GFLEC Insights Report

GFLEC
GLOBAL FINANCIAL LITERACY EXCELLENCE CENTER

Raising Awareness of the Importance of Personal Finance in School: New Insights

Global Financial Literacy Excellence Center
The George Washington University School of Business

Research support was provided by the Calvin K. Kazanjian Economics Foundation.

Summary

We investigate teachers' awareness of the importance of financial education, along with their motivation and confidence in teaching personal finance. We aim to identify strategies to advance school-based financial education and further support educators. We survey a sample of teachers and non-teachers. Findings reveal that professional development is the factor that most motivates educators and enhances their confidence in teaching personal finance. Recommendations include that state and district-level policymakers take steps to broaden financial education opportunities in school by expanding training support to teachers across the nation.

GW | Business

Introduction

Shifts in the economic landscape in recent decades have led to increased individual responsibility for saving and investing. The decision making around these expanded duties begins as early as the teen years. To make choices that will positively affect their careers, education, and debt levels, students need an understanding of basic financial concepts, yet our research documents an alarmingly low level of financial literacy, particularly among the young.

Despite the clear need for financial literacy, school-based financial education in the United States has expanded very slowly. Significant barriers prevent schools from incorporating financial education into their curricula. As our previous work has shown, one of these barriers is that confidence in teaching personal finance is very low among educators. Teachers are critical to advancing school-based financial education. In order to better understand the specific barriers and challenges facing teachers, we designed a survey to identify teachers' awareness of the importance of financial education, their motivation to teach it, and their confidence in teaching it.

Data

We collected survey responses through Amazon Mechanical Turk, an online platform. The survey gathered information on respondents' demographics, professions, attitudes, and motivation. We restricted the observations to respondents above the age of 18 who were living in the United States at the time of the survey. We collected a total of 1,765 observations and categorized respondents by profession; of these observations, 795 were either current or former teachers. We also collected responses from other professions, or non-teachers, as a comparison group to help identify specific attitudes, beliefs, and/or challenges that may be unique to teachers. The respondents who identify as teachers were then further broken down into teachers of personal finance and teachers of other subjects (those who responded that they do not teach personal finance). Among the 795 teachers, 214 respondents were categorized as teachers of personal finance. Distinguishing between these two groups of teachers allows us to identify strategies that could motivate teachers of other subjects to begin incorporating financial education into their courses. Additionally, differences identified between the two groups can highlight ways to better support teachers of personal finance.

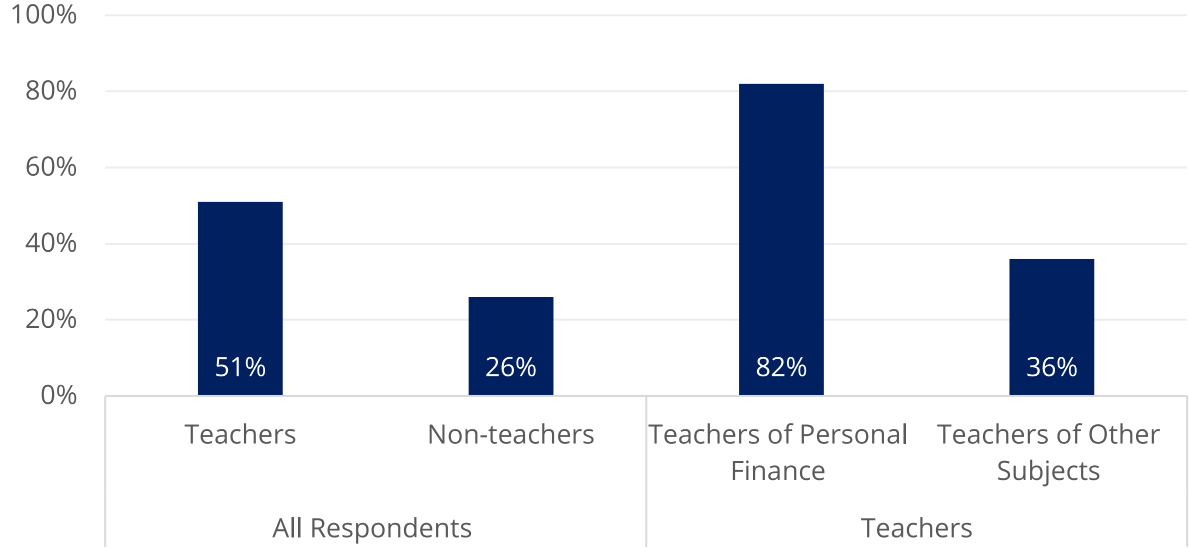
Teachers within our sample are notably younger than non-teachers in our sample, with 80% of teachers between the ages of 18 and 39 and 60% of non-teachers in that same age bracket. However, there is a similar income distribution between the groups, with an average annual income of $35–$50K. Teachers have an average of three to five years of experience. However, personal finance teachers have slightly more teaching experience, with 50% having over five years of experience; only 35% of teachers of other subjects have more than five years of teaching experience. The majority of teachers in our sample (67%) have had a career outside of teaching. Roughly 83% of personal finance teachers who have had other careers have worked in the financial sector, whereas only one-quarter of teachers of other subjects who had previous careers worked in the financial sector.

