ATFA

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ATFA Financial Literacy Report
EXECUTIVE SUMMARY

Lead Author/Researcher: Ashwin Joshi, Ashwin Teen Financial Academy(ATFA) CEO and Founder
Lead Research Advisor: Jose Razo, Southridge Social Studies Department Head/Teacher

Abstract

Financial literacy is among the most valuable life skills determining future success. Opportunities to develop financial literacy within high school educational curriculums are few and far between. This study investigates the expected minimal financial literacy among high school students at Southridge High School of the Kennewick School District and suggests establishing a necessary financial literacy curriculum in high schools within the district. This survey collected responses from 324 students to determine their financial literacy and perspectives on a proposed financial literacy curriculum that this study suggests for future consideration. As it pertains to financial literacy, 78% of respondents self reported as either possessing developed preparedness or unprepared as it relates toward their financial futures. This study highlights the importance of financial literacy amongst students and seeks to establish a justification for a curriculum with the goals of developing proficient financial literacy and the insight needed to make informed economic decisions and enhance their wellbeing. Through incorporating a compulsory financial literacy curriculum, students would be equipped with requisite skills needed to achieve financial independence and stability.

Introduction

Financial literacy is the ability to understand and manage one's personal finances effectively. It is an essential skill for high school students, who are preparing to enter adulthood and face various financial challenges and opportunities. By learning about topics such as budgeting, saving, investing, credit, debt, and taxes, students can develop the confidence and competence to make sound financial decisions that will benefit them in the long run. Financial education is a key component of financial literacy, as it provides students with the knowledge and tools they need to achieve their financial goals. A well-designed financial education program can enhance students' financial literacy and foster positive financial behaviors and attitudes. Therefore, financial education is not only a valuable academic subject, but also a vital life lesson for high school students.

Literature Review

Financial literacy is one of the most valuable life skills determining future success. However, opportunities to develop financial literacy within high school educational curriculums are few and far between. This literature review focuses on the current state of research about the effects of high school personal financial education policies on financial behavior, with a special focus on the United States and Canada. The major research question is: What are the effects of high school personal financial education policy on financial behavior? The review is organized into three broad main sections: (1) definitions and measurements of financial literacy; (2) existing standards and initiatives for financial literacy education; (3) empirical evidence on the outcomes and impacts of financial literacy education.

One of the challenges in studying financial literacy is defining and measuring it. According to Lusardi et al. (2021), "financial literacy may be defined as the ability to use knowledge and skills to manage one's financial resources effectively for lifetime financial security" (p. 2). There is no consensus, however, on how this ability is assessed across different contexts and populations. One of the most widely used tools for measuring financial literacy is the Financial Literacy Survey (FLS), developed by Lusardi and Mitchell (2010). The FLS has five questions that test basic concepts of interest rates, inflation, risk diversification, compound interest, and bond prices. Some critics argue that however simple the FSL instrument may be, it does not capture the complexity and diversity of financial decisions and behaviors as well (Ng et al., 2020).
Another challenge in studying financial literacy is designing and implementing effective educational interventions. In both the United States and Canada, there are national standards and initiatives for financial literacy education aimed at providing guidelines and resources for educators, policymakers, and stakeholders. For instance, in the United States, the Council for Economic Education (CEE) has developed the National Standards for Financial Literacy (NSFL), which outline six content areas along with benchmarks for grades 4, 8, and 12 (CEE, 2020). In Canada, the Canadian Foundation for Economic Education (CFEE) likewise developed the Building Futures Project, which provides curriculum materials along with professional development for teachers of grades 4 to 10 (CFEE, 2020). These two standards and initiatives are not mandatory nor uniformly adopted across states and provinces though. As such, its results vary significantly, resulting in variances in quality and coverage of financial literacy education.
A third challenge in studying financial literacy is evaluating its effects on financial behavior. Its effect on those things like assessing its impact on various factors including curriculum contents delivery mode duration etcetera . A growing corpus of research examined over time using different methodologies came up with mixed till now even with its inconclusive result. Studies found positive effects on measures like financial knowledge attitudes intentions and behaviors (Lusardi et al 2021). On nearer look some of the variations could also be due to differences in curriculum content delivery mode duration etcetera (Huston et al 2010).

