



THE GREATER
GOOD INITIATIVE

Amending the Standards of Student Education for Teens (ASSET) for the Commonwealth of Pennsylvania

The Greater Good Initiative

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EXECUTIVE SUMMARY

The Problem

In 2017, a study conducted by Champlain College gave the Commonwealth of Pennsylvania a failing grade for high school financial literacy standards.¹ In lieu of that and other available information, Pennsylvanian legislators have introduced bills that have made little to no progress in establishing substantive requirements for financial literacy at the high school level. The need for self-sufficiency in the realm of financial planning is growing within the United States as adults increasingly bear the responsibility of planning for their own retirements. Recent decades have witnessed a decline in the presence of defined-benefits plans — where employers are primarily responsible for the allocation of retirement contributions, insurance, and other benefits — and the rise of defined-contribution plans — where employees make their own investment decisions.² Meanwhile, around 57 percent of adults in America are financially illiterate, and nearly the same percentage maintains less than \$1,000 dollars in savings while nearly a third of Americans retain nothing in retirement accounts.³ Even though K-12 education offers the potential to establish a comprehensive understanding of financial literacy for students, it clearly has failed to effectively do so. As financial decision-making in the United States grows increasingly complex, introducing students to the concepts of debt, wealth-management, and savings is more important now than ever.

Although a lack of personal finance in the school curriculum is an issue present across the United States, Pennsylvania is particularly behind in providing its students with meaningful

¹ Pelletier, J. (2017, December 12). “2017 National report Card on State Efforts to Improve Financial Literacy in High Schools.

<https://www.champlain.edu/centers-of-experience/center-for-financial-literacy/report-national-high-school-financial-literacy/results-summary>

² Morrissey, M. (2016). The State of American Retirement: How 401(k)s have failed most American workers.

<https://www.epi.org/publication/retirement-in-america/>

³ Pickler, D. A., Spann, C., & Curtis, C. (2019, September 3). Vision 2020 Financial Literacy Report Card.

<https://www.councilforeconed.org/survey-of-the-states-2020/>

education related to financial literacy. With a failing grade for high school financial literacy, Pennsylvanian students are not being provided effective education in personal finance. A study conducted amongst Pennsylvania adults found that around 65 percent of individuals do not compare credit card offers before making decisions, around 25 percent of adults are not saving for their retirement, and around 47 percent of credit card holders carry a credit card balance.⁴ Additionally, a separate survey conducted in 2018 found that nearly two-thirds of respondents in Pennsylvania failed a set of questions regarding finance topics surrounding everyday life.⁵ The same survey found that only around half of Pennsylvania adults have tried to determine how much they need in savings for retirement.⁶ With thousands of individuals contacting the Attorney General's office yearly to inquire about financial decisions, plans, and scams,⁷ Pennsylvanians clearly lack support and knowledge regarding how to make their personal finance decisions. Currently, individuals often learn personal finance through first-hand experience, which consists of risky successes and numerous mistakes.⁸ It is too costly for the average American adult to learn through real-world experience, which is why the significance of adequate personal finance instruction in the classroom cannot be overstated. Moreover, a lack of financial literacy divides communities of different socioeconomic status, as minority and low-income communities are often the most adversely affected by financial illiteracy. African Americans, Hispanics, immigrants, the least educated, the elderly, and those living in rural areas are the most at risk of

⁴ Pennsylvania Library Association's 21st Century Literacies Initiative. (n.d.). "Financial Literacy." <https://paforward.org/financial-literacy/>

⁵ FINRA Investor Education Foundation. (2018). "National Financial Capability Study." <https://www.usfinancialcapability.org/results.php?region=PA>

⁶ Scott, J., & Blevins, A. (2020). "Pennsylvania Taxpayers Face Burdens of Insufficient Private Sector Retirement Savings." <https://www.pewtrusts.org/en/research-and-analysis/articles/2020/10/28/pennsylvania-taxpayers-face-burdens-of-insufficient-private-sector-retirement-savings>

⁷ Pennsylvania Library Association's 21st Century Literacies Initiative. (n.d.). "Financial Literacy." <https://paforward.org/financial-literacy/>

⁸ Damayanti, S. M., Murtaqi, I., & Pradana, H. A. (2018). "The importance of financial literacy in a global economic era." *The Business & Management Review*, 9(3), 435-441.

being financially illiterate.⁹ According to Nan J. Morrison, the president and CEO of the Council for Economic Education, immigrant families may struggle to give financial advice to their children because of language barriers; she notes that, “some parents don’t have the skillset to teach this or don’t speak English, so they can’t know the finance vocabulary.”¹⁰

Pennsylvania is currently one of 29 states lacking a standalone requirement for personal finance education.¹¹ With economics education often viewed as a sufficient substitute for these classes, coursework related to financial literacy is often scattered throughout the elective economics curriculum. Such a dynamic ignores the distinctions between economics and personal finance. According to the Pennsylvania Department of Education, economics is the study of individual and institutional behavior in relation to goods and services while personal finance is the study of individuals’ acquisition and management of income and assets.¹² As strong as the state’s standards for economic education may be, coursework in economics alone fails to teach students the skills essential to developing adequate financial literacy. Considering the fact that most states with even a passing grade do not have adequate financial literacy instruction, the severe lack of personal finance education paints a dire picture for Pennsylvanian students. Pennsylvania’s latest reports indicate that only 7.6 percent of the state’s 500 school districts require students to take a personal finance course.¹³ Provided the aforementioned stark difference

⁹ Lusardi, Annamaria, and Olivia S. Mitchell. 2014. "The Economic Importance of Financial Literacy: Theory and Evidence." *Journal of Economic Literature*, 52 (1): 5-44.

¹⁰ Vigna, Ariane. (2021, April 19). “Durant Brings Personal Financial Literacy Bill to Educate Mass. Students on ‘Basic Finances.’” <https://www.telegram.com/story/news/local/2021/04/19/personal-financial-literacy-bill-educate-mass-students-basic-finances/7209279002/>

¹¹ Council for Economic Education. (2020). “Survey of the States: Economic and Personal Finance Education in Our Nation's Schools.” <https://www.councilforeconed.org/survey-of-the-states-2020/>

¹² Pennsylvania Department of Education & Pennsylvania Department of Banking and Securities. (2016, December). “2016 Report on Economic and Personal Finance Education in Pennsylvania.” <https://www.education.pa.gov/Teachers%20-%20Administrators/Curriculum/EconomicFinancialLiteracy/Pages/default.aspx>

¹³ Ibid.

between economics education and personal financial literacy, immediate action needs to be taken to strengthen Pennsylvania's financial literacy requirements, coursework, and standards.

The Commonwealth has already laid out the groundwork necessary to establish meaningful standards, course requirements, and class offerings in personal finance for its students. Act No. 104 of 2010 created the Task Force for Economic Education & Financial Literacy to look at trends and resource needs in K-12 education for personal finance, as well as examine potential funding mechanisms to provide recommendations to the Governor and General Assembly.¹⁴ Unfortunately, despite efforts to ramp up financial education in Pennsylvania, there continues to be a lack of progress in developing educational requirements for personal finance.

