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OPINION - Guest column

## There's value in personal finance education

*by KATHLEEN LAWSON AND CLAUDIA UTLEY Special to the Democrat-Gazette | May 3, 2020 at 1:52 a.m.*

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If these were normal times, April would have received a lot of attention as Financial Literacy Month. Statistics would be cited about the high number of Americans mismanaging their money and experts quoted about the need to educate them about budgeting, saving and investing.

All true, all good, and yet all too easily forgotten by the time May rolls around.

This year, times are not normal.

This year, covid-19 has ruthlessly exposed the fragile financial lives of many Americans. As a result of the economic shutdown that has left more than 20 million suddenly unemployed, stories of financial hardships dominate the news.

In breathtaking numbers, Americans of all income classes are now facing the very crisis experts have been warning about: no or inadequate emergency funds, too much debt and overspending on lifestyle choices.

With few financial safety measures in place, they must make painful decisions: Which utility bills to pay, how to plead for extensions on monthly mortgage or rent payments, whether to sell cars or furniture to raise cash for food and/or necessary medications.

The federal CARES package may provide some immediate relief, but additional systemic changes are necessary to help more Americans achieve long-term financial stability.

A key cornerstone toward that goal should be required personal and family finance education that starts in kindergarten and continues through 12th grade.

Arkansans enjoy a slight advantage in this regard compared to other states. As a result of legislative and educational mandates passed in the last few years, high school students must take economics and personal finance in order to graduate.

Fewer than half of U.S. states require such coursework, according to the 2020 Survey of the States by the Council for Economic Education (CEE), which evaluates the nationwide state of K-12 economic and personal finance education biannually.

Financial education in school works.

The CEE published several studies indicating that high school students who receive financial education tend to make smarter decisions about paying for college and using credit cards. They are more likely to borrow sensibly, apply for and receive grants, and pay off their credit cards each month compared to their peers without personal finance instruction. For students from lower-income families, financial education has been shown to reduce their need to work while attending college, increasing their likelihood of graduation.

Those are encouraging outcomes, but more should be done much earlier and much more consistently.

Personal finance education should start in kindergarten and continue through all grades as an integral part of the mainstream curriculum.

Researchers at the University of Cambridge in 2013 discovered that people's approaches to money, such as advanced planning and delayed gratification, is set as early as age 7. Ideally, parents teach good money management skills to tots and preschoolers. But very few do, especially if they don't have good money habits themselves.

It's up to schools to step in as soon as possible to reverse any bad habits already established. Even the youngest learners can grasp concepts like waiting and saving for something they want.

All Arkansas students should be able to access grade-appropriate standards-aligned financial education continuously throughout their elementary, middle and high school years. This training helps develop a lifelong mindset of budgeting, saving and investing that leaves individuals much better equipped to deal with financial emergencies.

Making that happen is neither difficult nor expensive. Implementing regular personal finance education does not require increasing school budgets, adding more courses to the school day, or hiring more teachers.

Instead, every teacher in Arkansas can be trained how to integrate personal finance principles into the regular classroom curriculum with already available know-how and at little cost.

Many non-profit organizations and public institutions like Economic Arkansas, the Federal Reserve Bank of St. Louis and its Little Rock Branch, six Centers for Economic Education affiliated with major Arkansas universities, and others offer extensive teacher training and resources.

Some examples: English teachers learn how to teach personal finance lessons found in children's books and world literature: Did anybody in the story want something? How were they willing to plan (save) for it? Did they reach that goal? What did they have to give up to get what they wanted?

Math teachers are instructed how to use simple bank statements to teach subtraction and addition. Talk about an effective method to teach negative numbers!

Sports coaches find out how even top athletes can go broke on a multimillion-dollar salary and share these caveats with their students.

There is typically no charge to the teacher or schools to attend these workshops, and most training is approved for professional development credit by the Arkansas Department of Education.

But it takes political and educational will to ensure every teacher receives this training and implements it the classroom. Now is the time for parents and community and business leaders to demand comprehensive personal finance education in schools.

If there are positive outcomes from this catastrophic covid-19 epidemic, the push to help Americans improve their financial health needs to be among them.

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