



# PALISADES

## CHARTER HIGH SCHOOL

### **THE CASE FOR A PCHS PERSONAL FINANCE COURSE**

1. According to the biennial Survey of the States by the Council for Economic Education, a non-profit research organization funded by the United States Department of Education, as of 2016, 17 states required proficiency in a personal finance course as a prerequisite for public high school graduation.
2. The same survey also reported that 45 states now include personal finance in their public high school curriculum, up from 21 in 1998. (Alaska, **California**, Montana, New Mexico, Wyoming and the District of Columbia still do not.)
3. To be successful, most kids don't need to learn about convertible debentures or the Black-Scholes option pricing model, but they do need to know how to open a bank account, balance a checkbook, create, follow and review a personal budget, set goals for saving each month, and determine the effect of interest rates and how investments benefit from compounded growth. In addition, if and when they borrow money, they should understand how much money they will need to earn to pay it back. They need a course which will demystify money management and give those basic tools and vocabulary to make good choices, instead of constantly requiring on the Bank of MOM ("made of money").
4. In a ten-year study, the Council's data indicated that credit scores of students who had received this training were significantly higher than for those who received no such training. Further, the study also noted that young adults who didn't receive personal financial literacy training were significantly more prone to expensive credit behaviors, such as using payday loans and carrying a balance on high-interest credit cards, as well as a higher frequency of credit defaults and delinquencies. In sum, young adults without this training make more money mistakes.
5. Finally, the Council's survey also found that adolescents in the U.S. receive little coaching at home regarding these subjects.
6. Most of these skills aren't taught in colleges, perhaps because they represent less rarified crudities of life which don't fit into the intellectual critical thinking of the modern university.



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7. While the “School of Hard Knocks” – experience – is often the best teacher, knowing in advance the financial pitfalls which await a student’s independent living can be priceless.
8. Here is a sample of the skills curriculum which such a course might include (much of which could be created by the case method of analysis):
  - a. Cash management, such as opening a bank account, use of a debit card and monthly balancing one’s checkbook;
  - b. Establishing and maintaining credit and handling a credit card (and, more recently, an electronic pay app on a cell phone);
  - c. Cash flow planning and personal budgeting; understanding unavoidable living expenditures;
  - d. Borrowing and credit management, including student loan concepts and possibly including mortgage and vehicle loans;
  - e. Spending/purchasing/leasing choices;
  - f. Basic investment concepts and retirement considerations;
  - g. Lifestyle choices, including housing, home ownership and transportation options;
  - h. Insurance concepts; and
  - i. The many concerns about starting a small business.

**CONCLUSION: I submit to the Board the request that the Administration and Faculty evaluate an elective course, as a starting point, in personal financial management, and to determine if such a course can be given academic credit toward graduation. If invited, I would be happy to participate in the development of such a course.**

Respectfully submitted,  
Reeve Chudd