The Solution

In order to combat the stark lack of financial literacy knowledge among Pennsylvanians, The Greater Good Initiative proposes enacting an amendment to the Public School Code of 1949 to institute at least one personal finance class taken throughout high school as a graduation requirement. This policy would serve as a reflection of the recommendations already provided by the Pennsylvania Task Force on Economic Education & Personal Financial Literacy Education in their latest report. The components of the appointed task force's recommendations are fourfold: 1) require every Pennsylvania high school student to complete a stand-alone course on personal finance in order to graduate, 2) adopt comprehensive, stand-alone Pennsylvania K-12 academic standards devoted to personal finance, 3) provide dedicated funding to support high quality K-12 personal finance instruction and teacher training, and 4) develop a financial education

¹⁴ Public School Code of 1949 - Omnibus Amendments Act of Nov. 17, 2010, P.L. 996 No. 104, Pa. C.S. (1949 & rev. 2010). <https://www.legis.state.pa.us/cfdocs/legis/li/uconsCheck.cfm?yr=2010&sessInd=0&act=104>

instructional endorsement for secondary teachers in Pennsylvania and corresponding program guidelines for professional educator programs.¹⁵ A stand-alone course requirement would entail only personal finance courses being able to fulfill the necessary criteria. In other words, due to subject matter which does not necessarily include money management and personal financial planning, courses solely categorized under economic education such as Advanced Placement Economics should not be listed as a sufficient replacement for this credit requirement.

In terms of funding needed, The Greater Good Initiative foresees limited budget allocation to the creation of personal finance coursework and teacher retraining in schools, with 75 out of 500 school districts already requiring a stand-alone personal finance course requirement. Previous efforts to expand financial literacy education in other states have relied heavily on non-profit organizations, as well as institutions such as the Federal Reserve, credit unions, and investment companies offering substantial support for coursework and retraining programs.

Furthermore, ensuring that teachers are adequately prepared and qualified to educate students in personal finance courses would not be an issue, as a large population of teachers are already eligible to instruct in the subject. Under Pennsylvania's Certification Staffing Policy Guidelines, teachers certified in Business, Computer, and Information Technology, Citizenship Education, Family and Consumer Science, Marketing (Distributive) Education, Mathematics, and Social Studies are all eligible to teach personal finance in high schools.¹⁶ This contrasts with

¹⁵ Pennsylvania Task Force on Economic Education and Personal Financial Literacy Education. (2013, January). "Report and Recommendations."

<https://www.education.pa.gov/Documents/Teachers-Administrators/Curriculum/Economic%20Education%20and%20Financial%20Literacy/Report%20and%20Recommendations%20-%20Pennsylvania%20Task%20Force%20on%20Economic%20Education%20and%20Personal%20Financial%20Literacy%20-%20January%202013.pdf>

¹⁶ Pennsylvania Department of Education & Pennsylvania Department of Banking and Securities. (2016, December). "2016 Report on Economic and Personal Finance Education in Pennsylvania."

<https://www.education.pa.gov/Teachers%20-%20Administrators/Curriculum/EconomicFinancialLiteracy/Pages/default.aspx>

teachers only being acknowledged as eligible to teach economics if they have certifications in Citizenship Education and Social Studies, despite standards for subjects in economics being considerably stronger compared to personal finance. With the necessary curriculum obtainable provided support from nonprofit organizations, teachers would be well suited to lead classes in personal financial literacy.

While the administrative costs of instituting personal finance requirements are relatively negligible, the short-and-long term benefits are vast. For instance, incorporating sufficient personal finance education in public school coursework is a measure that can increase economic equity and support marginalized groups. African-Americans, Hispanic-Americans, low-income students, and individuals living in rural areas are disproportionately vulnerable to financial illiteracy and its disastrous consequences. These consequences include, but are not limited to: one-third of African-American and Latinos owning no financial assets and two out of three households of color not having savings balances that could sustain them for a period of three months.¹⁷ Increased financial literacy among marginalized groups will have positive impacts through making asset ownership more equitable and increasing their likelihood of saving and setting up 401(k) balances, among other things.

The most pronounced effects of sufficient financial education may also affect long-term financial behaviors. Data randomly sampled from the 2012 National Financial Capability Study shows that taking just a single financial education course as a high schooler fostered 3 percent, 10 percent, and 4 percent increases in the likelihood to have an emergency fund, being able to calculate how much money one needed for retirement, and being able to obtain credit reports,

¹⁷ Brown, C. & Robinson L. (2016). "Breaking the Cycle: From Poverty to Financial Security for All." https://www.policylink.org/sites/default/files/BreakingTheCycle_0.pdf

respectively.¹⁸ When having taken both a high school financial education course and an employer-led financial education course, these figures increase by 7 to 21 percent,¹⁹ suggesting that after high school financial education courses are taken, an emphasis should be placed on employer-led courses on the same material to reinforce that prior knowledge. These benefits would be especially crucial in the state of Pennsylvania; according to the Pew Research Center, only 51 percent of Pennsylvanians have attempted to calculate their necessary amount of savings to retire, and 47 percent lack a rainy-day fund for unforeseen expenses.²⁰

¹⁸ FINRA Investor Education Foundation. (2018). “National Financial Capability Study.”
<https://www.usfinancialcapability.org/results.php?region=PA>

¹⁹ Ibid.

²⁰ Scott, J. & Blevins, A. (2020, October 28). “Pennsylvania Taxpayers Face Burdens of Insufficient Private Sector Retirement Savings.”
<https://www.pewtrusts.org/en/research-and-analysis/articles/2020/10/28/pennsylvania-taxpayers-face-burdens-of-insufficient-private-sector-retirement-savings>

BACKGROUND

What is financial literacy?

Financial literacy concerns an individual's money-management abilities through principles such as saving, budgeting, and investing. Various milestones in life — including education and retirement — rely on these abilities and further understanding of principles such as debt, loans, and taxes.²¹ The goal of financial literacy is for individuals to establish greater control over their finances and use it as a tool for greater life satisfaction.²² Through a proper understanding of how to deal with credit and debit cards, student loans, insurance, and retirement planning among other vital concepts, literate individuals are able to better contribute to the country's economy and their quality of life.²³ Illiteracy is often associated with bankruptcy, credit debt, housing issues and an inability to support a family.

An important distinction to make between financial education and financial literacy is that the former leads to the latter. Through financial education such as formal courses, advice, or self-directed learning, individuals have the knowledge to be financially literate. Literacy can then translate into financial capability — the ability to apply that knowledge — and financial independence — living without the need for employment.²⁴ In the United States, approximately 63 percent of Americans are financially illiterate,²⁵ pointing to a lack of financial education pathways supporting individuals around the nation.

²¹ McGurran, Brianna. (2021, June 8). "What Is Financial Literacy and Why Is It Important?" <https://www.experian.com/blogs/ask-experian/what-is-financial-literacy-and-why-is-it-important/>

²² Consumer Financial Protection Bureau. (2015, January). "Financial well-being: The goal of financial education." https://files.consumerfinance.gov/f/201501_cfpb_report_financial-well-being.pdf

²³ Federal Reserve Bank of St. Louis. (2019, April 3). "What is Financial Literacy and Why Should You Care?" <https://www.stlouisfed.org/open-vault/2019/april/what-is-financial-literacy-why-care>

²⁴ The University of Wisconsin-Extension Cooperative Extension. (2013, April). "Analyzing the Financial Capability of People in Wisconsin." https://fyi.extension.wisc.edu/financialseries/files/2013/04/April_2013_Fin_Cap1.pdf

²⁵ National Financial Educators Council. (n.d.). "Financial Illiteracy Definition." <https://www.financialeducatorsCouncil.org/financial-illiteracy-definition/>

What is the issue at-hand?

