

## How is Inflation Taught in the U.S.? Examining Financial Education Approaches

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Understanding inflation is important; It has been identified as one of the “big three” financial concepts that individuals should understand as part of being financially literate (Lusardi & Mitchell, 2007). Low and stable since the early 1980s, U.S. inflation has risen dramatically in recent months (McFee, 2021), begging the question, “What is the state of knowledge about inflation in the U.S., how it is taught, and are schools educating students how to understand and manage high inflation?”

This exploratory study combines several approaches to answer these questions. We examine responses to financial literacy questions in FINRA’s 2018 National Financial Capability Study with a focus on inflation. We examine national and state financial literacy education standards, specifically for inflation-related content.

In an early review of FINRA’s study, 7% of respondents were able to answer all six financial literacy questions correctly, 40% were able to answer four questions correctly, and 57.6% correctly answered the one inflation question (NFCS, 2018). In an early analysis of financial education, we find an underdeveloped approach to inflation.

This early-stage study shows that as it pertains to inflation, financial education has been inconsistent and lacking. It has been more than 40 years since Americans have had to operate in a high inflationary environment; however, with high, and perhaps structural, inflation afoot, an educational focus on inflation is warranted.

### References

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