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Financial Requirement Provides Essential Education

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The past couple years have been helpful in teaching us how important it is for our students to leave high school economically and financially literate. That is, with the skills and knowledge to understand and thrive in our dynamic economy. We've seen how a lack of this understanding can lead to poor decisions resulting in high costs to individuals and society as a whole.

Economic understanding helps students make sense of the world in which they live and gives them critical thinking and decision-making skills to succeed. Whether as individuals, government leaders, or business owners, we know our resources are limited and we can't have everything. Choosing one thing means giving up another, and our decisions have both short and long-term consequences.

It is important for students to understand how our economy works to be able to survive and to thrive within it. Among other things, this is key to understanding the job market and evaluating prospects and opportunities. Individuals are more likely to succeed if they understand, for example, that prices and wages are primarily set by supply and demand, that knowledge and skills are a person's most valuable resources, and that investing in education and training improves the likelihood of future earning success.

Young people's prospects are also enhanced if they understand how the United States economy is interconnected with the global economy -- and are able to explore the challenges and opportunities this presents. Equally important, the more our students understand these connections, the better leaders, business owners, employees, and citizens they will be, and the more we will benefit as a society from their contributions.

Financial literacy is vital to managing life. One must be able to manage financial accounts, earn and keep good credit, and save and invest wisely. In addition, the costs are high for those who do not prepare for risks or who ruin their credit.

I believe it is better for everyone that students learn the essentials of personal finance in high school, rather than learning these lessons through costly mistakes.

I am not alone in believing economic and financial education is critical to preparing our children to survive in our dynamic economy and to strengthening Virginia's economy. The Virginia Board of Education recently updated Virginia's graduation requirements. It added a credit in economics and personal finance as a condition of graduation.

This addition will provide an important capstone course to bring together the economics concepts that have been infused in social studies K-12 and apply them to personal finance. The board's decision was supported by parents and business people who recognized the value of this preparation.

As originally adopted, students entering the 9th grade in 2010-2011 (the Class of 2014) would need to earn this credit before graduating. Because of the very difficult financial situation schools face, the Virginia Council on Economic Education (VCEE) joined other nonprofit organizations along with the business community in supporting legislation to delay implementation by one year. This change gives school divisions a full five years to prepare to provide this critical education in our schools.

For school divisions concerned about having teachers prepared to teach economics and personal finance, there is much that can begin now, at little or no expense to the schools. VCEE, in conjunction with its affiliated university-based centers, the Federal Reserve Bank of Richmond, and many other organizations, has developed professional development opportunities for teachers around the commonwealth. Also, our business community has offered very generous financial support, which means these development opportunities for educators are available at no cost.

Details about these opportunities, as well as information from other universities and organizations, are available at <http://www.vcee.org>.

Further, many existing resources are available to educators who will teach these topics, including access to guest speakers and creative materials and lessons. Efforts are under way to make it easy for teachers to find these resources.

With the availability of quality development resources, the involvement of numerous nonprofit organizations committed to educating our children, the generous support from our business community, and five years for our school divisions to prepare, I am convinced that now is the time to begin adopting this high school course and insuring its successful implementation so that our graduating high school students are well prepared to face the many challenges ahead of them.

I understand the magnitude of the budget challenges school divisions are facing. I also know how critical it is to prepare our students to succeed as young adults who can leverage their economic and financial literacy for their benefit and society's. Many people and organizations stand ready to assist in accomplishing this goal.

Jeffrey R. Leopold is chairman of the Virginia Council on Economic Education, a nonprofit public-private partnership dedicated to providing Virginia's K-12 students with the economic knowledge and financial skills needed to thrive in our dynamic economy. He has three school-age children in Henrico. Contact him at leopoldjr@gmail.com.