_____As adults are more and more self-sufficient for their retirement and financial plans, the importance of adequate financial education increases as well. In 2017, Champlain College conducted a study for high school financial education standards for all states. According to this study, Pennsylvania’s financial education standards received a failing grade.²⁶ A failing grade represents few to no requirements regarding financial literacy, and many students are able to graduate high school without taking a personal finance course. This lack of financial education corresponds to higher risk financial decisions, such as high-cost borrowing and high transaction costs.²⁷ Not only does this negatively impact the individual, but it impacts the economy because of reduced spending and insufficient savings. In the state of Pennsylvania alone, a lack of financial literacy leads to a loss in \$2.8 billion in economic output.²⁸ This loss is expected to widen as long as financial literacy standards remain deficient. By providing a state-wide standard for financial education, including requiring a personal finance course to graduate, Pennsylvania can increase economic output as a whole and allow adults to make better decisions regarding their finances and retirement plans.

What prior actions has Pennsylvania taken to strengthen its financial literacy standards, and why have they fallen short?

While Pennsylvania lawmakers have previously made efforts to bolster their financial literacy standards, these efforts have not provided adequate measures to impact financial literacy

²⁶ Pelletier, J. (2017, December 12). “2017 National Report Card on State Efforts to Improve Financial Literacy in High Schools. Report: National High School Financial Literacy”.
<https://www.champlain.edu/centers-of-experience/center-for-financial-literacy/report-national-high-school-financial-literacy/results-summary>

²⁷ Lusardi, Annamaria, and Olivia S. Mitchell. 2014. "The Economic Importance of Financial Literacy: Theory and Evidence." *Journal of Economic Literature*, 52 (1): 5-44.

²⁸ Enconsult Solutions. (2018, January 25). “Impact Insufficient Retirement Savings on the Commonwealth of Pennsylvania.” <https://patreasury.gov/pdf/Impact-Insufficient-Retirement-Savings.pdf>.

education in the state. In 2010, the General Assembly of Pennsylvania passed Act 104, which focused on financial education. Act 104 created the Task Force for Economic Education and Financial Literacy and required an annual report on economic and financial literacy education for all school districts.²⁹ The Task Force for Economic Education and Financial Literacy gathered information on personal finance education for all grade levels and funding for personal finance education resources for two years. The Task Force then published a 2013 report which provided recommendations to increase financial literacy and education, including requiring a standalone course on personal finance to graduate from high school, establishing standards for personal finance education for all grade levels, and providing funding for instruction and training for teachers.³⁰ These recommendations were designed to increase financial literacy throughout the state while also helping teachers gain the resources necessary to properly teach the material. However, even with these recommendations, many students in Pennsylvania are able to graduate high school without ever taking a finance course. As of a 2016 report published by the Pennsylvania Department of Education and Department of Banking and Securities, only 15 percent of school districts mandate a personal finance course.³¹ While this increase is a promising start, it leaves thousands of students without any financial education.

As of 2021, Pennsylvania has introduced several bills in order to improve financial education. However, these bills have stalled in committee and have not been implemented throughout the state. For example, state Senator Anthony Williams' S.B. 34 — which would

²⁹ Public School Code of 1949 - Omnibus Amendments Act of Nov. 17, 2010, P.L. 996 No. 104, Pa. C.S. (1949 & rev. 2010). <https://www.legis.state.pa.us/cfdocs/legis/li/uconsCheck.cfm?yr=2010&sessInd=0&act=104>

³⁰ Pennsylvania Task Force on Economic Education and Personal Financial Literacy Education. (2013, January). "Report and Recommendations."

<https://www.education.pa.gov/Documents/Teachers-Administrators/Curriculum/Economic%20Education%20and%20Financial%20Literacy/Report%20and%20Recommendations%20-%20Pennsylvania%20Task%20Force%20on%20Economic%20Education%20and%20Personal%20Financial%20Literacy%20-%20January%202013.pdf>

³¹ Pennsylvania Department of Education & Pennsylvania Department of Banking and Securities. (2016, December). "2016 Report on Economic and Personal Finance Education in Pennsylvania."

https://www.dobs.pa.gov/Documents/Publications/Reports/PA_Financial_Education_Report_2016.pdf

create a state-wide personal finance graduation requirement and establish the Personal Finance Education Fund — was referred to the Education Committee in January; no further action has been taken on the bill as of August 2021.³² More recently, state Representative Michael Driscoll’s H.B. 242, which also would bolster personal finance education, was referred to the House Education Committee.³³ Again, no further action has been taken for this bill as of August 2021. While Pennsylvania does have prior actions to increase financial literacy throughout the state, these actions still have not increased the personal finance education standards to an adequate level comparable to other leading states.

How have other states bolstered their financial literacy standards in the past?

Many states have taken and continue to take legislative action to increase their financial literacy standards. For example, in 2004 Utah became the first state in the country to mandate a semester-long personal finance course with standardized testing to accompany it. Further legislation in 2014 mandated that the course require certified teachers to cover new content such as scholarship and student loans.³⁴ The state is the only one to receive a rating of A+ in a financial education audit, meeting criteria such as the following: having trained teachers, securing state/national funding to standardize the curriculum statewide, and implementing testing to measure the program’s effectiveness.³⁵

Seven states — Virginia, Alabama, Tennessee, Missouri, Utah, North Carolina and Mississippi — require a standalone semester-long course as a graduation requirement. By

³² Pennsylvania General Assembly. (n.d.). “Regular Session 2021-2022|Senate Bill 34.”

<https://www.legis.state.pa.us/cfdocs/billInfo/billInfo.cfm?sYear=2021&sInd=0&body=S&type=B&bn=0034>

³³ Pennsylvania General Assembly. (n.d.). “Regular session 2021-2022|House Bill 242.”

<https://www.legis.state.pa.us/cfdocs/billInfo/BillInfo.cfm?syear=2021&sind=0&body=H&type=B&bn=242>

³⁴ Leins, Casey. (2018. April 18). “These States Give Students the Best Financial Education.”

<https://www.usnews.com/news/best-states/slideshows/these-states-give-students-the-best-personal-finance-education?slide=11>

³⁵ Rose, Samantha. (2021, April 8). “Getting an ‘A’: Financial Literacy in Utah.”

<https://www.opploans.com/oppu/articles/utah-high-school-financial-literacy/>

designating appropriate funding, teacher training resources, and quantifiable measures, these states score among the highest in United States' financial education standards as the education is not merged as part of another economics or business course. In light of the COVID-19 pandemic, 25 states have introduced financial literacy bills, with Nebraska and Rhode Island wanting to implement similar semester-long courses. With the pandemic having worsened educational inequities that impact low-income, black, and brown students, several states are recognizing the need to increase their financial literacy standards and implement consistent avenues to achieve results statewide.³⁶

Does having lower overall financial literacy standards disproportionately affect specific communities?

The effects of poor financial literacy standards disproportionately harm minority communities and the economically disadvantaged. More specifically, African Americans, Hispanics, immigrants, the least-educated, the elderly, and those living in rural areas are the most vulnerable to financial illiteracy and face the most daunting of challenges economically.³⁷ Due to the fact that these groups are typically of generational lower socioeconomic status, they are not able to access assistance or interact with people that are knowledgeable about financial literacy. For instance, people residing in rural areas are often less technologically advanced and may experience difficulty travelling to quality banks, receiving financial advice, or fully utilizing all financial avenues. Essentially, low standards and a lack of requirements would hurt people who would face troubles learning personal finance otherwise. This is precisely why young people and women are also among those most adversely affected by weak financial literacy standards.

