

MassSaves

Quality Financial Education for Students

Financial Education Should Be Required

Financial education is necessary to equip young adults with the tools they will need to lead financially sound lives. In Massachusetts, students are not required to take any financial education courses in high school and are left to make their own decisions without the necessary information to help guide them. **1 in 5 teenage students in the U.S. lacks basic financial literacy skills¹**. Teens may be young, but it's important that they understand basic financial concepts. Teenagers face dozens of important financial decisions before they celebrate their 20th birthday including student loans. Currently, Massachusetts only provides personal finance content in the K-12 standards through Model Curriculum Units².

As students emerge into a financially complex world, with rising student loan debt and innumerable credit card offers, many are unable to succeed and get trapped in debt. MassSaves is committed to improving the quality and delivery of financial education across the state with a vision to make Massachusetts a national model for financial confidence and empowerment. The MassSaves Briefing is the second such event that MassSaves has held and is part of a strategy to influence decision makers to place more emphasis on youth financial education. **We support legislation that acknowledges that every student in Massachusetts should have access to financial tools to help them build financially responsible futures.**

Legislation Gives Students The Tools

During this legislative cycle there have been ten financial education bills sponsored or cosigned by fifty legislators. Upon review, MassSaves identified the two following bills to be the most in line with the preferred approach to infusing personal finance into existing courses.

An Act relative to financial literacy in schools – S.249, Senator Eldridge

The department of elementary and secondary education shall authorize and assist in the implementation of standards and objectives on personal financial literacy to equip students with the knowledge and skills needed to become self-supporting and to enable students to make critical decisions regarding personal finances

An Act relative to financial literacy in schools - H.261, Representative Gregoire

To equip students with the knowledge and skills needed to become self-supporting and to enable students to make critical decisions regarding personal finances, the department of elementary and secondary education shall authorize and assist in the implementation of standards and objectives on personal financial literacy.



Over **\$1.4 Trillion** in Student Loan Debt. Second largest class of debt behind mortgages³

\$37,172 in student loan debt for class of 2016 graduates⁴

75% of credit card carrying college students were unaware of late payment charges

43% of Millennials use costly non-bank borrowing methods like payday loans, pawn shops and rent-to-own stores

20 states require students to take a high school economics course to graduate and **17** states require a course in financial literacy

More than **50%** of Millennials say they are living paycheck to paycheck and unable to save for the future



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Financial Education Works

Students exposed to mandated personal finance education exhibit meaningful improvements in credit outcomes. Three years following the implementation of mandates in Georgia, Idaho, and Texas, severe delinquency rates for those students receiving the education declined by 2% in Georgia, 2% in Idaho, and 6% in Texas, and credit scores increased by 2%, 3%, and 5% respectively.

Students who have taken a class in personal finance are more likely to engage in financially responsible behaviors such as saving, budgeting, and investing: 93% of those who have taken a class save money vs. 84% of those who have not; 60% of those who have taken a class have a budget vs. 46% of those who have not; 32% of those who have taken a class have invested money vs. 17% of those who have not.

Across Massachusetts, there are pockets of success highlighting the interest and commitment to providing quality financial education to our future leaders. **With passage of legislation that invests and equips our next generation, we are ensuring a stronger Massachusetts for all.**



ABOUT MASSSAVES: MassSaves provides financial education, resources and advocacy for individuals and families looking to achieve financial stability and build wealth. MassSaves is a broad network of public and private stakeholders including financial educators, providers, community organizations and advocates. **MassSaves is a program of The Midas Collaborative**, a statewide nonprofit organization that advances the financial security of low and moderate income families in collaboration with member and partner organizations.

For more information, contact: Ginger Haggerty of The Midas Collaborative at Ginger@MidasCollab.org

Citations

¹OECD Programme for International Student Assessment (2015) <https://www.oecd.org/pisa/pisa-2015-results-in-focus.pdf>

²Council for Economic Education, Survey of the States (2016) <http://www.councilforeconed.org/wp/wp-content/uploads/2014/02/2014-Survey-of-the-States.pdf>

³Dickler, Jessica. Student loan balances jump nearly 150 percent in a decade (2017) <https://www.cnbc.com/2017/08/29/student-loan-balances-jump-nearly-150-percent-in-a-decade.html>

⁴Friedman, Zack Student Loan Debt In 2017: A \$1.3 Trillion Crisis (2017) <https://www.forbes.com/sites/zackfriedman/2017/02/21/student-loan-debt-statistics-2017/#57b8e0505dab>

