



# Unlocking Financial Success: The Role of Entrepreneurship Education in K-12 Financial Literacy



There's an exciting buzz surrounding the push for financial literacy in K-12 education, with states ramping up their efforts to equip students with essential money management skills. As of 2023, 53% of American high school students have access to a financial literacy course before graduation, marking a substantial 700% increase since 2013.<sup>1</sup> This intensified focus on financial education can be attributed to various factors, including shifts in the workforce landscape, economic volatility, and the enduring effects of the pandemic. Although the broader initiative for financial literacy policy is promising, the lack of uniformity in how states define financial literacy results in a diverse array of policies. Consequently, the effectiveness of these policies is significantly impacted by the scope they cover.

Traditionally, high school financial literacy has addressed various personal finance topics, including earning income, budgeting, comprehending credit scores, investing, and risk management. However, to truly equip students for their financial journeys and enable them to navigate the complexities of today's financial world, financial literacy should extend beyond basic personal finance principles. The Network for Teaching Entrepreneurship (NFTE) believes that by equipping young people with an entrepreneurial mindset, we're preparing them not only to understand financial concepts but also to thrive in the future job market.

Due to its multifaceted approach to equipping students with both practical financial skills and work readiness skills like critical thinking, problem-solving, and decision-making, entrepreneurship education serves as a vital component of financial literacy within K-12 education. Through hands-on experience in creating and managing businesses, students gain a practical understanding of financial concepts like budgeting, investment strategies, and risk management. Several states have adopted policies that embrace this broader understanding of financial literacy—incorporating a range of components, including entrepreneurship education, to provide students with a comprehensive and enriched learning experience—and more should follow suit. Through entrepreneurship education, students not only learn how to manage their finances effectively but also develop the agency and resilience needed to seize control of their financial futures.

<sup>1</sup> Goldman Sachs. (2023). Generative AI could raise global GDP by 7%. <https://www.goldmansachs.com/intelligence/pages/generative-ai-could-raise-global-gdp-by-7-percent.html>. (accessed on 02/08/24)

## About NFTE

The Network for Teaching Entrepreneurship (NFTE) is a global education nonprofit that empowers partners to integrate entrepreneurial education across curricula and equips youth in under-resourced communities with the skills, connections, credentials, and real-world experiences needed to lead change and own their futures. Since 1987, NFTE has reached more than a million learners worldwide.

## One NFTE Alum's Entrepreneurial Journey in Financial Literacy

NFTE alumnus and 2024 Forbes 30 under 30 honoree Myles Gage credits his success in the realm of financial literacy to his formative experiences with various education programs, including NFTE. His journey began in elementary school when he participated in his first financial literacy program, sparking a lifelong interest in finances. This passion was further ignited in 2008 when Myles earned the title of the Federal Reserve Bank of Chicago's Money \$mart Kid of the year, thanks to an essay detailing his decision to liquidate his personal stock portfolio to fund his college education. Throughout middle and high school, Myles continued to hone his entrepreneurial skills through NFTE's programs, learning how to transform his interests, such as customizing shoes and developing smartphone apps, into marketable products. During 2016, Myles, alongside his high school friend Brian Curcio, co-founded Rapunzl Investments. This venture aimed to empower students by providing them with a free mobile and web platform to simulate \$10,000 stock and crypto portfolios in scholarship competitions, all while offering educators an integrated, standards-aligned financial literacy curriculum.



Reflecting on his journey, Myles emphasizes the transformative power of entrepreneurship, stating, "Entrepreneurship unlocks students' superpowers. Early exposure to financial literacy and entrepreneurship gives students the confidence to explore their interests and turn them into ventures of their own."

