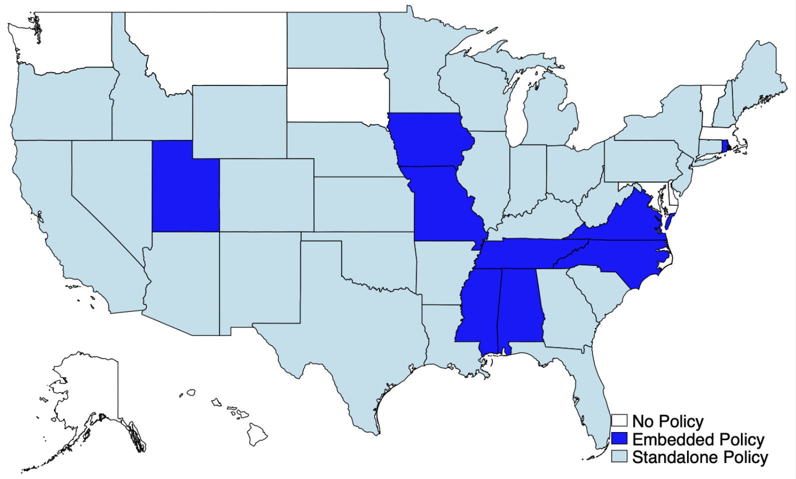
As of 2000...0 states had standalone requirements



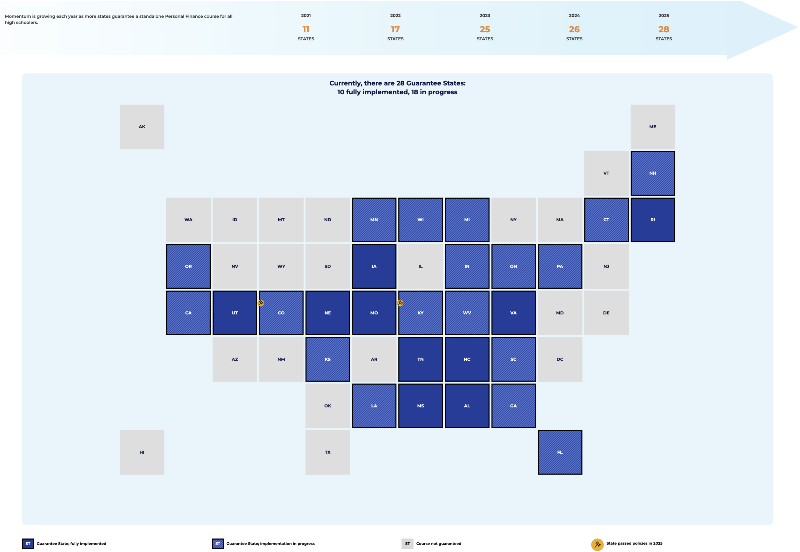
As of 2010...2 states had standalone requirements



As of 2024...9 states had standalone requirements



Legislation is rapidly moving through states



Financial Education in U.S. High Schools

Two main policy levers

- A standalone course is required.
  - Only began with the graduating class of 2008 in Utah.
  - Only five states had a standalone course requirement
- Personal finance content is in another required course or subject area.
  - In early years (pre-2000), there were often just a few standards required in a greater content area (e.g., Social Studies).
  - More recently, personal finance sits within another required class (e.g., American Government or Economics).
- Studies lump the two policy levers together when considering causal effects of required personal finance education.

Financial Education in U.S. High Schools

- Two state policies to get personal finance required in high schools
  - Legislative change (most common)
  - Administrative rule through the state department of education (less common but still happens)
- In the U.S., education remains locally controlled and not all state-level education policies are enforced.
- Even without a state policy, schools can locally implement requirements.

