Office of School Board Members October 14, 2021
Board Meeting of October 20, 2021

Dr. Steve Gallon III, Vice Chair

Co-Sponsors: Ms. Perla Tabares Hantman, Chair
Ms. Lucia Baez-Geller
Dr. Dorothy Bendross-Mindingall
Ms. Christi Fraga
Dr. Lubby Navarro
Dr. Marta Pérez
Ms. Maria Teresa Rojas

ADDED

**SUBJECT: FINANCIAL LITERACY IN SCHOOLS**

**COMMITTEE: ACADEMICS, INNOVATION, EVALUATION & TECHNOLOGY**

**LINK TO STRATEGIC PLAN: RELEVANT, RIGOROUS, & INNOVATIVE ACADEMICS**

The Miami-Dade County Public Schools (M-DCPS) remains committed to providing educational excellence and equity to all students and seeks to offer a relevant and rigorous curriculum and educational experience from PK-12. It is also committed to ensuring the provision of a curriculum and educational experience that not only addresses and supports students' present needs, but that have significant implications for their continued learning and life-long success.

M-DCPS has been at the forefront of access and equity with respect to innovative, equitable, and accessible curriculum and educational programs for students and families in Miami-Dade County. This leadership, however, demands a continuous commitment to the improvement, exploration, and expansion of such curriculum and educational offerings and experiences to students in schools throughout the District. Doing so will ensure that all students are provided an opportunity to not only learn and achieve at high levels, but to experience, explore, and acquire life skills that are essential to them beyond school and throughout their lives.

One such skill that has proven critical to life-long learning and success is financial literacy. Financial literacy is the ability to understand and effectively use various financial skills, including personal financial management, budgeting and investing. It is also considered the foundation of one's relationship with money, and a life-long learning endeavor. However, it is commonly agreed upon that the earlier one starts in developing crucial skills and understandings related to financial literacy, the better off they will be. Education has been deemed the most significant factor and key to success when it comes to money.

Despite education being essential to one's financial literacy understanding and proficiency, many researchers have found that far too few students — particularly those from low-income backgrounds — receive any personal finance education during high school. Yet, they are expected to make big financial decisions about student loans and budgeting for living expenses after graduation.

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The lack of personal finance education in this country has proven to be devastating and has led to many people accumulating credit card and student loan debt, living paycheck to paycheck, and not saving enough for retirement. It has resulted in people not being able to buy a home or, in some cases, not able to put enough food on the table. In fact, various industry research found that 2 in 3 families lack any type of emergency savings; 78% of adults live paycheck to paycheck, and 3 in 5 adults do not maintain a monthly budget. Many have placed the lack of preparations of Americans, especially young people, on the lack of focus on financial literacy in the public schools.

According to one study, a mere one in six high-school students are required to take at least one separate semester of personal finance to graduate. In 2019, only 16.9% of public high school students (one in six) completed a semester-long personal finance course required for graduation. The study also revealed that in 23 states and the District of Columbia, less than 5% of students were required to take a standalone semester of personal finance.

While many schools are doing the bare minimum, it’s not enough. We can’t effectively teach personal finance in a condensed format and expect significant results. Traditional approaches, such as incorporating the topic into a broader economics course, do not give students the chance to engage in real-world experiences where they can foster real-life mastery of the financial skills they need to succeed.

On September 21, 2021, at the District 1 Student Advisory Meeting, select student leaders and representatives from District 1 schools met to discuss their overall educational experiences in their schools. They addressed topics ranging from school safety and resources to curriculum and instruction. When asked about the curriculum’s utility and value in preparing them for “life after high school,” most of the middle school students and *all* of the high school students cited a lack of preparation in the area of financial literacy—one graduating senior sharing her inability to understand what it is to budget, build credit, write a check, or conceive the concept, structure, and terms of a home mortgage.

Clearly, the lack of financial literacy can lead to several life-lasting pitfalls, such as accumulating unsustainable debt burdens, either through poor spending decisions or a lack of long-term preparation. This in turn can lead to poor credit, bankruptcy, housing foreclosure, or other negative consequences---consequences that could be mitigated if students are taught---in an intentional, deliberate, and systemic way---essential financial literacy concepts, lessons, and skills.

Financial literacy education should start early at both home and school. Ideally, it should be taught in elementary, middle and high school, and should be a cumulative learning process, with age-appropriate content and topics taught each school year. The reality is, however, that many states and school districts do not provide any substantive financial literacy education until high school, if at all.

Although the basics of financial literacy---teaching young people about money, its value, how to save, invest and spend, and how not to waste it should be taught in school as early as elementary school. But too many school districts teach personal finance for the first and only time in high school which is a prudent, practical, and pragmatic pathway for learning the essential lifelong skills for students attending college or entering into the real world.