## State-Level Approaches to Integrating Entrepreneurship in Financial Literacy Education

Amidst the backdrop of economic uncertainty, workforce transitions, and the aftermath of the pandemic, there's a widespread discourse spanning education, policy, and workforce sectors, all centered on improving students' financial preparedness for the future. Notably, there's been not only an uptick in basic state-level policies requiring a financial literacy course for high school graduation but also a surge in comprehensive policy initiatives spanning K-12 education. Currently, just seven states—Alabama, Iowa, Mississippi, Missouri, Tennessee, Utah, and Virginia—have earned an A grade, indicating they mandate students to complete a semester-long personal finance course or its equivalent, according to the Center for Financial Literacy at Champlain College in Vermont.<sup>2</sup> Conversely, five states received an F grade, signifying a lack of substantial requirements for personal finance education in high schools.<sup>3</sup> Looking ahead, projections suggest that by 2028, 23 states will achieve top grades due to recent legislative approvals.<sup>4</sup>

Although many states are projected to enhance their financial literacy programs in the coming years, few explicitly include entrepreneurship requirements. While those initiatives represent positive steps, there's a need for broader recognition of entrepreneurship as a crucial aspect of financial literacy. Efforts to integrate entrepreneurship education into state policies could facilitate a more comprehensive approach to preparing students for diverse financial challenges and opportunities, ensuring they possess the skills needed to thrive in an ever-evolving economic landscape. Through a variety of state case studies, this policy brief will examine the integration of entrepreneurship education within existing state policies, explore potential connections to current state policies, and propose adaptations to incorporate entrepreneurship education into state policies.

<sup>2</sup> Carrns, A. (2023). More States Now Require Financial Literacy Classes in High Schools. The New York Times. <https://www.nytimes.com/2023/12/01/your-money/financial-literacy-high-school-students.html>

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

## New Jersey

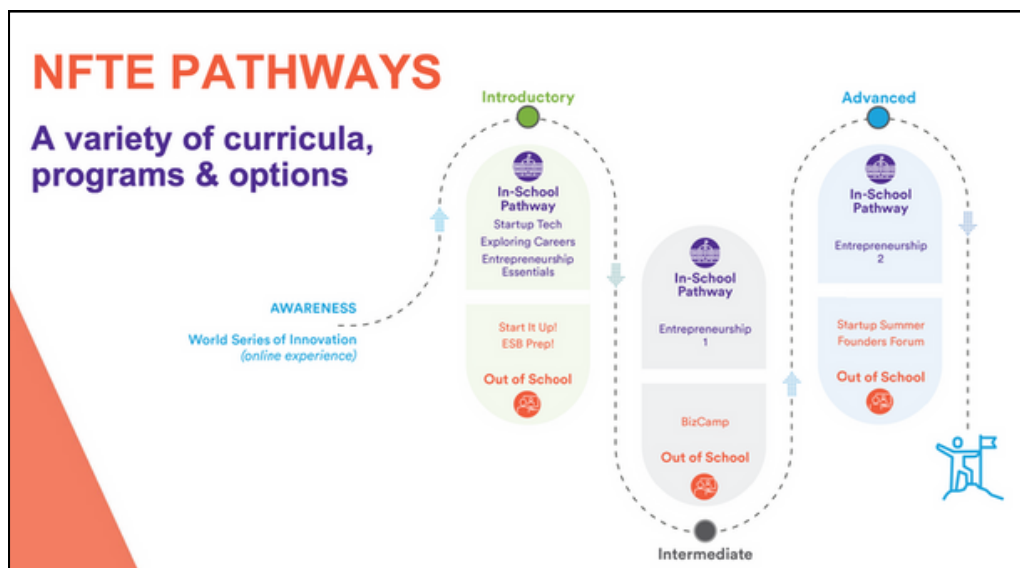
To earn a high school diploma in New Jersey, students must fulfill requirements totaling 2.5 credits, equivalent to a half-year, in Financial, Economic Business, and Entrepreneurial Business Literacy.<sup>5</sup> The state's educational policies extend their focus to younger grades as well; New Jersey Career Readiness, Life Literacies, and Key Skills Learning Standards outline specific Personal Financial Literacy standards to be achieved by Grades 2, 5, 8, and 12.<sup>6</sup> These standards encompass essential areas for a comprehensive financial literacy education, including personal finance management, career preparedness, and the cultivation of crucial skills such as problem-solving, creativity, and innovation.