³⁶ Reinicke, Carmen. (2021, June 3). "25 states have introduced personal finance education legislation so far this year." <https://www.cnbc.com/2021/06/03/25-states-have-introduced-personal-finance-education-bills-this-year.html>

³⁷ Lusardi, Annamaria, and Olivia S. Mitchell. 2014. "The Economic Importance of Financial Literacy: Theory and Evidence." *Journal of Economic Literature*, 52 (1): 5-44.

Furthermore, immigrant parents frequently either do not have the skillset to teach financial literacy or face language barriers that prevent them from educating their children on financial literacy.³⁸ Overall, the Council for Economic Education concluded that financial education would be especially beneficial to low-income neighborhoods.

Why should the Pennsylvania General Assembly and Department of Education take action now to improve financial literacy standards?

The COVID-19 pandemic ravaged the lives of millions of families in America, not only in terms of public health but also through the lens of the economy. Americans faced unprecedented financial circumstances, and the financially illiterate population was left behind, serving as a wake-up call that highlighted the utmost importance of financial literacy. As a result, states across the country rose to the occasion and took immediate action to address the void in our education system. With 21 states already having adequate financial literacy education requirements, 25 other states, including Pennsylvania, introduced bills in their 2021 legislative sessions to resolve the mass financial illiteracy that stemmed from schools' lack of personal finance education.³⁹ However, while states like Arkansas, Hawaii, Maine, Nebraska, Nevada, and Rhode Island had their bills passed and signed into law,⁴⁰ Pennsylvania's bills have stalled and stalled in committee. For instance, the last action on state Senator Anthony Williams' S.B. 34

³⁸ Vigna, Ariane. (2021, April 19). "Durant Brings Personal Financial Literacy Bill to Educate Mass. Students on 'Basic Finances.'" <https://www.telegram.com/story/news/local/2021/04/19/personal-financial-literacy-bill-educate-mass-students-basic-finances/7209279002/>

³⁹ Ranzetta, T. & Espinal, Y. (2021, March 29). "Financial Education Bills In State Houses: Spring Ritual or Harbinger of Real Increases in Access to This Essential Course?" <https://www.ngpf.org/blog/advocacy/financial-education-in-the-state-houses-spring-ritual-or-harbinger-to-real-increases-in-access-to-this-essential-course/>

⁴⁰ Sherrill, Christian. (2021, June 1). "NGPF FinLit Bill Tracker as of June 1st." <https://www.ngpf.org/blog/advocacy/ngpf-finlit-billtracker-as-of-june-1st/>

occurred on January 20th when it was referred to the Senate Education Committee.⁴¹ In addition, most recently, state Representative Driscoll's H.B. 242 was referred to the House Education Committee on January 25th.⁴²

As other states are advancing their standards and education requirements for financial literacy, Pennsylvania is lagging behind. Unfortunately, only 38 or 7.6 percent of Pennsylvania's 500 school districts required students to take personal finance in 2013. Despite this number increasing to 75 school districts or 15 percent of Pennsylvania's school districts in 2016, the trend has been that the number of students enrolled in economic education or personal finance courses has decreased from 319,491 students in the 2012-2013 school year to 224,193 students in the 2014-2015 school year. Additionally, the problem with a lack of financial literacy education is clear with Pennsylvania receiving a failing grade for providing their students with adequate personal finance instruction.⁴³ Nevertheless, potential exists within Pennsylvania as school districts with personal finance requirements are a blueprint for future statewide policies involving expansion to all districts rather than a limited few.

The awareness of financial literacy's importance is widespread, but Pennsylvania has yet to implement meaningful policies to generate progress. Instead, the state's current inaction is allowing the worsening situation in financial education to perpetuate. There is no better time to improve financial literacy standards than now. The groundwork has already been laid for the state with the formerly established Pennsylvania Task Force on Economic Education & Personal Financial Literacy Education outlining clear recommendations for a standalone course

⁴¹ Pennsylvania General Assembly. (n.d.). "Regular Session 2021-2022|Senate Bill 34." <https://www.legis.state.pa.us/cfdocs/billInfo/billInfo.cfm?sYear=2021&sInd=0&body=S&type=B&bn=0034>

⁴² Pennsylvania General Assembly. (n.d.). "Regular session 2021-2022|House Bill 242." <https://www.legis.state.pa.us/cfdocs/billInfo/BillInfo.cfm?year=2021&sind=0&body=H&type=B&bn=242>

⁴³ Pelletier, J. (2017, December 12). "2017 National Report Card on State Efforts to Improve Financial Literacy in High Schools. Report: National High School Financial Literacy." <https://www.champlain.edu/centers-of-experience/center-for-financial-literacy/report-national-high-school-financial-literacy/results-summary>

requirement, comprehensive academic personal finance standards, sufficient funding, and instructional programs in its latest reports. Furthermore the 2016 Report on Economic and Personal Finance Education in Pennsylvania finds that, unlike teaching economics, teachers certified in business, computer, & information technology, citizenship education, family & consumer science, marketing (distributive) education, mathematics, and social studies are all eligible to teach personal finance.⁴⁴ Teachers have the suitable knowledge, tools, and resources to establish personal finance education in Pennsylvania's schools. It is imperative that Pennsylvania's General Assembly takes prompt action now to facilitate stronger financial education.

Who supports upgrading financial literacy standards and can a coalition be formed?

There are numerous people related to this issue who are advocating for financial literacy education within Pennsylvania's public schools. Major government officials include patrons of past bills in the 2021 legislative session such as state Senator Anthony Williams and state Representative Michael Driscoll. Other notable elected legislators who have helped introduce important legislation on this topic include: incumbent (as of August 2021) state Senators Wayne Fontana, Christine Tartaglione, John Gordner, and Mario Scavello; state Representatives Benjamin Sanchez, Ed Neilson, Carol Hill-Evans, Davidson, Joseph Hohenstein, Peter Schweyer, Mary Louise Isaacson, Emily Kinkead, Joe Webster, Robert Freeman, Danilo Burgos, Tim Briggs, and Jennifer O'Mara; and former state legislators Dave Arnold. Lastly, there is broad support for future financial literacy legislation from various organizations such as the

⁴⁴ Pennsylvania Department of Education & Pennsylvania Department of Banking and Securities. (2016, December). "2016 Report on Economic and Personal Finance Education in Pennsylvania." https://www.dobs.pa.gov/Documents/Publications/Reports/PA_Financial_Education_Report_2016.pdf

Council for Economic Education, who provides a comprehensive and national overview of the status of financial literacy education within all states every two years.

Thus, financial literacy is a bipartisan issue with support from both sides of the aisle. However, despite bipartisan support from both Republicans and Democrats, several months have passed since any significant action has been taken on developing Pennsylvania's stance on this problem. Through communication and interactions with stakeholders, it is clear that the issue is not party opposition or any significant concerns to the implementation of stronger financial literacy standards and curriculum requirements. Rather, Pennsylvania's State Senate and House of Representatives are simply taking ample time to address more pressing concerns like the COVID-19 pandemic, civil rights laws, etc. However, it is crucial that Pennsylvania's General Assembly seriously considers legislation on this pressing issue in the near future.

