Financial education helps high schoolers make better decisions about paying for college

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A recent study shows that state-mandated personal finance education requirements cause high school students to make better decisions about how to pay for college. It increases applications for aid, federal aid taken, and grants and decreased credit card use. The research was funded by The National Endowment for Financial Education (NEFE) and conducted by Montana State University.

Key Findings

State-mandated financial education graduation requirements …

- Increase the likelihood that students will apply for financial aid
- Increase acceptance of both grants and subsidized federal loans
- Decrease private loan amounts for borrowers
- Decrease the likelihood of carrying a credit card balance

On average, exposure to financial education …

- Increases applications for aid by 3.5 percent
- Increases the likelihood of having a grant by 1.4 percent
- Decreases the likelihood of carrying a credit card balance by 21 percent
- Reduces private loan balances by roughly $1,300 for borrowers
Students with a lower family expected financial contribution …

- Increase their acceptance of subsidized Stafford loans at a rate three times larger than more affluent students
- Exhibit a decrease in holding a credit card balance
- Exhibit a decrease in working while enrolled

Students with a higher family expected financial contribution …

- Decrease private loan borrowing by roughly $2,400 (among those who borrow loans)
- Are no more or less likely to hold a credit card balance or work while enrolled

See the full study here.

The National Endowment for Financial Education and CSBS are both active in the Jump$tart Coalition, a group of more than 100 national organizations and a network of 51 independent, affiliated state coalitions that share a commitment to advancing youth financial literacy. CSBS President and CEO John Ryan serves on the board of Jump$tart. Learn more about John’s commitment to encouraging savings here.