New Jersey also stands out as one of the few states that prioritize entrepreneurship education within its financial literacy policies and learning standards, and with good reason. Early exposure to financial literacy is necessary to help young people navigate their futures in an ever-evolving financial climate. While many traditional financial literacy courses concentrate on foundational aspects such as budgeting, retirement savings, and spending habits, New Jersey's policies recognize that a more well-rounded education that encompasses real-world learning opportunities is necessary to truly equipping young people. Entrepreneurship education programs like those offered by NFTE support these aspects of financial literacy, along with how to launch and manage a business and create a profit. Integrating entrepreneurship curriculum into education equips students with the skills, mindset, and knowledge essential for confidently navigating an uncertain future.

## Virginia

In Virginia, a personal finance course is mandated for high school graduation. While the state's Economics and Personal Finance Standards of Learning predominantly center on personal financial matters, one standard underscores the importance of mastering business management skills.<sup>7</sup> Through this standalone course and mandated standards, students gain insights into economic and market operations, as well as the interconnectedness of the US economy with the global one. Additionally, students learn about the significance of their own human capital—comprising knowledge and skills—as their most valuable asset. Virginia also incorporates financial literacy in the earlier grades, which are embedded in the K-8 Virginia History and Social Science Standards of Learning.<sup>8</sup> Starting from kindergarten and continuing through eighth grade, students acquire various financial literacy skills that progressively build, ultimately preparing them for high school.

Although Virginia's policies do not explicitly address entrepreneurship education, programs dedicated to entrepreneurship often fulfill many of the requirements and develop the skills outlined in its policies. NFTE's array of programs (see image on right) caters to middle school, high school, and postsecondary students, offering a comprehensive approach to financial literacy. From the foundational concepts taught in high school programs like



5 The Department of Education. New Jersey Student Learning Standards: 9.1 Personal Financial Literacy. <https://www.nj.gov/education/standards/clicks/finlit.shtml> (accessed on 03/22/24).

6 Ibid

7 Virginia Department of Education. Economics of Personal Finance. <https://www.doe.virginia.gov/teaching-learning-assessment/instruction/economics-personal-finance> (accessed on 04/10/24).

8 Ibid.

Entrepreneurship 1 and 2, to the immersive experiences of summer BizCamps, students gain essential skills such as budgeting, profit calculations, and cash flow management. However, it's the middle grades program, Exploring Careers, that delves deepest into financial literacy, equipping students with the knowledge of tax filing and long-term financial preparation. It is imperative to synchronize policy language with the essential educational programs required for student financial learning. Explicitly acknowledging entrepreneurship education within financial literacy policies guarantees a comprehensive approach to student education.

## Indiana

In Indiana, financial literacy education spans from kindergarten through 12th grade. The Indiana Department of Education establishes personal finance standards for K-6 grades and offers a comprehensive framework for financial literacy standards, including those for the end of 8th and 12th grades.<sup>9</sup> Additionally, to graduate high school, all students must meet the Financial Literacy Education (FLE) High School Standards by the culmination of 12th grade.<sup>10</sup> Indiana's standards emphasize fundamental aspects of personal finance, decision-making, and responsibility. They also highlight how external factors, job markets, and career choices, including entrepreneurship, can influence financial success.

Early entrepreneurship education can have a lasting impact on fostering financial literacy skills and equipping students for the intricate financial landscapes they will encounter as they grow, which are a focus of policies like those in Indiana. Many of NFTE's programs culminate in pitch competitions held at regional, national, and global levels, where students showcase their business ideas for a chance to secure seed funding. NFTE's commitment to providing real-world contexts for financial fluency motivates students to not only engage with and master financial literacy concepts but also to develop skills such as creativity, opportunity recognition, and risk-taking. This establishes a solid foundation for their future endeavors in the workforce.