POLICY PROPOSAL & ANALYSIS

In order to make much-needed progress on the issue of financial literacy, The Greater Good Initiative proposes a solution amending the Act of March 10, 1949. Also known as the Public School Code of 1949, this comprehensive piece of legislation outlines the way in which Pennsylvanian public schools, with certain details pertaining to private & parochial schools, should operate in terms of their curriculum and instruction.⁴⁵ To date, personal finance is absent from Article XV(b) Section 1511, which covers school subjects of instruction within the “Prescribed Courses and Instruction” in “Terms and Courses of Study.” Thus, legal language should be added so that personal finance is a subject that is required to be learned by every Pennsylvanian high school student to ensure that financial literacy will no longer be overlooked by the state school system. Furthermore, resources, curriculum requirements, and instructional materials should be made readily available to educators in their respective school districts based on updated personal financial literacy education standards. To guarantee that all young adults graduating from Pennsylvania’s school system are financially literate, The Greater Good Initiative deems that a stand-alone K-12 personal finance course as a high school graduation requirement is the most effective solution. Unlike financial literacy education standards in other states across the country that allow courses — like economics — that are fundamentally different in content to serve as a substitute to fulfill students’ graduation requirements,⁴⁶ a stand-alone course dedicated to financial literacy would provide students with comprehensive information that will be particular to their adult lives.

⁴⁵ Statutes of Pennsylvania. (1949, March 10). “Public School Code of 1949”
<https://www.legis.state.pa.us/WU01/LI/LI/US/HTM/1949/0/0014.HTM>

⁴⁶ Council for Economic Education. (2020, February). “Survey of the States | 2020 Economic and Personal Finance Education in Our Nation’s Schools.”
<https://www.councilforeconed.org/wp-content/uploads/2020/02/2020-Survey-of-the-States.pdf>

As stated by the Public School Code of 1949, school standards are prescribed by the State Board of Education. As a result, financial literacy standards across Pennsylvania must include core concepts and topics such as taxes, saving, investing, retirement planning, insurance, loans, banking, budgeting, consumer credit, debt management, etc.⁴⁷ In addition, a capstone project would be a course supplement that Pennsylvania's Board of Education could implement within school curriculum to provide students with exposure and first-hand experience on having to manage their own finances in the real world.

Moreover, in order to ensure that the policy is effective, progress needs to be tracked by an independent entity of experts and stakeholders including school administrators, personal finance teachers, students, etc. Relatively similar to the two-year task force established in 2010 by the Pennsylvania General Assembly that compiled a report of recommendations, appointments made by the Department of Education and the Department of Banking and Securities would comprise the Pennsylvania Task Force on Economic and Personal Finance Education. With the purpose of assessing all indicators of efficacy and other necessary areas, the nine members of the task force would make recommendations on alterations that need to be implemented in order to improve the policy's effectiveness and analyze the allocation of funds.

The Pennsylvania General Assembly would be enacting the policy for the state. Subsequently, school boards across the state will carry out the policy for their respective districts. To ensure proper implementation, the Pennsylvania State Department of Education would work in conjunction with the State Department of Banking and Securities. In addition, these departments would also administer the funding for teacher retraining and costs related to the creation of financial literacy coursework for schools without any. As was the case for the S.B.

⁴⁷ Carrns, Ann. (2021, April 2). "Pandemic Helps Stir Interest in Teaching Financial Literacy." <https://www.nytimes.com/2021/04/02/your-money/financial-literacy-courses.html>

34, The Greater Good Initiative recommends creating the Personal Finance Education Fund that would provide grants related to financial education. In addition, the Personal Finance Education Fund should continue to have a designated space on the individual income tax return form in which a contribution can be made towards the Fund.⁴⁸ This contribution would be withdrawn from the individual's tax refund and would not be included in the income tax revenues for the individual. Combined with the use of non-profits for financial literacy curriculum, the Personal Finance Education Fund should provide enough for the funding for the implementation of this policy.

An addition to the mandatory curriculum may seem like a large undertaking, but personal finance is both extremely important and adjacent to many already mandatory subjects. Social studies, civics, and economics teachers should find little difficulty in attaining a certification to this course as much of it is based in their current knowledge area. It would cost about \$150 per teacher. Additionally, development of a full course is a one-time cost and would not require any financial commitment.⁴⁹ Because many other states already have a much broader financial literacy curriculum implemented, Pennsylvania should be able to model a newly established requirement after such precedence. If a school finds the cost of having a daily in-person class prohibitive, online options should be made available and affordable. Oftentimes, these nominal costs are even covered by nonprofit organizations. Thus, it is considerably feasible for Pennsylvania to institute a financial literacy requirement and bolster its current standards.

While The Greater Good Initiative proposes the implementation of the stand-alone course, there may be some difficulty regarding scheduling for competitive students, for which

⁴⁸ Pennsylvania General Assembly. (n.d.). "Regular Session 2021-2022|Senate Bill 34."

<https://www.legis.state.pa.us/cfdocs/billInfo/billInfo.cfm?sYear=2021&sInd=0&body=S&type=B&bn=0034>

⁴⁹ Rosenbaum, Eric. (2020, February 5). "How each US state is shaping the personal finance IQ of its students."

<https://www.cnbc.com/2020/02/05/how-each-us-state-is-shaping-the-personal-finance-iq-of-students.html>

there are alternatives. Given that students may find difficulty in scheduling another course into their high school schedule, similar to other states and counties, the personal finance curriculum can be modified into an online course, after-school period, or summer course. Such alternatives would provide students with greater flexibility in planning their high school schedules without sacrificing the necessary content provided through a personal finance course. However, it should be noted that classes scheduled to run outside the regular school day will require alternative expenditure on behalf of the school district, whether that entails more teachers or the adoption of an online course platform.⁵⁰

Another alternative — one already implemented by several states — would be to combine the personal finance curriculum into another business or economics course. 25 states, including Wyoming, Illinois, and Ohio, require personal finance concepts to be included in an introductory economics courses, but perform far below states with dedicated, stand-alone courses like Utah and Virginia.⁵¹ Trying to fit this personal finance instruction into another course often leads to a very condensed and likely insufficient version of the curriculum being taught due to time constrictions. The content areas of economics and personal finance also do not lend naturally to each other, as economics is more theory-based and personal finance is centered on decision-making.⁵²

The implementation of this proposal necessitates a funding component. Fortunately, the proposed policy is straightforward and very feasible as related systems have been administered in many districts within Pennsylvania. In fact, the number of Pennsylvania school districts with a

⁵⁰ Heim, J., Strauss, V., and Meckler, L. (2021, April 21). “As the school year ends, many districts expand summer school options.” https://www.washingtonpost.com/education/pandemic-summer-school/2021/04/21/bf71acf6-9882-11eb-a6d0-13d207aadb78_story.html

⁵¹ Rosenbaum, Eric. (2020, February 5). “How each US state is shaping the personal finance IQ of its students.” <https://www.cnbc.com/2020/02/05/how-each-us-state-is-shaping-the-personal-finance-iq-of-students.html>

⁵² Simpson, S. & Boyle, M. (2021, June 24). “Finance vs. Economics: What’s the difference?” <https://www.investopedia.com/articles/economics/11/difference-between-finance-and-economics.asp>

personal finance course requirement before graduation reached seventy-five in 2016.⁵³ However, these districts only comprise 15 percent of Pennsylvania’s schools. Realistically, these models simply need to be expanded and developed to be present in all schools.