This literature review has examined the current state of research on financial literacy education in high schools, focusing on three central challenges: defining and assessing financial literacy; designing and implementing educational interventions; and effects their education may have on financial behavior. The review has concluded that consensus needs to be clarified on how to conceptualize, operationalize, deliver, or assess financial literacy education across different contexts and populations. Moreover, there are no conclusive evidences regarding whether financial literacy education tends to improve financial outcomes and well-being. These gaps and limitations within the existing literature make a call for more rigorous and comprehensive research on financial literacy education using both quantitative research methods as well as qualitative research methods taking into account the diversity and complexity of financial decisions and behaviors. In this study, it aims to contribute to this research by conducting a survey of students at Southridge High School of Kennewick School District's aim to find out their level of financial literacy and their perspectives on real life preparedness after high school with respect to a proposed financial literacy curriculum. The main research question is what is the effects of high school personal finance? This study hopes to offer insights and recommendations related to developing and implementing a necessary and effective financial literacy curriculum in high schools within the district.

Methodology

This study conducted a survey to collect data on high school students' financial literacy and their opinions on mandating a financial literacy class in the Kennewick School District (KSD). The survey had 11 questions that measured students' knowledge, skills, and attitudes related to personal finance. The questions were based on the National Standards for Financial Literacy and covered topics such as income, spending, saving, investing, borrowing, and planning. The survey also asked students to rate their level of interest and confidence in learning about personal finance. The survey was created using Google Forms and was distributed online to 324 students from Southridge High School who represented different backgrounds and grade levels. The data was aggregated and analyzed using Google Sheets and R Studio software. The survey results were used to compare the financial literacy of students who participated in a financial literacy program like Life 101, Accounting, Marketing, ATFA Financial Club, or DECA with those who did not. Utilizing both qualitative and quantitative approaches, this study aimed to grasp the impact of financial literacy programs on the financial behaviors and decisions of students. The survey design consisted of questions where participants rated their level of preparedness for real-world finance challenges and their application towards personal finance education on a scale of 1-10, 10 meaning exceptional preparedness and 1 meaning unprepared. These responses were then quantitatively analyzed based upon their scores out of eight. By employing a multifaceted methodological approach, we sought to gain an extensive understanding of how financial literacy lessons shape students' financial knowledge and readiness for prevailing fiscal hurdles. and situations. Only 22% of Southridge students feel confident or very confident in their ability to handle financial challenges and problems. This means that more than three-quarters of the students lack the financial literacy and skills they need to succeed in the real world. This is a shocking and alarming situation that needs to be addressed urgently.

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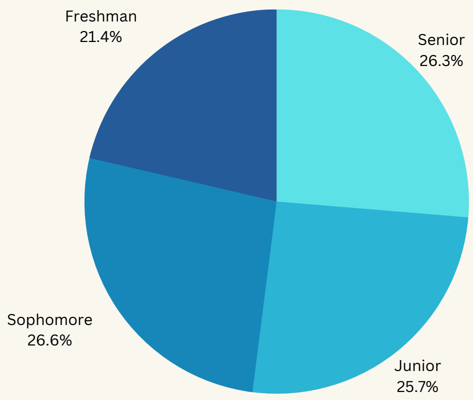
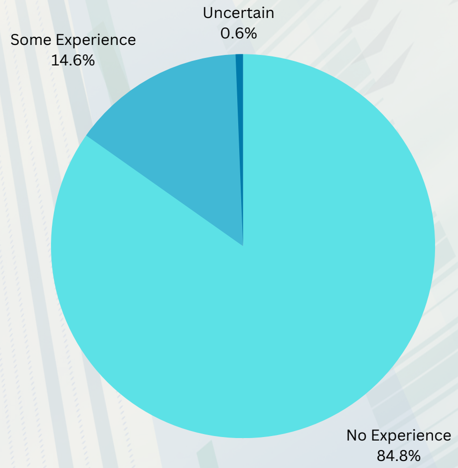
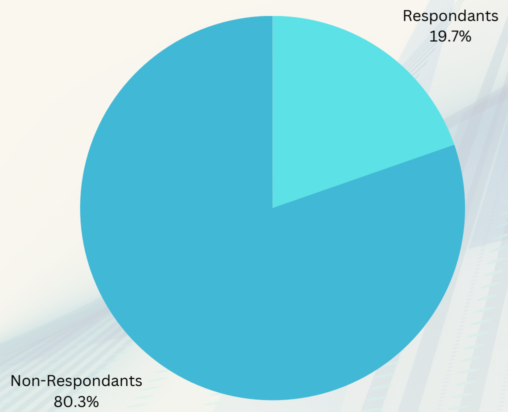
Grade Level