Awareness

Financial education is not currently incorporated into the majority of school curricula in the U.S. Teachers face numerous challenges, or barriers, in promoting instruction of and in teaching personal finance. One potential barrier we explore is awareness of financial education.

We asked all of the respondents in our study if they are familiar with financial education. Respondents could choose from a range of responses from extremely familiar to not familiar at all. Among total respondents, familiarity is low, with only 38% saying they were either extremely familiar or very familiar with financial education. As shown in Figure 1, there are notable differences in level of familiarity among our defined categories, with significant differences between teachers (51%) and non-teachers (26%). Additionally, there are differences even among teachers. As expected, the majority of teachers of personal finance (83%) reported being familiar with financial education, but less than half of teachers of other subjects (who do not teach personal finance) report familiarity. This shows that there is a need promoting financial education and its importance.

Figure 1: Respondents who are familiar with financial education.



Understanding the level of familiarity with financial education provides an initial high-level understanding of awareness. We further investigate different elements of awareness by asking respondents three additional questions; we ask about availability of resources, demand from parents and students, and perception of a national movement for financial education. Figure 2 shows the distribution of responses.

Figure 2: Respondents who "agree" or "strongly agree" that there are many resources available for financial education, that there is a high demand for financial education from parents and students, and that a national movement for financial education exists in the U.S.

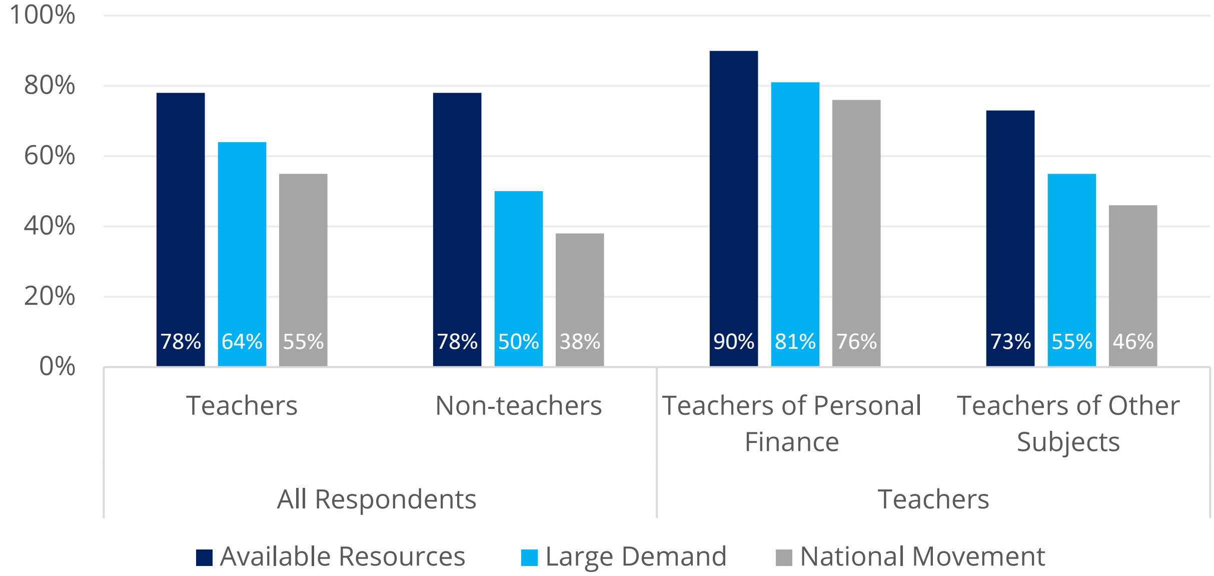


Figure 2 shows notable differences in perception. Personal finance teachers are most likely to share a level of agreement across all three questions while non-teachers are least likely to have shared perceptions. However, even among non-teachers, 78% agree or strongly agree there are many resources available for financial education. The least agreement is in regard to a national movement. The majority (76%) of personal finance teachers perceive a national movement for financial education. However, only 38% of non-teachers share this perception. This provides evidence that a national movement may exist but knowledge of it is limited to individuals already working within education or personal finance. This indicates that there is a need to increase awareness of the growth of financial education to all teachers and the general population.

