

Financial literacy will soon become required learning

BY KATHRYN REED
For North Bay Business Journal

While California high school students beginning with the 2027–28 school year must be taught the ABCs of finance, some local districts are ahead of the curve, with financial literacy already part of the curriculum.

This is the seventh year Sarah Velasquez has been teaching financial algebra at Buckingham Collegiate Charter in Vacaville, which evolved from two years of teaching business math “on steroids.”

“It’s definitely an impactful class for them. It is the knowledge they were yearning for,” Velasquez said.

While it’s not a required class, about one-quarter of Buckingham students willingly sign up for it. The yearlong course counts as a math requirement — which isn’t true of all of these types of classes.

California will allow financial literacy to be a substitute for economics, which falls under the social studies guidelines.

Financial literacy will be a graduation requirement starting with the class of 2030.

Velasquez believes a class like hers is important for all students no matter what their plans are after high school.

“One unifying thing is they all need to know how to manage money,” Velasquez said.

With the legislation’s passage this year, California becomes the 26th state to mandate this type of curriculum.

“Financial literacy is a critical tool that pays dividends for a lifetime,” state Senate President Pro Tem Mike McGuire, D-Geyserville, said in a statement. “There’s a wealth of data about the benefits of learning these valuable lessons in high school, from improving credit scores and reducing default rates, to increasing the likelihood that our future generations will maintain three months of savings for emergencies and have at least one kind of retirement account.”

Tyton Partners, a consulting firm aiming to transform the education landscape, put out a report titled “2024 Investing in Tomorrow: Lifetime Value of Financial Education in High School.”

It says students in California who take financial literacy are likely to realize a \$127,000 return on investment based on applying what they’ve learned to real life situations.

“For example, reduced credit/debt costs and student loan costs come into play as soon as one establishes a line of credit,” the report says. “On the other hand, reduced insurance and borrowing costs may not



Hundreds of students in Napa take part in Redwood Credit Union’s Bite of Reality program.

COURTESY: REDWOOD CREDIT UNION

FINANCIAL LITERACY TOPICS CALIFORNIA DISTRICTS MUST TEACH

- Fundamentals of banking for personal use
- Principle of budgeting
- Employment and factors that affect net income
- Uses and effects of credit
- Uses and costs of loans
- Types and costs of insurance
- Impacts of the tax system
- Principles of investing and building wealth
- Consumer protection skills to avoid scams and fraud
- Identifying means to finance college or career pathways
- Charitable giving
- Understanding how psychology can impact financial well-being

SOURCE: CALIFORNIA DEPARTMENT OF EDUCATION

take effect until one’s 30s, and retirement wealth — while accumulating over a lifetime — is not realized until relatively late in life.”

Understanding finances

Those in the world of finance applaud

the state’s decision.

“This is something that is long overdue and I couldn’t be happier that they will be teaching financial literacy in high school. We need to teach our youth how credit card debt actually works,” Matt Delaney with

JDH Wealth Management in Santa Rosa said. “If we can get people to avoid credit card debt before it’s too late, we will be setting people up for success. Too many people think that they are getting ahead by earning 3% on their money at the bank when they have \$10,000 in credit card debt, making the minimum payments and paying 25% in interest. The economics don’t work out in their favor.”

John Mackey, senior vice president and managing director of investment and fiduciary services at Exchange Bank Trust & Investment Management in Santa Rosa, echoes Delaney’s words.

It’s not uncommon for Mackey and his colleagues to have to teach basic principles of investing to clients. While he admits it will take time to see if the new curriculum will have a profound impact, he hopes it will mean people making fewer financial mistakes.

Mackey is encouraged young people will be taught real world issues like the drawbacks of running up credit card debt

See **LITERACY** page 7