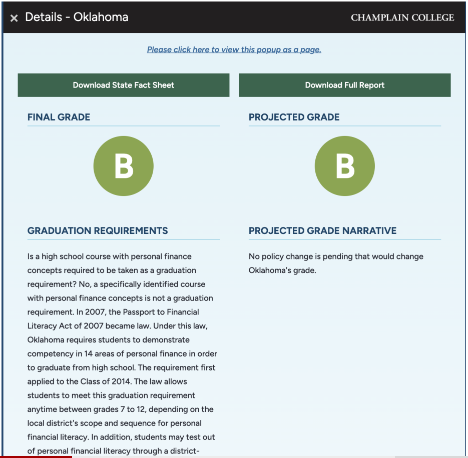
Where do the data exist?

(1) On my website!

- www.carlyurban.com/home/financial-education

(2) If you don't trust me...or want to collect your own data!

- Check out Champlain College's Making the Grade report.



Is the Variation Quasi-Random?

Likely, yes:

- Michigan and Florida passed graduation requirements within about 6 weeks of each other in 2022.
- Actually need the timing to be random:
    - Between passing legislation and the graduation class being required to take a class spans one and four years.

Is the Variation Quasi-Random?

Table A.6: State characteristics and personal finance requirements

	PF
Governor is Democrat	0.00967
	(0.033)
Unemployment rate	-0.02872
	(0.019)
Medicaid beneficiaries	-0.00003
	(0.000)
SSI recipients	0.00030
	(0.001)
ln(gross state product)	0.14930
	(0.359)
Poverty rate	-0.00217
	(0.007)
ln(population)	0.76734
	(0.749)
Food Stamp/SNAP recipients	0.00008
	(0.000)
N	1,145

Notes: Robust standard errors clustered at the state level in parentheses. $^{+}$ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. This regression includes state and year fixed effects. Gross state product is in billions; population is in millions; Medicaid beneficiaries, SSI recipients, and SNAP recipients are in thousands. Governor is Democrat is a dummy variable equal to one if the governor is a Democrat in the given state for the given year.

How can you use the Quasi-Random Variation?

- Detailed big data in specific areas: DD
- Panel structures by cohort and location: TWFE
- Clever dose responses
- Many more!

The Papers!

Financial Education in U.S. High Schools

Research using state mandates as natural experiments finds:

- Credit and debt behavior improves

Financial Education in U.S. High Schools

Research using state mandates as natural experiments finds:

- Reduces delinquencies and increases credit scores (Urban et al. 2020, Economics of Education Review)
- Reduces payday borrowing (Harvey 2019, Journal of Consumer Affairs)
- Shifts student loan borrowers from high-interest to low-interest financing (Stoddard & Urban 2020, Journal of Money, Credit, and Banking)
- Improves student loan repayment among students from low-income families (Mangrum 2022, Journal of Financial Economics)

Financial Education in U.S. High Schools

Research using state mandates as natural experiments finds:

- Improves responses to negative economic shocks (e.g., COVID) (Mangrum et al. 2025, WP)
- Reduces financial crime (Freed and Hackney 2025, WP)
- Improves subjective financial well-being overall (Burke et al. forthcoming, Journal of Money, Credit, and Banking)

Financial Education in U.S. High Schools

State mandates DO NOT change:

- Retirement savings (Harvey & Urban 2023, Journal of the Economics of Ageing)
- High school graduation rates (Urban 2022, Economics of Education Review)
- Where or if people go to college (Stoddard & Urban 2020, JMCB and Mangrum 2022, JFE)
- Earnings (but coarsely binned) (Burke et al., forthcoming JMCB).

Financial Education in U.S. High Schools

State mandates do not change financial literacy:

- Doesn't change the Big 3 or 5 (Stoddard and Urban, Burke et al, Mangrum),
- Except in Virginia (Freed and Hackney).
- Improves student loan literacy (Mangrum)

New Policy Variation?

What other types of policy variation might we collect?

- Variation in implementation of laws?
- Geographic variation across time for other countries?
- State law variation in K-8 standards.
- Other places (e.g., communities) where financial education could live.
- What else?

Contact

Carly Urban
Professor of Economics
Montana State University
Research Fellow at IZA
carly.urbanatmontana.edu
www.carlyurban.com
406.994.2005