Furthermore, easy access to high-quality and free teaching tools, resources, and curriculum has been evolving. As a result, funding should not be an issue as substantial budget allocation is not needed. Indeed, Nan Morrison, President and Chief Executive Officer of the Council for Economic Education, explains that “legislators need to realize even a small amount for teachers and professional education here makes a big difference. It costs us less than \$150 per teacher for professional development. It’s not a big expense.”⁵⁴ For instance, non-profit organizations often provide substantial assistance in terms of free curriculum, training, and more. As an example, in Virginia, state budget contributions were not necessary for their full-year personal finance course graduation requirement due to support from groups like the JumpStart Coalition, Next Gen Personal Finance, Federal Reserve banks, etc. Within Pennsylvania, organizations such as the Pennsylvania Council on Financial Literacy, a non-profit organization approved as an Educational Improvement Organization by Pennsylvania’s Department of Community & Economic Development, already facilitate educational programs in financial literacy and entrepreneurship for thousands of students across the state.⁵⁵ The organization already provides K-12 training and curriculum support for hundreds of teachers, signifying the

⁵³ Pennsylvania Department of Education & Pennsylvania Department of Banking and Securities. (2016, December). “2016 Report on Economic and Personal Finance Education in Pennsylvania.”

https://www.dobs.pa.gov/Documents/Publications/Reports/PA_Financial_Education_Report_2016.pdf

⁵⁴ Rosenbaum, Eric. (2020, February 5). “How each US state is shaping the personal finance IQ of its students.”

<https://www.google.com/url?q=https://www.cnn.com/2020/02/05/how-each-us-state-is-shaping-the-personal-finance-iq-of-students.html&sa=D&source=editors&ust=1628551022668655&usg=AOvVaw2-TGxTWnbQl3wQu0vA5kr>

⁵⁵ Pennsylvania Council on Financial Literacy. (n.d.). “Promoting Financial Literacy & Entrepreneurship.”

<https://www.pennecfl.org/>

potential capacity for partnerships that the Pennsylvania Department of Education can make with community groups to administer this policy.

Overall, research from Montana State University indicates that students required to learn financial literacy through access to state-mandated curriculum are better able to make financial decisions in their early adult life and beyond.⁵⁶ Moreover, University of Wisconsin-Madison's Institute for Research on Poverty concluded that statewide education requirements for personal financial literacy education reduces the likelihood that young people borrow predatory, payday loans significantly across the board.⁵⁷ At the end of the day, it is important to remember that any financial support directed towards funding personal financial literacy education is an investment into a brighter future for youth in Pennsylvania.

One method for assessing the potential long-run fiscal benefits of enhanced financial literacy standards involves measuring their impacts on future retirement savings. Insufficient retirement savings can negatively impact state budgets in two ways: 1) a greater number of residents qualify for means-tested benefits, so expenditures on state assistance programs rise; 2) aggregate consumption among retirees declines, thus reducing economic activity and consequently reducing tax receipts.⁵⁸ In 2015 alone, insufficient retirement savings on behalf of the Baby Boomer generation are estimated to have cost Pennsylvania \$700 million in excess state assistance expenditures and resulted in \$2.8 billion of forgone economic output, costing the state \$70 million in tax revenues.⁵⁹ A report issued to Pennsylvania Department of Treasury projects that, by 2030, these losses will adversely impact the state budget by a cumulative \$15.7

⁵⁶ Ibid.

⁵⁷ Harvey, Melody. (2019, April). "Does State-Mandated Financial Education Affect High-Cost Borrowing?" <https://www.usfinancialcapability.org/downloads/Does-State-Mandated-Financial-Education-Affect-High-Cost-Borrowing.pdf>

⁵⁸ Econsult Solutions. (2018, January 25). "The Impact of Insufficient Retirement Savings on the Commonwealth of Pennsylvania." <https://ptreasury.gov/pdf/Impact-Insufficient-Retirement-Savings.pdf>

⁵⁹ Ibid.

billion and result in lost economic output totaling \$55.8 billion.⁶⁰ Given that higher levels of financial literacy are correlated with higher rates of retirement saving,⁶¹ and that Treasury Department estimates that households would need only to save \$98 per month to eliminate those excess state assistance costs,⁶² a properly-implemented requirement for a personal finance course in K-12 education would ease the fiscal burden of future retirement waves on younger generations. In the short-term, higher levels of financial literacy are also correlated with more efficient spending patterns, debt management, and higher emergency savings rates.⁶³ Given rising levels of credit card⁶⁴ and student loan debt⁶⁵ among Millennials and Generation Z, educating the students on effective personal financial management will better position young Pennsylvanians in their lives and provide relatively more stable economic outcomes across demographics.

⁶⁰ Ibid.

⁶¹ de Bassa Scheresberg, Carlo (2013) "Financial Literacy and Financial Behavior among Young Adults: Evidence and Implications," *Numeracy*: Vol. 6: Iss. 2, Article 5.

<http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.352.5252&rep=rep1&type=pdf>

⁶² The Pew Charitable Trusts. (2021, April 16). "Keystone Saves Would Increase Retirement Security in Pennsylvania."

<https://www.pewtrusts.org/en/research-and-analysis/fact-sheets/2021/04/keystone-saves-would-increase-retirement-security-in-pennsylvania>

⁶³ de Bassa Scheresberg, Carlo (2013) "Financial Literacy and Financial Behavior among Young Adults: Evidence and Implications," *Numeracy*: Vol. 6: Iss. 2, Article 5.

<http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.352.5252&rep=rep1&type=pdf>

⁶⁴ Stolba, Stefan L. (2021, January 5). "Millennials Record Highest Credit Score Increase in 2020."

<https://www.experian.com/blogs/ask-experian/research/millennials-record-highest-credit-score-increase/>

⁶⁵ Hanson, Melanie. (2021, July 10). "Student Loan Debt by Generation."

<https://educationdata.org/student-loan-debt-by-generation>

CONCLUSION

A severe lack of personal finance curriculum in schools has been detrimental for the economic well-being of individuals for decades with 78 percent of adults living paycheck to paycheck, two out of three households not having emergency savings of any kind, and three in five adults lacking a monthly budget.⁶⁶ It is absolutely imperative that personal finance is taught in schools to provide a real focus on being financially knowledgeable and responsible, especially for young adults. Financial literacy education lays the groundwork for establishing healthy financial behaviors and habits, providing knowledge that is immensely beneficial for people and helps them avoid making long-lasting mistakes.

In recent times, states across the country have taken notice of the significance of this issue, subsequently placing an emphasis on administering course requirements for graduation. In fact, 37 states and the District of Columbia have introduced bills to increase the presence of financial literacy education in their respective 2021 legislative sessions.⁶⁷ Furthermore, states including Alabama, New York, Virginia, etc. have already passed legislation to strengthen financial literacy. Considering the fact that Pennsylvania's student enrollment in courses with economic or personal finance content has decreased by 95,298 students between 2012 and 2015, the Commonwealth's General Assembly must take action as soon as possible. Financial literacy is too paramount to not be viewed as a legislative priority.

The proposed amendment to the Public School Code of 1949 would ensure that all students graduating from Pennsylvania's education system would receive personal financial literacy education critical for making educated financial decisions in the real world. Through the

⁶⁶ Fox, M. (2021, April 5). "To combat financial illiteracy, education needs to start early in the classroom, advocates say." <https://www.cnbc.com/2021/04/05/state-of-personal-finance-education-in-the-us.html>

⁶⁷ Morton, H. (2021, April 29). "Financial Literacy 2021 Legislation." National Conference of State Legislatures. <https://www.ncsl.org/research/financial-services-and-commerce/financial-literacy-2021-legislation.aspx>

implementation of stand-alone course graduation requirements, teachers would instruct with curriculum focused on personal finance specifically. This would mean that taking economics courses, for instance, would not be able to fulfill the graduation requirement due to the stark differences that exist between the concepts and material taught in economics as opposed to personal finance.