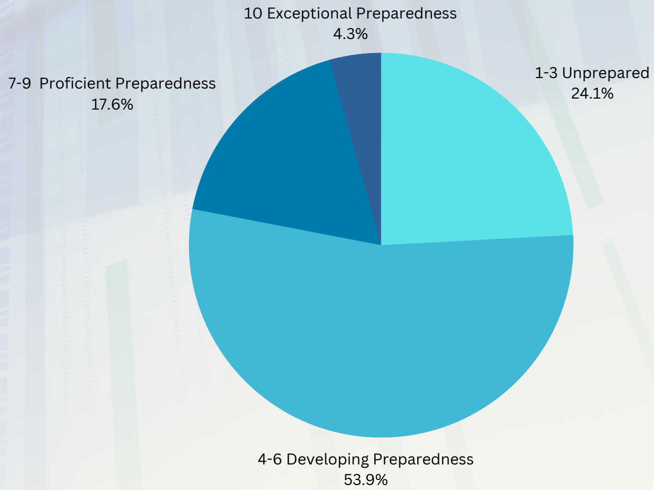
Financial Literacy Exp.



Survey Representation



Financial Preparedness



Open Ended Responses That Prove Students lack basic financial literacy without prior experience.

- "Debit cards only take money from your account that you have while a debit card you're borrowing money from the bank plus interest on that money you just took out credit cards are good if you're in a struggle and need money quick but also not good cause you end up giving money back to the bank more than what you initially took out." This statement shows confusion between debit and credit cards, suggesting that the person lacks knowledge about the fundamental differences between the two.
- "A credit card isn't directly linked to your card so you can buy important stuff like groceries even if you haven't gotten your paycheck yet." This statement implies a misunderstanding of credit cards, as they are not a source of free money but rather a form of borrowing that needs to be repaid.
- "the benefits are that you can build your credit with a credit card while a drawback is your credit can be poorly affected if you do not stay on top of payments and deadlines." While this statement acknowledges the benefits and drawbacks of credit cards, it fails to recognize the significant impact that poor credit can have on an individual's financial well-being.
- "A debit card is your own money, while a credit card is money you have to pay back." This statement oversimplifies the concept of credit cards and fails to mention the importance of responsible credit card usage to avoid excessive debt.
- "Having access to a credit card is like having access to free money, you don't have to think about how much you're spending until it comes time to do your payments." This statement demonstrates a lack of understanding regarding the obligations and potential consequences associated with using a credit card.
- "A credit card is money that is shared and must be paid back, while debit cards use your money from your account." (This response shows a misunderstanding of the fact that credit cards involve borrowing money, not sharing it.)
- "Having access to a credit card is like having access to free money, you don't have to think about how much you're spending until it comes time to do your payments." (This response reflects a misconception that credit cards provide free money without considering the need to pay off the balance.)
- "You can go into serious debt with credit cards, whereas with a debit card you only use what's in the bank account already." (While this response recognizes the risk of debt with credit cards, it overlooks the fact that using a debit card can also lead to overspending and financial troubles.)
- "Benefits of a credit card is that if you don't have the money at the time to pay for something, then you have a little bit of time before you have to pay the amount you owe." (This response presents a common misconception that credit cards offer a grace period without interest charges, failing to highlight the importance of paying off the balance to avoid interest.)
- "A debit card is your own money in an account while a credit card is loaned to you by a bank." (This response shows confusion between the concepts of using one's own money with a debit card versus borrowing money with a credit card.)
- "I just put all my money in savings." - This response suggests a lack of diversification in financial planning and the absence of other investment options.
- "Get a job" - While getting a job is an essential step towards financial stability, it is not a comprehensive strategy for saving and investing wisely.
- "Depends on what I'm exactly saving for, depending on how much I get, I tend to save at least $10 for savings, and an extra $10 for emergency funds." - While saving any amount is commendable, setting a fixed dollar amount for savings without considering income levels or financial goals might not be an effective long-term strategy.
- "Don't be an idiot with your money, save and invest." - While the intention is to emphasize the importance of saving and investing, the choice of words may not convey a deep understanding of financial literacy principles.
- More examples:
- "Spend money on expensive things and do fun stuff later"
- "Spend money on things that you can invest and things that can make you more money"
- "Don't fool around with your money and keep a bountiful savings account for various types of emergencies"
- "Stop spending so much"