Motivation

The next barrier we consider is motivation to teach personal finance and the potential challenges educators face in teaching this subject. Findings show that the majority of respondents agree or strongly agree that financial education should be a priority in school. As Table 1 shows, this is consistent across all categories of respondents. This strong response demonstrates a general agreement about the need for financial education in schools.

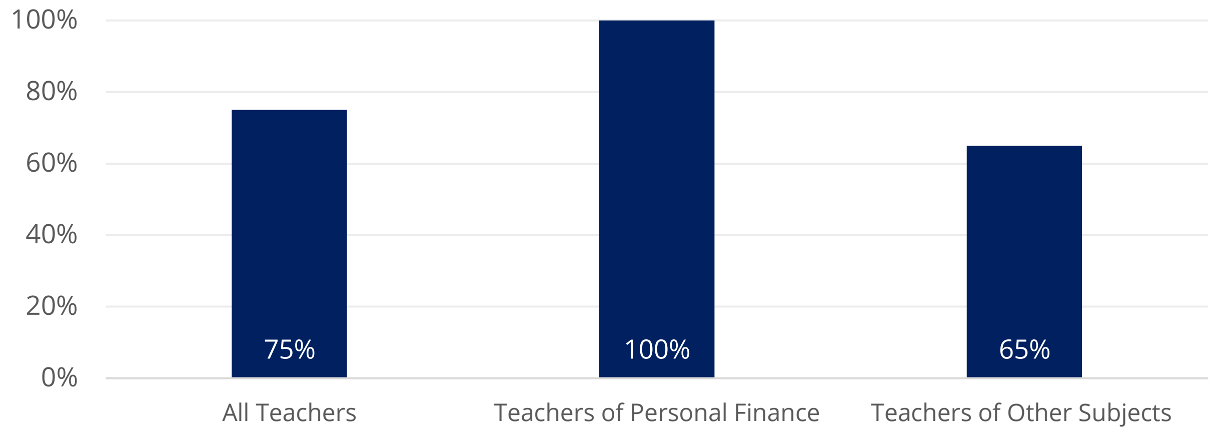
Table 1: Respondents' level of agreement that school-based financial education should be a priority.

	Non-teachers	Teachers	Teachers of Personal Finance	Teachers of Other Subjects
Agree or strongly agree	93%	90%	100%	87%
Observations*	970	795	214	471

*Note: Observations exclude "prefer not to answer"

When it comes to motivation, 75% of all teachers feel motivated to teach personal finance, while 65% of those who teach other subjects feel motivated to do so. Among all teachers who claim to be motivated to teach personal finance, less than half are currently teaching it. These results are promising, especially considering that over half of the teachers of other subjects show a willingness to teach personal finance.

Figure 3: Respondents' who feel motivated to teach personal finance



Survey results show that the majority of respondents agree that school-based financial education should be a priority. Additionally, many reported feeling motivated to teach personal finance. Despite these findings, financial education is not widely incorporated into school curricula. Therefore, we delve deeper into understanding the key drivers of motivation.

Drivers of Motivation

To understand differences in motivation, we ask teachers of personal finance to identify the main factors that help them implement financial education. These factors include a high level of personal financial knowledge (26%), participation in professional development opportunities (23%), and easy-to-use curriculum (14%). We also ask teachers who reported not feeling motivated to teach personal finance to identify the factors that would motivate them to teach the subject. The top responses included participation in professional development opportunities (40%) and a higher level of personal financial knowledge (11%). It is notable that both teachers of personal finance and teachers who reported being unmotivated to teach personal finance cited these motivating factors. Additionally, it is interesting that additional compensation and funding support have little effect on motivation. Moreover, parent and student demand for financial education is not cited as a major motivating factor, even among those who currently teach personal finance. This is unexpected given the widespread awareness of the demand for financial education, as noted in the awareness section of this report.

Confidence

In this final section, we examine how confident teachers feel about teaching personal finance. Previous work has noted that low teacher confidence is a challenge to the implementation of financial education. Our findings show that confidence may differ depending on the subject and teaching strategy. Additionally, we analyze the driving factors of teacher confidence.

All teachers in the survey were asked how confident they feel about teaching personal finance. There are significant differences in confidence among teachers, with the majority of teachers of personal finance (90%) either completely or very confident and only 38% of teachers of other subjects sharing this degree of confidence. Survey findings reveal different levels of confidence when asked about specific personal finance topics. As reported in Table 2, the highest level of confidence among teachers of personal finance (72%) and teachers of other subjects (61%) is around the topic of spending and saving. A lower percentage of teachers of other subjects report feeling confident about all the topics in comparison with teachers of personal finance, with confidence being particularly lacking around investing and risk management. This is consistent with our research that uses data from the TIAA Institute-GFLEC Personal Finance Index; that research indicates that risk management, insurance, and investing are among the topics that Americans are the least confident about (Yakoboski et al., 2019).