Executing on the recommendations brought forth by the Pennsylvania Task Force for Economic Education & Financial Literacy would yield better economic outcomes for Pennsylvanians across the board for all groups, demographics, and populations. Moreover, expenditures needed for state assistance programs would become less of a burden with adults leading more financially responsible and secure lives due to heightened monetary awareness and knowledge. This would bolster the state's fiscal budget and allow for effective allocation in other areas. Furthermore, consumer power would increase with adults having an expanded capacity to spend due to improved debt management, more efficient consumption, etc. which would stimulate economic activity. In the long-run, tax revenues could have the ability to independently increase. Overall, policies like this proposal seeking to educate Pennsylvanians financially can potentially save the state billions of dollars in expenditures and increase economic output substantially in the coming years.

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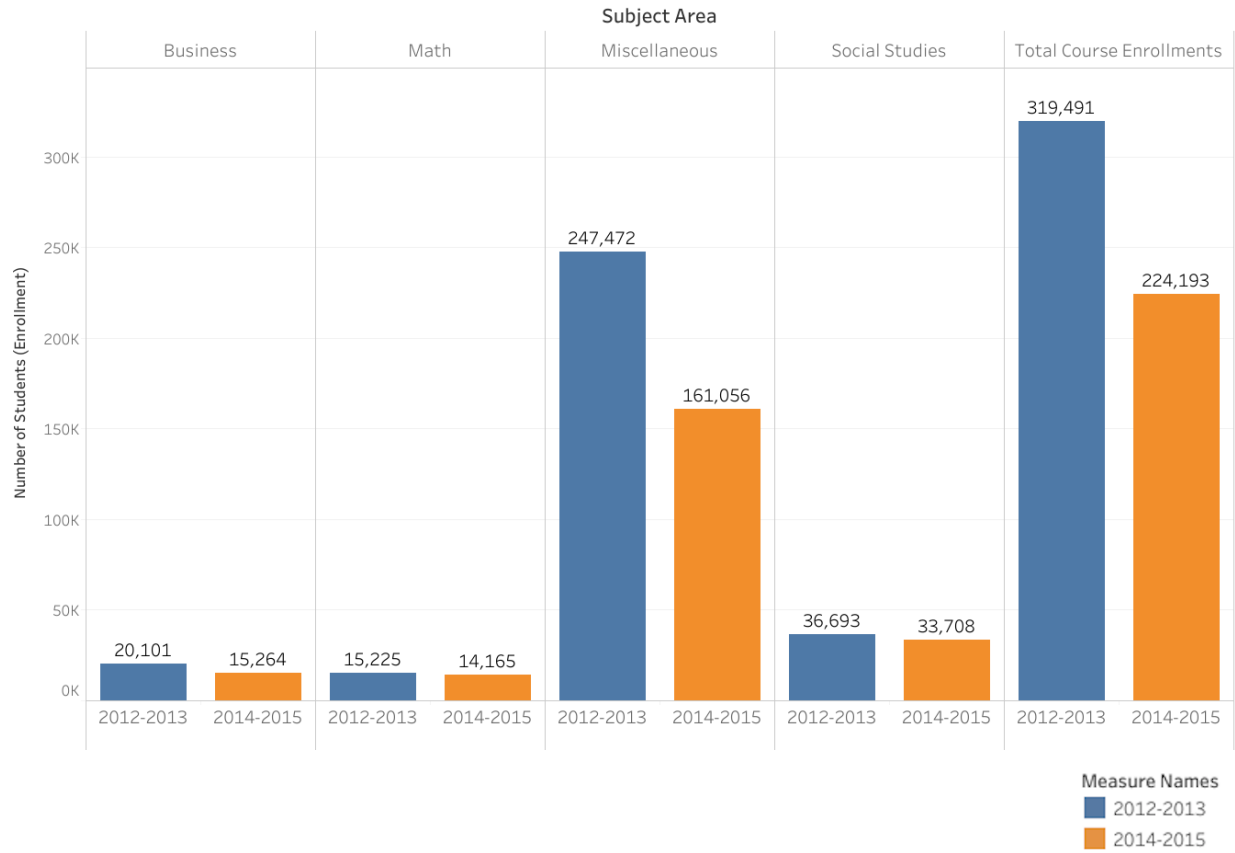
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APPENDIX I

Pennsylvania Student Enrollment in Courses with Economic or Personal Finance Content

PA Student Enrollment in Courses with Economic or Personal Finance Content SY 2012-13 - SY 2014-15



Data sourced from:

Pennsylvania Department of Education & Pennsylvania Department of Banking and Securities. (2016, December).

“2016 Report on Economic and Personal Finance Education in Pennsylvania.”

https://www.dobs.pa.gov/Documents/Publications/Reports/PA_Financial_Education_Report_2016.pdf

APPENDIX II**Senate Bill 34 (Session of 2021)**

*INTRODUCED BY A. WILLIAMS, ARNOLD, FONTANA, TARTAGLIONE, GORDNER
AND SCAVELLO, JANUARY 20, 2021*

REFERRED TO EDUCATION, JANUARY 20, 2021

AN ACT

Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An act relating to the public school system, including certain provisions applicable as well to private and parochial schools; amending, revising, consolidating and changing the laws relating thereto," in terms and courses of study, further providing for subjects of instruction and flag code and for economic education and personal financial literacy programs and providing for personal finance instruction and for capstone course in personal finance as graduation requirement; establishing the Personal Finance Education Fund; and making an appropriation.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Section 1511 of the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949, is amended to read:

Section 1511. Subjects of Instruction; Flag Code.--In every elementary public and private school, established and maintained in this Commonwealth, the following subjects shall be taught, in the English language and from English texts: English, including spelling, reading and writing, arithmetic, geography, the history of the United States and of Pennsylvania, civics, including loyalty to the State and National Government, personal finance, safety education, and the humane treatment of birds and animals, health, including physical education, and physiology, music and art. Other subjects shall be taught in the public elementary schools and also in the public high schools as may be prescribed by the standards of the State Board of Education. All such subjects, except foreign languages, shall be taught in the English language and from English texts: Provided, however, That, at the discretion of the Superintendent of Public Instruction, the teaching of subjects in a language other than English may be permitted as part of a sequence in foreign language study or as part of a bilingual education program if the teaching personnel are properly certified in the subject fields. Each school district shall provide and distribute to each pupil, enrolled in the eighth grade of the public schools, one illustrated copy of the National Flag Code, and shall, from time to time, make available such copies as are necessary for replacements from year to year. It shall be the duty of each teacher in the public schools to make such use of the code as may, from time to time, seem proper.

Section 2. Section 1551 of the act, amended October 30, 2019 (P.L.460, No.76), is amended to read:

Section 1551. [Economic Education and Personal Financial Literacy] Personal Finance Education Programs.--(a) The department shall have the power and its duty shall be to:

[(1) Provide resource information on economics, economic education and personal financial literacy to educators and public and private schools and organizations.]

(1.1) Ensure that all recipients of a high school diploma in this Commonwealth are proficient in personal finance.

(1.2) Develop stand-alone kindergarten through grade twelve academic standards for personal finance that align with this section, sections 1551.1 and 1551.2 and 22 Pa. Code Ch. 4 (relating to academic standards and assessment).

(1.3) Provide resource information on personal finance to educators and public and private schools and organizations.

