Financial literacy: The child left behind

Bernard L Dillard
Associate Professor, Department of Science and Mathematics, Fashion Institute of Technology, New York City, USA

* Corresponding Author: **Bernard L Dillard**

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Abstract
The push for financial literacy in public schools has gained considerable momentum in recent years. Agencies such as the Council for Economic Education and the JumpStart Coalition for Personal Finance Literacy have made tremendous strides in the effort to make financial education an integral component of the curriculum within the four walls of America's classrooms. Although no current policy exists that requires schools to include personal finance in its educational course of study, several states have made their own decision to infuse such into what their students learn. Using the conceptual framework of distributed leadership, this article explores a strategy in which federal, state, and local leaders can work in concert to provide adequate financial literacy education for public school students. As each agency contributes within its own sphere of influence toward the bolstering of financial literacy within the American educational system, students become better equipped at integrating key matters of personal finance into their life beyond formal schooling.

Keywords: Financial literacy, public schools, distributed leadership, council for economic education, jumpstart coalition for personal financial literacy, national standards for personal financial education

Introduction

In his *New York Times* piece, "Money for Kindergartners, Spendable on College," the columnist highlights the beneficence of NYC Kids RISE, a program that establishes a $100 college savings account for every kindergartner enrolled in a New York City public school (Baron, 2021) [1]. Not the first program of its kind, it seeks to level the financial playing field for students by increasing the likelihood that they will graduate from a traditional college, vocational school, or pursue a trade. This massive undertaking by the non-profit sheds light on the value it places on money and its undeniable role in shaping one's future. Though admirable, such efforts do what they do on the surface-provide money. If not coupled with a sense of money knowledge, however, these attempts at making a financial impact in the lives of students could fall flat in the long run.

Effects of the Neglect

Loosely defined, financial literacy is the display of basic knowledge that allows individuals to make sound financial decisions and to prepare for long-term, economic life (Lusardi, 2019) [10]. Not surprisingly, America's schools have done little to equip its students to become literate in this aspect of their learning. Remaining "competitive" with other nations seems to have strongly contributed to a certain tunnel vision in American schools, where the teaching of the three R's has undoubtedly reigned supreme. However, with national foreclosure rates on the rise (Faber and Rich, 2018) [5], credit card debt through the roof (Basnet and Donou-Adonsou, 2018) [2], and savings account balances at dismal levels (Maison *et al*., 2019) [11], the incorporation of financial education in K-12 curriculum is long overdue. It bears restating that being financially literate does not refer to the mastery of esoteric concepts in finance or economics but rather a functional grasp of the financial basics that help one make responsible, informed choices over a lifetime.

Where American Students Stand

Out of the twenty countries that voluntarily participated in the 2018 Organization for Economic Cooperation and Development's

(OECD's) Program for International Student Assessment (PISA) in financial literacy, average scores for U.S. students are lower than those of five other countries (OECD, 2020) [16]. Published every three years, PISA results offer a global perspective on how fifteen- to sixteen-year-old students perform on tests evaluating basic personal finance knowledge. Results further reveal that 16% of U.S. students score below level 2 on the assessment, which gauges the value of budget recognition and interpretation of basic financial documents; about 12% of students score at level 5, which measures their ability to solve financial problems that they would face later in life and to handle situations that suggest an understanding of a more in-depth financial nature (OECD, 2018) [15]. When looking closely at the U.S. performance, one observes that high-poverty students in U.S. public schools score worse than the U.S. average score (as indexed by eligibility for free or reduced lunch), while low-poverty students in U.S. public schools score better than the U.S. average score (OECD, 2018) [15].

When States Lack a Uniform Policy

Developed by the Council for Economic Education (CEE), the *National Standards for Financial Literacy for K–12 American Students* outlines financial priorities schools should follow when teaching financial literacy content. Though thorough, these Standards are not mandatory rules that schools must follow, as there is no uniform federal policy in place to force financial literacy integration into school curriculum; rather, the Standards serve as preferred guidelines for state and local governments to reference should they need steering in such curricular development (Johnston-Rodriguez and Henning, 2019) [8]. A mere six states-Alabama, Missouri, North Carolina, Tennessee, Utah, and Virginia-require a standalone course in personal finance as a high school graduation requirement; fifteen others allow for personal finance material to be folded into another related course (Next Gen Personal Finance, 2020). At present, individual states have infused financial instruction into students' education at varying levels, ranging from nonexistent to heavily integrated into the curriculum core. Table 1 provides a sample of states' current financial literacy policies for its schools.