Table 2: Percentage of teachers reporting that they are “completely” or “very” confident in teaching personal finance, by topic.

	Teachers of Personal Finance	**Teachers of Other Subjects**
Spending and saving	72%	61%
Credit and debt	71%	56%
Employment and income	62%	60%
Investing	63%	38%
Risk management and insurance	58%	35%
Financial decision-making	65%	57%
Observations	214	471

*Note: Financial education topics are based on Jump$tart’s national standards for financial literacy.

We also ask teachers about their confidence in specific strategies relating to personal finance instruction, such as finding relevant curriculum and determining effective strategies for student learning. Teachers of personal finance consistently report higher confidence than their counterparts who are teaching other subjects. Eighty-seven percent of teachers of personal finance and 62% of teachers of other subjects were confident about finding relevant information or curriculum for a personal finance course. Findings are similar when we investigate teachers' confidence in specific teaching strategies.
We ask about teachers' confidence in:

- determining the financial knowledge of students.
- evaluating and selecting curricula that meet students' needs.
- determining the most effective strategies for student learning.
- teaching engaging topics to which students relate.

On average, teachers of personal finance feel more confident about their teaching strategies than they do about teaching specific personal finance topics. However, teachers of other subjects show relatively similar levels of confidence in teaching strategies and personal finance topics. These results can help inform professional development courses that aim to increase confidence among teachers to focus on both content knowledge and pedagogy.

Drivers of Confidence
We ask teachers what would make them feel more confident about teaching personal finance. The majority—even those who currently teach personal finance—point to professional development. Almost half (48%) of the teachers of other subjects feel that training would help their confidence. These results are consistent with our findings in the teacher motivation section. While training emerges as the starting point for improving confidence and motivation in teaching personal finance, support from the school and a network of other personal finance teachers also can be important confidence boosters. In summary, confidence among personal finance teachers and teachers of other subjects can be fostered through greater access to professional development opportunities, expanding the existing national financial education teachers' network, and adding more school support.

Conclusions and Recommendations

This report analyzes how awareness of the importance of financial education, motivation to teach the subject, and confidence in teaching it can influence school-based financial education. We collected data from both teachers and non-teachers to compare specific attitudes and experiences. We find that awareness is high; many respondents in our sample are aware of the different resources available to teach personal finance and the high demand for financial education. However, the perception of a national movement in the U.S. for school-based financial education is high only among personal finance teachers, individuals already working in the field. Thus, there is a need to increase awareness of the importance and growth of financial education to all teachers and the general population.

Turning to motivation, we find that training—or professional development—and greater personal knowledge of money management are the most effective motivators among teachers. We also find that school support, funding, or additional compensation carry little or no motivational weight. With regard to confidence, we find that confidence overall remains low among teachers of other courses. However, confidence differs depending on the subject and teaching strategy. Notably, investing and risk management rank lowest for confidence among all teachers. This may help inform professional development programming to focus on improving teacher confidence in specific topics as well as the specific teaching strategies, such as understanding how to select appropriate curriculum.

Overall, the survey results show that professional training can be an effective tool to increase motivation and confidence among all teachers. Educators who felt motivated reported professional development as being an important factor in helping them implement financial education. Additionally, teachers who did not feel motivated indicated that training would be most beneficial in increasing their confidence. School support and a national network of financial education teachers may enhance confidence across the board. Policy makers should focus on leveraging teachers' personal and professional development around personal finance education. This will increase teachers' motivation to offer personal finance instruction and confidence in their ability to teach the subject, at the same time widening the national offering of school-based financial education.

References

Hasler, A., Lusardi, A., and Yakoboski P., 2019. "Financial Literacy in the United States and Its Link to Financial Wellness," TIAA Institute and the Global Financial Literacy Excellence Center.

Lusardi, A. and Mitchell, O., 2014. "The economic importance of financial literacy: Theory and evidence." *Journal of Economic Literature*, 52(1), pp. 5–44.

This and other Global Financial Literacy Excellence Center publications are available online at www.gflec.org

GFLEC
GLOBAL FINANCIAL LITERACY EXCELLENCE CENTER

Global Financial Literacy Excellence Center
The George Washington University School of Business
Duquès Hall, Suite 450
2201 G Street NW
Washington, DC 20052
Tel: 202-994-7148

GFLEC West Coast
11622 El Camino Real, Suite 100
San Diego, CA 92130
Tel: 202-731-9926

gflec@gwu.edu | www.gflec.org