(2) Provide for the distribution, including through the department's Internet website, to school entities or private, nonpublic, elementary or secondary schools in this Commonwealth, teacher curriculum materials and other available resources, including [economic] personal finance education [partnership] programs[, on economic education and personal financial literacy, including the basic principle involved with earning, spending, saving and investing money. The materials shall align with and complement existing State standards for Economics, Family and Consumer Science, and Career Education and Work as set forth in 22 Pa. Code Ch. 4 (relating to academic standards and assessment)]. The materials shall align with State standards for personal finance education in 22 Pa. Code Ch. 4 that the department develops in accordance with this act.

[(3) Identify and recognize Commonwealth schools that implement exemplary economic and economic education and personal financial literacy curricula at each benchmark as set forth in existing State standards for Economics, Family and Consumer Science, and Career Education and Work as set forth in 22 Pa. Code Ch. 4.]

(4) Maintain an inventory of [economic education and personal financial literacy] personal finance materials, programs and resources available in Commonwealth agencies.

(b) In distributing materials and resources for use in schools, the department shall consider those currently available through international, national, Statewide and local economic, banking trade and personal finance education organizations.

[(c) (1) The department shall convene a task force on economic education and personal financial literacy education within ninety (90) days of the effective date of this section.

(2) The task force shall consist of nine (9) members appointed by the secretary, in consultation with the Secretary of Banking, representing school administrators, finance or economics teachers, school boards, students, business leaders, faculty from this Commonwealth's institutions of higher education having a background in or knowledge of personal financial literacy and other groups with expertise in financial literacy education. The task force shall elect one (1) of its members to serve as chairperson.

(3) The task force shall:

- (i) Assess the trends and needs in economic education and personal financial literacy.
- (ii) Consider the manner in which any funds are used to support economic education and personal financial literacy activities.
- (iii) Make recommendations to the Governor and the General Assembly regarding legislative or regulatory changes to improve economic education and personal financial literacy, pursuant to the preparation and submittal of the report required by subsection (d).]

(c.1) (1) The Office of Personal Finance Education is established in the department to oversee personal finance education programs.

(2) The Office of Personal Finance Education shall:

- (i) Assess the trends and needs in personal finance education.
- (ii) After completing the assessment under subparagraph (i), assist in developing personal finance curricula in consultation with the State Treasurer, school administrators, finance or economics teachers, school boards, students, business leaders, faculty from this Commonwealth's institutions of higher education having a background in or knowledge of personal financial literacy and other groups with expertise in financial literacy education.
- (iii) Create professional development programs for faculty to teach personal finance.
- (iv) Make recommendations to the Governor and the General Assembly regarding legislative or regulatory changes to improve personal finance education and personal financial literacy, pursuant to the preparation and submittal of the report required by subsection (d).

(d) The secretary and the [Secretary of Banking] State Treasurer shall jointly prepare and submit[, in conjunction with the task force,] a biennial report to the Governor and the General Assembly on the status of [economic education and] personal financial literacy programs in this Commonwealth. In addition to the recommendations made in accordance with subsection [(c)(3)(iii)] (c.1)(2)(iv), the report shall outline [economic education and personal financial literacy] personal finance education programs and personal financial literacy achievements, highlight new initiatives and recommend future program needs.

[(e) The department may apply for any Federal, State or other funding that may be available to carry out the provisions of this section and may also use such unencumbered funds for grants to school entities and other measures to encourage the implementation of economic education and personal financial literacy education programs.]

(e.1) The department may implement this section by distributing grants to school entities for personal finance education programs and professional development with funding from any of the following sources:

(1) A State appropriation.

(2) Any Federal, State or other source that may be available to carry out the provisions of this section.

(f) The following words and phrases when used in this section shall have the meanings given to them in this subsection:

"Department." The Department of Education of the Commonwealth.

["Personal financial literacy." The integration of various factors relating to personal financial management, including understanding financial institutions, using money, learning to manage personal assets and liabilities, creating budgets and any other factors that may assist an individual in this Commonwealth to be financially responsible.]

"Personal finance." The principles and methods that individuals use to acquire and manage income and assets.

"Personal financial literacy." The ability to use knowledge and skills to manage one's financial resources for lifetime financial security.

"School entity." A public school district, charter school, cyber charter school, intermediate unit or area career and technical school.

"Secretary." The Secretary of Education of the Commonwealth.

Section 3. The act is amended by adding sections to read:

Section 1551.1. Personal Finance Instruction.--(a) Beginning with school year 2018-2019 and each school year thereafter, each public school student shall receive instruction in personal finance from kindergarten through grade twelve. The instruction shall be aligned to the kindergarten through grade twelve academic standards for personal finance and may be integrated within mathematics, economics, social studies, language arts, business education or family and consumer science courses of study required in accordance with the State Board of Education regulations. Instruction may also be integrated into other appropriate courses of study.

(b) The instruction:

(1) Shall be age appropriate.

(2) Shall be sequential in method of study.

(3) Shall communicate the connection between personal finance concepts, broader economic concepts and age-appropriate situations a student may experience.

(4) Shall communicate personal finance concepts, including, but not limited to, the following:

(i) Money management.

(ii) Earning income.

(iii) Borrowing money.

(iv) Financial services.

(v) Risk management.

(vi) Saving and investing.

(vii) Other personal finance concepts specified by the State Board of Education in 22 Pa. Code Ch. 4 (relating to academic standards and assessment).

(5) Shall prepare a student for life after graduation.

Section 1551.2. Capstone Course in Personal Finance as Graduation Requirement.--(a) The State Board of Education shall require every candidate for a full high school diploma after September 2018 to receive at least one semester of instruction in a stand-alone capstone course relating to personal finance at some time during grade eleven or twelve of the candidate's educational career.

(b) In order to fulfill the graduation requirement under subsection (a), school districts may choose from several delivery options for offering the course, including classroom instruction, which shall be the equivalent of one semester or one-half credit, or as a standards-aligned, self-paced online or blended course which includes a district-approved, end-of-course assessment.

(c) Each school entity may utilize educational materials as provided for in section 1551 for the purpose of the graduation requirement under subsection (a).

(d) The Department of Education shall make available and conduct professional development to school districts that request assistance in implementing the provisions of this section.

(e) As used in this section, "capstone course" means a course of study that:

(1) occurs during grade eleven or twelve of a student's high school career;

(2) is designed to bring reflection and focus to the whole of the student's learning throughout the student's years of education on a particular subject;

(3) is a comprehensive review of the subject matter being considered; and

(4) effectively culminates in each student demonstrating a comprehensive understanding of the subject matter.

Section 1551.3. Personal Finance Education Fund.--(a) The Personal Finance Education Fund is established in the State Treasury. The money of the fund shall be used for grants under section 1551(e.1).

(b) The fund shall consist of all money collected by the Commonwealth under subsection (c) and money solicited by the State Treasurer under subsection (d).

(c) (1) The Department of Revenue shall provide a space on the Pennsylvania individual income tax return form whereby an individual may voluntarily designate a contribution of an amount desired to the Personal Finance Education Fund.

(2) The amount designated under paragraph (1) by an individual on the income tax return form shall be deducted from the tax refund to which that individual is entitled and shall not constitute a charge against the income tax revenues due to the Commonwealth.

(3) The Department of Revenue shall determine annually the total amount designated pursuant to this subsection, less reasonable administrative costs, and shall report the amount to the State Treasurer, who shall transfer the amount from the General Fund to the Personal Finance Education Fund.

(d) The State Treasurer shall solicit money for the Personal Finance Education Fund and may designate employees of the Treasury Department to carry out this duty.

Section 4. The sum of \$3,000,000 is hereby appropriated to the Department of Education for the purpose of administering this act.

Section 5. This act shall take effect in 60 days.