Table 1: Sample of Current Financial Literacy Policy for Students by U.S. State/Territory

State/Territory	Policy/Bill Number	Bill Synopsis
Alaska North Dakota and others	No state policy in place	N/A
New Jersey	AB 1414	Mandates financial literacy instruction to all students enrolled in grades K–8
Iowa	SF 475	Requires all high schoolers complete at least ½ unit of financial literacy to graduate
Puerto Rico	SB 313	Requires its Department of Education to include financial management topics in the curriculum
Arkansas	SB 316	Permits a student in grade 9 to procure credit in a course covering certain finance standards

***Sources*:** https://bit.ly/3vPpCEv and https://bit.ly/3ntl4j6

Data further reveals the painful reality of several states' efforts to promote bills to push for financial literacy training in schools, only for such attempts to die in committee, stopping them in their well-intentioned tracks (e.g., Mississippi). Some states' efforts have succeeded in the House and await Senate approval (e.g., Oklahoma), while other states' efforts have endured the long, arduous journey of finally securing Senate approval—sometimes over a period of years—for a bill that only designates a committee to "look into" ways of integrating financial literacy into regular curriculum in grades K–12 (e.g., Indiana). Many maintain that these "victories" have frequently resulted in weak, toothless policies that do little to impact students' personal finance preparation upon graduation.

2. Consideration of Alternatives

Alternative One: Federal Intervention Front and Center

One obvious strategy for addressing the lack of uniformity with respect to financial literacy education in schools is to have leaders at the federal level take total control over setting necessary policy. Since problems with consumer debt, savings, and other financially related issues have persisted over time, one may argue that it is the federal government's responsibility to step in and develop legislation to combat disparaging financial gaps in learning, essentially offering policy that would trickle down to states. Of course, federal oversight in public education is not a foreign concept, as evidenced by the No Child Left Behind Act of 2001 (NCLB), for example (Finn and Hanushek, 2020) [6]. Federal action would, at the very least, force states like Alaska and Wyoming, which currently have no plan in place to address financial literacy gaps in schools, to carry their weight in providing America's kids with the knowledge required to become financially literate. In addition, states would have to follow guidelines that federal policy mandates related to evaluation.

Alternative Two: Letting States Lead the Way

Another alternative to implementing policy regarding financial literacy is to place the onus of responsibility primarily on states' shoulders, giving no attention to the wishes of those at the federal or local levels. Doing so would perhaps tend to provide some semblance of uniformity across state borders, as states would decide which topics would be most germane for its student constituency. State educational agencies (SEAs) would become responsible for setting a financial literacy agenda without feeling as though the "federal gaze" is influencing and stifling their progress. Well-meant federal efforts to regulate how states address financial issues in public schools, some believe, lead to a certain tone deafness concerning what state leaders believe is best for them and indirectly encourage some states to be dishonest when reporting data about outcomes if they fall short of federal standards. Allowing states to take control of their own students' future seems to be supported by efforts akin to morphing NCLB, with its extensive federal oversight, into the Every Student Succeeds Act (ESSA), which guarantees states more control over student productivity and outcomes (Wong, 2020). Giving states their power back to make crucial policy on issues like financial education may serve students

well and realign with the native intent of states' role in forging curriculum.

Alternative Three: Local Education Agencies at Work

A third option involves having local education agencies (LEAs) take the lead in forming and implementing financial literacy policy in schools. From a perspective that is more in tune with those at the "ground level," LEA-driven policy would arguably resonate better because it is developed at a level closest to schools. Superintendents, principals, other administrators, teachers, parents, and students would feel a sense of ownership regarding instituting financial literacy in the curriculum at all levels. One could argue that LEAs would make significant advances concerning the integration of financial literacy if they were able to make such decisions independent of federal intervention and pesky state oversight. While somewhat myopic, this alternative suggests that individual LEAs know best their educational constituency and can network optimally with local businesses (i.e., banks) to make better decisions concerning the scope and sequence of what students need concerning financial survival (Eisenman and Hughes, 1997) [4].

3. Tradeoffs and Possible Solution

A Conceptual Framework for a Solution

Undergirding a possible solution for financial illiteracy in public schools is a unique framework, which has roots in leadership theory already. Distributed leadership (DL) theory, having origins in social psychology and later in organizational theory, eventually gained traction within educational circles in the 1990s (Gronn, 2002) [7]. At its core, DL ideation seeks to have those within a group share considerably in the decision-making phase of that which pertains to the selfsame group. Other terms have been employed to describe such a leadership framework over time, including "democratic leadership," "shared leadership," "collaborative leadership," and "co-leadership" (Bolden, 2011) [3]. In many educational environs, the framework provided those at all levels within the school to contribute to policy concerning the school, including principals, administration, teachers, and even students. On a larger scale, other educationalists have creatively used the basic framework as a solution tool for policy-related solutions within the field. For example, Pak and Desimone (2018) discuss DL theory in light of states' and local educational agencies' roles in implementing standards related to college and career readiness (CCR). Calling upon the framework's essence to forge policy concerning financial literacy in schools, then, is not a farfetched notion to explore.