## Georgia

Until recently, graduating high school in Georgia required completing a one-half credit economics course that included personal finance instruction.<sup>11</sup> This changed in 2022, when legislation made it mandatory for students to take a half-credit personal finance course for graduation, rather than a course with only partial financial literacy content. Still, while financial literacy is partially integrated into Georgia's K-12 standards, it lacks comprehensive coverage. As a result, although Georgia students are exposed to financial literacy, its consistent inclusion in each grade level is not guaranteed.

In states such as Georgia, where clear policy directives may be lacking, proactive school administrators and teachers have turned to entrepreneurship education as a means of offering broader financial literacy instruction. At Cross Keys High School, NFTE school partner in DeKalb County School District, Atlanta, Georgia, educator Michael Green exemplifies this integration by organizing an annual Market Day event. Employing NFTE's programs, Green guides students through various business aspects, ranging from value proposition to cost structures. Teams of 4-5 students then pitch their "Bid Proposal" to Green, aiming to secure a cash loan. Over the past decade, Green has incrementally increased the loan amount from an initial \$100 to an average of \$250 per group. Students autonomously shop for ingredients and utilize the cafeteria during lunch to sell their authentic dishes to peers on a designated day. After repaying the loan, groups retain the profits. In Georgia, where financial literacy is partially embedded in K-12 standards mandating high school students to undertake a half-credit personal finance course,<sup>12</sup> Green's innovative approach seamlessly intertwines entrepreneurship and financial literacy, offering students invaluable real-world learning experiences encompassing financial education.

<sup>9</sup> Indiana Department of Education. Financial Literacy. <https://www.in.gov/doi/students/indiana-academic-standards/financial-literacy/> (accessed on 04/10/24).

<sup>10</sup> Ibid

<sup>11</sup> Georgia Department of Education. Personal Finance and Economics - Social Studies Georgia Standards of Excellence (GSE). <https://www.georgiastandards.org/Georgia-Standards/Pages/Social-Studies-Economics.aspx> (accessed on 04/10/24).

<sup>12</sup> The Nation's Report Card on Financial Literacy. (2023). Georgia. <https://www.thenationsreportcard.org/georgia> (accessed on 04/05/24).



## The Role of NFTE Coaches and Advisors

NFTE mobilizes business leaders and entrepreneurs as volunteers to infuse real-world experience into every NFTE student's program journey. These dedicated volunteers serve as coaches, business advisors, guest speakers, and competition judges, offering invaluable guidance. Beyond refining business ideas and plans, they play a pivotal role in enhancing financial literacy by providing insights into financial management, budgeting, and navigating economic landscapes.

Here are what two of NFTE's volunteers have to say about the experience:

"Teaching financial literacy as part of NFTE's entrepreneurship programs equips students with a crucial skill frequently neglected in school curriculums. This entrepreneurial mindset benefits not only aspiring business owners but also empowers those entering the workforce as employees, making it an invaluable addition to their education."

- Diana Dibble, CEO, Tripod Coaching & Consulting®



"I volunteer as a NFTE coach because I see the great value in exposing young people to the many aspects of starting and running a successful business. NFTE helps students understand the importance of planning, researching and effectively running a successful enterprise. Exposure to those areas may spark a passion that can positively impact the development of the students well into their adult lives. Also, I believe there are some personal financial management skills derived from the program. I am confident that there will be many successful businesses that result from NFTE's program."

- Joel NC Barnett, SVP/Director of Commercial Affinity Banking, Fulton Bank

## Conclusion

As the discourse surrounding financial literacy in K-12 education gains momentum, it's evident that integrating entrepreneurship education plays a vital role in preparing students for future financial success. While progress has been made with increased access to financial literacy courses across the nation, there's still work to be done in recognizing entrepreneurship as a critical component of financial literacy. By aligning policy language, integrating entrepreneurship into curricula, investing in educator training, fostering community partnerships, and incentivizing schools, we can ensure that students receive a comprehensive education that equips them with the skills and knowledge needed to thrive in today's complex economic landscape. Through collaborative efforts and innovative approaches, we can unlock the potential for financial success among today's youth and empower them to navigate their financial futures with confidence and resilience.

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