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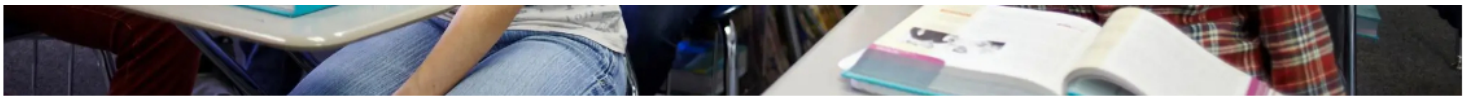
This High School Class Has Red and Blue States on the Same Page

A wave of bipartisan support means personal finance will soon be a graduation requirement in about half of all states

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Education was linked to longevity in a new study. Troy Aossey/Getty Images

The Civil War, the nervous system or the works of John Steinbeck, sure. But credit scores and compound interest? They're certainly not what we think of as standard high school curriculum.

At least not yet.

A [new analysis](#) by Champlain College's Center for Financial Literacy shows it will soon become far more mainstream to teach young adults how to handle money. By 2028, 24 states will require high schoolers to take a standalone personal finance course to graduate, up from just seven right now.

That would cover more than four out of every 10 high school students across the U.S.

The spike correlates to the economic upheaval caused by the pandemic, said John Pelletier, the center's director. Most of the states in the pipeline added the requirement after a surge in unemployment in 2020 exposed the financial fragility of many Americans, according to the center's research on new laws and regulations scheduled to take effect over the next five years. That's given new relevance to financial preparedness, and in turn to the country's consistently poor financial literacy rate.

"These [state] legislators were getting phone calls and emails and they knew people personally who were being impacted," Pelletier said in an interview. "I think it shook them up."

The need for a better working knowledge of money even seems to have transcended partisan politics, Pelletier said. In many states, the new requirements were approved by super majorities of state lawmakers — or unanimously in the case of [places like Florida](#) — as debate about teaching [controversial topics](#) like gender identity or slavery raged on.

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“The bipartisan level of passage of these bills is equally stunning in an age of political division,” Pelletier said. “It’s a purple issue.”

When research shows U.S. adults only know roughly half of what they need to know about money to function in normal life, correlations with financial health can be particularly alarming.

People who don’t understand how things like college loans, credit cards or budgets work are far more likely to take on debt, live paycheck to paycheck, stop saving for their retirement or be exploited by predatory lenders, according to an [annual survey](#) by George Washington University and the TIAA Institute, the research arm of the retirement provider.

In January 2023, 30% of U.S. adults found it difficult to make ends meet in a typical month (up from 24% in 2022); 39% said they wouldn’t have been able to cover one month of expenses with savings (up from 32%); and 26% said their debts were keeping them from other priorities (up from 20%), the survey showed.

On the other hand, requiring a financial education gives young adults a better financial footing — improves credit scores, reduces delinquency rates, pushes people to lower-interest college financing and increases student loan repayment rates for lower-income and first-generation college students, according to research by Carly Urban, an economics professor at Montana State University and a fellow at the TIAA Institute.

The goal of a high school personal finance course is to arm students with the knowledge they need to make the best financial decisions, whether they’re borrowing, investing, saving, leasing, insuring or even wasting money.

High school economics classes — not always required — don’t necessarily teach students about their own money, according to the center’s analysis, and research shows parents are reluctant to talk to their kids about money at home.

In fact, [eight out of 10 adults](#) surveyed in March 2022 said they’d wished they’d been required to take a personal finance course in high school, according to the National Endowment for Financial Education.

And while courses can be required at the local school district level whether the state has a requirement or not, Hispanic, Black and lower-income students are less likely to have access when there isn’t a statewide mandate, according to a [March 2023 study](#) from Next Gen Personal Finance, a curriculum and training company pushing for

every state to require a class by 2030.

Two of the most valuable lessons for young adults relate to credit scores and compound interest, Pelletier said. Hard math best drives home the point on both, he said.

First, maximize your credit score by doing things like [paying on time and establishing a good track record](#). Over your lifetime, it can save you as much as \$100,000 — or even \$250,000 or \$300,000 in some cases — in interest payments on mortgages, car loans, credit cards and other financing, he said.

And second, by investing early and letting the return on your investment grow (or compound), you can transform a relatively small amount of money into a lot more. For example, a \$10,000 gift from your grandmother invested in a low-cost stock index fund at age 18 could easily turn into \$320,000 by age 68, he said.

Pelletier's center, which helps train teachers around the country on personal finance curriculum, tracks and grades the 50 states and Washington, D.C. every few years and considers the recent momentum an important sign it's a growing priority.

When the class of 2007 graduated, a standalone personal finance course wasn't a high school graduation requirement anywhere. During the Great Recession, Utah became the first state to institute one — for the class of 2008 — and then Alabama, Iowa, Mississippi, Missouri, Tennessee and Virginia were added.

Next year, Nebraska, North Carolina and Rhode Island will be added; in 2026, Florida and Ohio; in 2027, Connecticut, Kansas, Louisiana, New Hampshire, Oregon and South Carolina; and in 2028, Georgia, Indiana, Michigan, Minnesota, West Virginia and Wisconsin. (Wisconsin's law was signed [just last week](#), after the center's latest report was published.)

"Something's happening," Pelletier said. "I think you're going to have more states worry that they're falling behind."

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