Open Ended Responses That Prove Students have basic financial literacy with experience.

- "Using credit cards can boost your credit score."
- "When you use a credit card and pay on time, you can build a good credit score which is helpful for loans."
- "Benefits of credit cards include building credit, and if you pay it on time, you don't use your own money."
- "Credit cards help you get a credit score and make it easier to buy property."
- "Using a credit card will allow you to build up your credit history, which can help you get loans for businesses, houses, and cars with lower interest rates."
- "Having access to a credit card is like having access to free money, but you have to pay it back."
- "With a credit card, you can improve your credit score and manage your budget more rationally."
- "Using a credit card can help you track your finances if you have self-control with your money."
- "Debit cards are your own money, while credit cards are money you have to pay back."
- "Using a credit card can build credit, but if you don't pay it off every month, it can harm your credit score."
- "Try to prioritize necessities."
- "Budget and do research to invest."
- "Put money in savings."
- "Put a percentage of your income into the market and let it go for a couple of years."
- "Keep a percentage in savings and spend only on important things."
- "Buy wisely and invest wisely, and have patience."
- "Track your spending."
- "Take 60% percent of your income and put it into a savings/retirement account so it builds interest over the years, and then you'll have money you can use in an emergency in the future and have 40% to spend whenever."
- "Use a zero-based budget where you know where every single dollar you gained went."
- "Split your income into specific funds, so you know how much money you have to spend on a certain category."
- "Pay yourself first by setting money aside for future rent or food prices."
- "Save part of your monthly income, create a spending plan, and understand investment costs."
- "Save 20% of your income and put that in savings."
- "Invest in stocks and bonds."
- "Utilize a 50/30/20 budget and put money into investments that produce positive cash flow."
- "Save 20% of your paycheck towards savings."
- "Save money and invest it in stocks and bonds."
- "Put a little bit of money every month into savings and later into a safe savings account with little interest to be prepared for emergencies."
- "Pay off debt and keep money in savings."
- "Put away a certain amount of money in a savings account every month and use another chunk of money to invest for long-term growth."
- "Don't make impulse purchases."
- "Invest tracked amounts of money in safe and profitable stocks."
- "Have a system of how much money you put into your bank after every paycheck."
- "Keep track of your income and expenses, and pay for things with cash if possible."
- "Budget wisely, focus on needs over wants, and only invest safe amounts of money."
- "Follow budgeting techniques like the 50/30/20 rule, envelope budgeting, or zero-based budgeting."
- "Save for emergencies by creating an emergency fund."
- "Put needs over wants when making spending decisions."
- "Create a budgeting worksheet to track and control your expenses."
- "Learn about the stock market, its ups and downs, and seek professional advice before starting investments."