Teaching financial literacy in high school provides students with the knowledge and skills to manage financial resources effectively for a lifetime of financial well-being. Here are just some of the reasons our young people need to learn about personal finance:

- The number of financial decisions an individual must make continues to increase, and the variety and complexity of financial products continues to grow. Young people often do not understand debit and credit cards, mortgages, banking, investment and insurance products and services, payday lending, rent-to-own products, credit reports, credit scores, etc.
- Most college students borrow to finance their education, yet they often do so without fully understanding how much debt is appropriate for their education or the connection between their area of study and the income level that they can expect upon graduation. Many students attend college without understanding financial aid, loans, debt, credit, inflation, budgeting and credit scores.
- At many colleges, financial literacy education is largely composed of a brief, federally mandated entrance and exit loan counseling for students. Student feedback indicates that most do not comprehend the information presented and view it as one more requirement of the financial aid process rather than a learning opportunity.
- Employee pension plans are disappearing and being replaced by defined contribution retirement programs, which impose greater responsibilities on young adults to save and invest, and ultimately spend retirement savings wisely. If they fail to do this, they could become a significant economic burden on our society.
- Credit scores are a difficult concept for many young adults. The economic cost of low (or no) credit score is very high. One's credit score and borrowing history impacts one's daily life: applying for a credit card, purchasing a home or car, renting an apartment, buying insurance, signing up for certain utilities, and even getting a new job. Having an excellent credit score could save a consumer in excess of a $100,000 in interest payments over a lifetime.

Financial literacy leads to better personal finance behavior. There are a variety of studies that indicate that individuals with higher levels of financial literacy make better personal finance decisions. Those who are financially illiterate are less likely to have a checking account, rainy day emergency fund or retirement plan, or to own stocks. They are also more likely to use payday loans, pay only the minimum amount owed on their credit cards, have high-cost mortgages, and have higher debt and credit delinquency levels.

As a District committed to the learning and lifelong wellbeing of its students, M-DCPS should review and examine the current implementation and delivery of specific curriculum and courses focused on financial literacy, beginning with middle and high schools. Although such courses attempt to "infuse" or "integrate" concepts to teach financial literacy to students, a deliberate, intentional curriculum and related courses should be provided to students, especially in schools located in underserved communities which are more likely to produce high financial illiteracy rates.

Thus, this item seeks to direct the Superintendent to review current district curriculum in elementary, middle, and senior high schools that teach financial literacy concepts and skills; identify and list "standalone" courses that teach financial literacy concepts and skills presently offered in middle and senior high schools; explore the feasibility of offering financial literacy lessons in elementary school, and courses as an elective to students in middle and senior high schools, specifically those schools that do not offer deliberate, intentional instruction in financial literacy for the 2022-2023 school year; conduct a survey of middle and senior high school students that will provide: (a) an initial measure of financial literacy proficiency; (b) an initial measure of interest in specific financial literacy courses; (c) the establishment of a baseline and benchmarks for future financial literacy courses; (d) and a description of the levels of financial literacy in terms of key socio-economic groups and explanatory variables that will enable M-DCPS to identify students with the greatest needs and gaps in the provision

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of financial literacy resources; explore and engage partnerships with businesses and organizations to provide seminars, sessions, and/or workshops to students on the key concepts and skills of financial literacy, including but not limited to, personal financial management, budgeting, investing, credit, and debt; and provide an update to the School Board at the January 2022 Academics, Innovation, and Technology Committee Meeting.

This item has been reviewed by the School Board Attorney as to form and legal sufficiency.

**ACTION PROPOSED BY DR. STEVE GALLON III:**

That The School Board of Miami-Dade County, Florida, direct the Superintendent to:

1. review current district curriculum in elementary, middle, and senior high schools that teach financial literacy concepts and skills;
2. identify and list "standalone" courses that teach financial literacy concepts and skills presently offered in middle and senior high schools;
3. explore the feasibility of offering financial literacy lessons in elementary school, and courses as an elective to students in middle and senior high schools, specifically those schools that do not offer deliberate, intentional instruction in financial literacy for the 2022-2023 school year; REVISED
4. conduct a survey of middle and senior high school students that will provide:
   a. an initial measure of financial literacy proficiency;
   b. an initial measure of interest in specific financial literacy courses;
   c. the establishment of a baseline and benchmarks for future financial literacy courses; and
   d. a description of the levels of financial literacy in terms of key socio-economic groups and explanatory variables that will enable M-DCPS to identify students with the greatest needs and gaps in the provision of financial literacy resources;
5. explore and engage partnerships with business and organization to provide seminars, sessions, and/or workshops to students on the key concepts and skills of financial literacy including but not limited to personal financial management, budgeting, investing, credit, and debt; and
6. provide an update to the School Board at the January 2022 Academics, Innovation, and Technology Committee Meeting.