DL Theory Applied to Financial Literacy Integration

Although no major policy-building regarding financial literacy would occur at the federal level, one cannot deny its crucial involvement in the contribution of financial literacy's success in schools. Just because federal leadership would not be at the forefront of the creation of financial literacy policy, a federal law could still be passed requiring states to develop policy to incorporate financial literacy as a part of its curriculum. Details such as scope, sequence, coverage, evaluation, and the like would be outside of federal jurisdiction; however, requiring each state to decide on and implement policy as it relates to financial literacy as a graduation requirement would be the extent to which federal involvement is expected. Much of the power lifting and policy minutiae would be left up to SEAs and LEAs. Taking such legislative action at the national level, though limited, would set the tone across the country by holding states' feet to the fire, making it so that no state is without a financial literacy policy for its students, and guaranteeing some semblance of uniformity with financial curriculum taught in classrooms. Of a truth, this limitedness of federal involvement in this instance is a testament of how DL theory is sensibly applied, in that the leadership contribution is valuable but only to the degree that is makes sense.

Pak and Desimone (2018) describe states' roles primarily as "artifact guiders" as they relate to implementing CCR; several state departments of education tasked themselves with offering curriculum frameworks, webinar resources, and a host of other reservoirs of assistance to LEAs to set the tone for success in this regard. In the same vein, SEAs would do the same as it relates to financial literacy education. DL theory would require SEAs to "stay in their lane," leaving much of the responsibility on LEAs in the crafting and maintenance of such policy. In fact, curriculum guidance would be simple, as the *National Standards for Personal Financial Education* has already undergone several iterations and continues to be ready for educational consumption, thanks to CEE and JumpStart. As each Standard includes measurable learning outcomes, which discuss how students can show mastery of financial content, states would provide LEAs with the appropriate ammunition they need to determine scope and sequence of topics to be taught. In this regard, SEA officials also provide LEAs with the latitude to exclude whichever topics that it deems necessary. Here, one witnesses that state leaders choose to avoid making crucial decisions at the top level to build trust and develop local leaders' capacity to tackle major aspects of standards-based reform (Spillane *et al*., 2004) [18].

Finally, the role of LEAs in the integration of financial literacy into schools is arguably the most vital. Federal and state intervention only sets the tone for the major policy development done by local leaders. As states distribute leadership responsibility locally, districts and schools are able to adequately address problems specific to their own student populations. The assumption remains that local stakeholders are the experts on how to best support their students, making implementation of policy more authoritative and longer lasting (Pak and Desimone, 2018). Particularly, regional and district leaders would explore Standards set by the state and make determinations regarding which of them would be key. Because each district serves a unique set of characters, some variation may exist in what districts require for their students to demonstrate financial competence. While states set would set Standards-based assessment in this regard, local leadership would be able to develop a plan for its students to ensure curricular conformity.

Of particular interest is how historically marginalized groups would be guaranteed the same access to financial literacy content as more well-to-do peers. Poorer districts may face more of a challenge of preparing its teachers than wealthier ones. Although SEAs are responsible for distributing leadership responsibilities to local authority, they also remain on the hook for making sure local leaders have the tools needed to reach students who are underserved to meet the needs of students of color, of low socio-economic status, and who have shaky immigration status (Pak and Desimone, 2018). SEAs, then, would serve as an extra layer of support

to LEAs to make success more likely for all students, especially those whose families who know little to nothing about finances. A system of accountability (i.e., a feedback loop) would help LEAs communicate with SEAs the challenges related to equitability. This communication loop would be akin to principals' allowing teachers to share some in the decision-making of curriculum but also monitoring their progress and supporting them when such difficulties arise (Pak and Desimone, 2018).

As teachers are thrust into the teaching of material that may be entirely new to them, LEAs would have to provide adequate preparation for teachers at all K-12 levels. Teachers may feel ill-equipped to teach financial topics for which they themselves are experiencing problems in real life. This is where LEAs become vital in providing teacher training resources and conducting in-service workshops. Teachers may not even realize that a wealth of teaching resources on financial leadership already exist for their use. In addition to releasing updated financial literacy Standards, JumpStart has made available free lesson plans for teachers for all levels of instruction. Only a click away, web-based instructional support would curb any anxiety teachers may have and save valuable time associated with developing level-appropriate and vetted financial content. Through an online repository, resources are available for teachers to structure curriculum as well as for parents to fill in any gaps they may have in their understanding of financial concepts (JumpStart Games, Inc., 2021).

4. Measuring Success

The rut that America is in regarding the financial literacy of its citizens is depressive yet not without remedy. To think that the situation will be solved in a hurry is laughable, for it was not created in a hurry. Ideally, students should learn such skills from home; however, the reality is that such learning is difficult because of the undeniable reality that parents or guardians lack the educational skills to teach sound, Standards-based financial content to students. As a result, schools will have to take up the slack to ensure that all students develop a healthy sense of financial competence. Requiring students to pass a course in financial literacy in order to graduate is a start. Passing a course, however, is no indicator that a person will apply key financially based knowledge to one's own life. Change in financial behaviors occurs over time. Consequently, changes in relevant national statistics over time-perhaps decades-in a positive direction would be telltale signs that America is inching closer to a place of mastery of most things financial.

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