

# Impacts of Student Financial Education Outcomes

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## Abstract

Many young people are worried about financial matters and want more knowledge about personal finance. States who mandate financial education suggest students exhibit positive behaviors and are more likely to save and manage money. The study (N=606) showed that college students who completed high school in Texas did not recall courses they learned about financial education, but were very confident (27%) or somewhat confident (43%) when managing finances. Of the 30% who completed courses, 97% wanted to know more about personal financial management. Economics (74%), Government (64%), U.S. History (43%), and Social Studies (30%) were the primary courses where these students studied economic concepts. The study confirms data that millennials do not have rainy day funds.

## Purpose of the Study

The objectives for this current study are two-fold: to explore the preparation and efficacy of teachers responsible for financial education in secondary schools and to determine which courses secondary students are receiving financial education in secondary schools in Texas. This study will provide a deeper understanding of financial education in East Texas, its impact and contending variables positively correlated with making the case for economic and financial literacy education in the classroom. Results will be used to inform practice related to course implementation and provide additional evidence to support teacher training to reduce the number of financial illiterate students across the nation.

## Literature Review

Many Americans continue to lack even a basic understanding of economic and financial concepts, and the consequences on American's financial state are dire. Economic literacy is a critical skill for functioning effectively in contemporary society, however, only 34% of high school seniors feel confident in their ability to manage their own finances (Discover, 2013). In key findings from a survey which explored high school seniors' financial knowledge, money management behaviors and preparation for life, graduating seniors rank personal finance as the most important skill to learn to ensure their future success- tied with math and ahead of science and technology. Students say coursework helps them understand economics-related topics (Nation's Report Card, 2012) but that not all take advantage of financial education opportunities (Mottola, 2014). Financial literacy is an important component of sound financial decision making and many young people wish they had more financial knowledge. Many young people claim to be worried about student debt and people with low financial literacy are more likely to have problems with debt. Data suggests that the population of young adults display very large differences in financial knowledge (Curto, Lusardi, Mitchell, (2010). Understanding financial literacy is of critical importance to policy makers and can contribute to or detract from the acquisition of financial knowledge. While the costs of improving financial literacy through mandated education may be high, the costs of a society who is poor, indebted and liquidity-constrained are also unacceptable.

## Methods

### Research Design: Quantitative

The researchers for this study employed a quantitative, descriptive research method approach to gain valuable knowledge about student financial education courses and teacher preparation and efficacy in teaching financial education. The study was conducted in two phases. **Phase 1:** A sample of approximately 20-40 high school teachers will be surveyed with a pre/posttest during a teacher training on fiscal responsibility to assess if they would use the fiscal resource in courses and if so in which courses. **Phase 2:** The population included 12,742 college students currently enrolled in academic programs at the university. 606 female and male undergraduate and graduate students who live on and off campus participated.

Table 1.1 Student Descriptive Sample

Groups	Male (n-130)	Female (n-476)	Students (N-606)
Age			
18-21 yrs	53.06%	62.18%	
22-30 yrs	32.31%	21.64%	
31-40 yrs	6.92%	6.72%	
41-50 yrs	5.38%	6.51%	
over 50 yrs	2.31%	2.94%	

### Research Questions

**RQ1:** Would teachers completing the Fiscal Responsibility training use the curriculum to teach in Texas schools? If so, which courses?

**RQ2:** Have college enrolled students in a regional institution in deep East Texas been taught about financial education in Texas high school courses? If so, which courses?

**Analysis:** The online student survey was conducted using Qualtrics to collect data. SPSS software will be used to analyze relationships between variables explored in the study.

## Results

Phase 1 was postponed due to teacher scheduling conflicts. Preliminary findings in Phase 2 in response to research question two suggest that students are somewhat confident in their abilities to managing financial responsibilities today. The respondents were 78.42% female, with 60.36% between the age of 18-21 with 89.61% completing secondary school in Texas but 61.96% did not recall studying financial education concepts. Of the 29.76% who recalled taking courses regarding financial education, 75.33% took an Economics course, 64.67% Government, 43.33% U.S. History, 30% Social Studies and other courses ranked lower. When asked about the courses they did take related to financial education, 70.14% indicated they need to know more about personal financial management and students indicated a need for additional education in all other areas which were options. These preliminary results support the literature which outlines a gap in financial knowledge (Discover, 2013) and that students view personal finance as an important subject related to future success.

## Conclusions

- ✓ Over 69% of the sample feel very confident or somewhat confident in their comfort level to manage financial responsibilities such as paying off bills, budgeting or understanding financial responsibilities.
- ✓ Financial education concepts are taught in Economics, Government, U.S. History, and Social Studies courses in Texas, where students commonly take these courses.
- ✓ Most students do not recall the courses they study financial education concepts in high school.
- ✓ This study supports the gap in what students need to know and what students understand about financial concepts to manage day-to-day responsibilities.
- ✓ High school education did not lead to creation of a rainy day fund which supports data that 67% of millennials' have no savings.



## Recommendations and Future Studies

- ✓ Complete Phase 1 to answer research question 1
- ✓ Analyze data with closer eye on variables to look for additional connections to literature
- ✓ Expand the study in sample and location
- ✓ Inform educators and policy makers of results

## References

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