Findings

Astonishingly, the phrase "I do not know" or its variants were used over 600 times by Southridge students. This alarming number reflects a widespread lack of understanding and awareness when it comes to financial matters. It indicates that a large portion of the student population lacks even the basic knowledge required to make informed financial decisions. The prevalence of this response highlights the urgent need for comprehensive financial education programs to address this critical gap in knowledge. A staggering 95% of students who achieved high scores of 7 or 8 out of 8 on the survey were found to have participated in a financial literacy class such as Life 101, Marketing, or Accounting. Additionally, many of these high-performing students were active members of the ATFA Financial Club. This strong correlation between high scores and participation in financial literacy programs underscores the importance of these initiatives in equipping students with the necessary knowledge and skills for financial success. The data clearly indicates that students who receive structured financial education are significantly more likely to excel in their understanding of financial concepts. In stark contrast, a shocking 98% of students who scored either a 0 or 1 on the survey indicated that they had no participation whatsoever in any financial literacy related program. This finding demonstrates a distressing reality for a large portion of students who are completely devoid of any formal financial education. These students are left vulnerable and ill-prepared to navigate the complexities of the financial world, putting them at a significant disadvantage in their future financial endeavors. The significance of these findings cannot be overstated. The data unequivocally reveals a dire situation where a vast majority of high school students lack fundamental financial knowledge and are deprived of opportunities to develop crucial financial skills. This lack of preparation places these students at a disadvantage, leaving them vulnerable to financial pitfalls and inhibiting their potential for financial success in the long run. Urgent action is needed to address this systemic issue by implementing additions to the established curriculum and comprehensive financial literacy programs that reach every student, regardless of their background or academic path. Failure to do so will perpetuate a cycle of financial illiteracy, depriving future generations of the tools they need to make informed and responsible financial decisions.

Conclusions

The outcomes of this research study underscore a pressing concern: the prevalent lack of financial literacy among high school students within the Kennewick School District. The collected survey data paints a worrisome picture – a majority of students exhibit insufficient preparation or only moderate proficiency in financial matters. This serves as a compelling rallying call, underlining the crucial role of financial knowledge and skills in enabling students to effectively navigate economic challenges and enhance their overall well-being as they transition into adulthood.

Integrating financial literacy courses into the high school curriculum takes on paramount significance. Such proactive measures are pivotal in equipping students with the essential money management skills that are vital for grappling with real-world financial intricacies and fostering academic growth. This endeavor necessitates a collaborative alliance involving policymakers, educators, and institutions, striving to create comprehensive financial literacy programs that align seamlessly with national standards. These encompass a gamut of topics encompassing prudent spending habits, effective income generation, savvy saving techniques, responsible borrowing practices, and strategic planning methodologies. Employing quantitative assessment approaches coupled with ongoing student feedback will serve as vital tools in gauging the efficacy of these initiatives, ensuring continuous progress tracking and identification of areas ripe for enhancement.

To further elevate financial literacy initiatives, forging partnerships with financial institutions, community organizations, and industry experts can yield valuable resources, guest speakers, and real-world case studies. By cultivating interactive learning environments that stimulate critical thinking and hands-on applications, student engagement is bound to soar, thereby maximizing learning outcomes. The battle against low financial literacy among high school students necessitates unwavering commitment from all stakeholders involved.

Yet, while the merits of voluntary enrollment in financial literacy courses are unequivocal, potential limitations loom. Certain students might confront barriers like scheduling conflicts, academic prerequisites, or personal preferences that impede access to elective courses. Additionally, relying solely on voluntary participation could inadvertently bypass those students who stand to derive the most from financial education. Addressing these challenges calls for a strategic solution – the introduction of mandatory financial literacy curriculum encompassing core components and vital skills in money management and debt navigation. This could potentially supplant existing requirements, such as computer applications. By ensuring every student learns about budgeting, investing, taxation, borrowing, and personal financial management, we level the educational playing field. Moreover, bolstering existing financial literacy courses through increased funding, qualified educators, and comprehensive resources paves the way for offering advanced and specialized subjects for students eager to deepen their financial prowess.

Embracing transformative changes isn't solely about individual student growth; it is a clarion call for fostering community well-being. Research unequivocally demonstrates that financial literacy education translates to superior financial decision-making, avoidance of long-term monetary challenges, and an enhanced overall quality of life as students transition to adulthood. The ripples of financial literacy extend even further, nurturing ethical choices related to insurance, loans, investments, and credit card usage. By arming students with financial acumen, we empower them to make informed choices regarding their fiscal resources, a factor that inevitably influences policies aimed at enriching the communities they belong to.

This underscores the imperative to champion a statewide mandate for financial literacy education, amplifying the foundation laid by my work supported by our student body, community, and the Kennewick School District as a whole. The benefits are manifold and far-reaching. By preparing students to adeptly manage their personal and professional finances, we empower them to become proactive, innovative, and responsible contributors to society. A comprehensive statewide financial literacy curriculum serves as an investment in a more promising future for our youth, aligning seamlessly with our state's pursuit of educational excellence.

Furthermore, embracing financial literacy education could pave the way for greater gratitude toward the education system. When students perceive the tangible and lasting benefits of their education, they are more likely to support common-sense policies like the LEVY and statewide education funding efforts. The ability to confidently manage their finances could inspire a greater appreciation for the opportunities provided by education, fostering a sense of empowerment and responsibility that extends beyond personal realms.

Moreover, it's worth noting that the resources necessary to implement such a curriculum already exist. As demonstrated by the Washington State Office of Superintendent of Public Instruction, a comprehensive array of financial education resources is readily available. The foundation has been laid; it's time to build upon it to create a generation of financially literate individuals who not only manage their own lives better but also contribute positively to their communities.

Championing financial literacy education within the context of a statewide mandate is more than just a pedagogical shift – it's a transformative initiative that touches the lives of students, their families, and the broader community. By instilling essential money management skills, this endeavor doesn't just prepare students for their futures, it enhances their present, making them more astute, grateful, and engaged members of society. Let us take this opportunity to create a more prosperous future for all through comprehensive financial education.

Requirement Type	States
Required for Graduation	Alabama, Florida, Georgia, Iowa, Kansas, Michigan, Mississippi, Missouri, Nebraska, New Hampshire, North Carolina, Ohio, Rhode Island, South Carolina, Tennessee, Utah, Virginia
Required to be Offered	Louisiana, North Dakota, South Dakota, West Virginia
Offered/Integrated into Subjects	Arizona, Arkansas, Idaho, Kentucky, New Jersey, New Mexico, New York, Texas
Standards Implemented by Districts	Colorado, Delaware, Illinois, Indiana, Maine, Maryland, Minnesota, Montana, Nevada, Oklahoma, Oregon, Pennsylvania, Wisconsin
Included in K–12 Standards	Connecticut, Hawaii, Massachusetts, Vermont, Washington
No Current Requirements	Alaska, California, Wyoming, Washington D.C.

Please note that this information is accurate as of April 10th, 2023, and there might have been changes or updates since then.

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Contributors

Principal Williamson, Southridge
Mrs.Longaker, Southridge
Mr.Isley, Southridge
Mrs.Dennison, Southridge
Mrs.Edrington, Southridge
Mr.Dron, Southridge
Mrs.Haggard, Southridge
Mrs.Salisbury,Southridge
Mrs.Escobar, Southridge
Mrs.Hatcher,Southridge
Mr.Simm, Southridge
Mr.Bison, Southridge
Mrs.Bjorge, Southridge
Professor Shuva Gupta, University of Pennsylvania Wharton School of Business