

Why I advocated against the financial literacy ballot initiative

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Financial literacy is good

- Many people don't understand
 - Compound interest
 - The importance of early saving
 - Tax brackets
 - How to avoid bank fees
 - How retirement works

But ballot initiatives to change education policies are bad

- They set a bad precedent—we may like this initiative, but we won't like the next one.
- Prior ballot initiatives have severely harmed California education
 - Proposition 13
 - Proposition 227
- And non-education ballot initiatives have been harmful too!
 - Proposition 8

Because voters don't know much about education policy (even parents!)

Refutation Texts: A New Approach to Changing Public Misconceptions About Education Policy


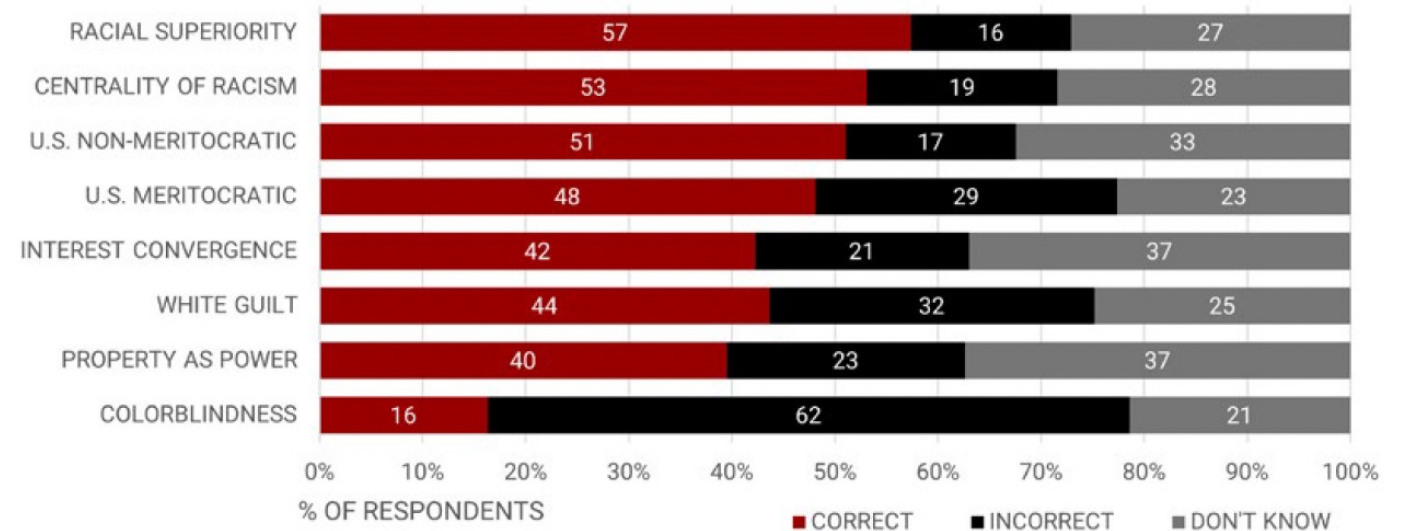
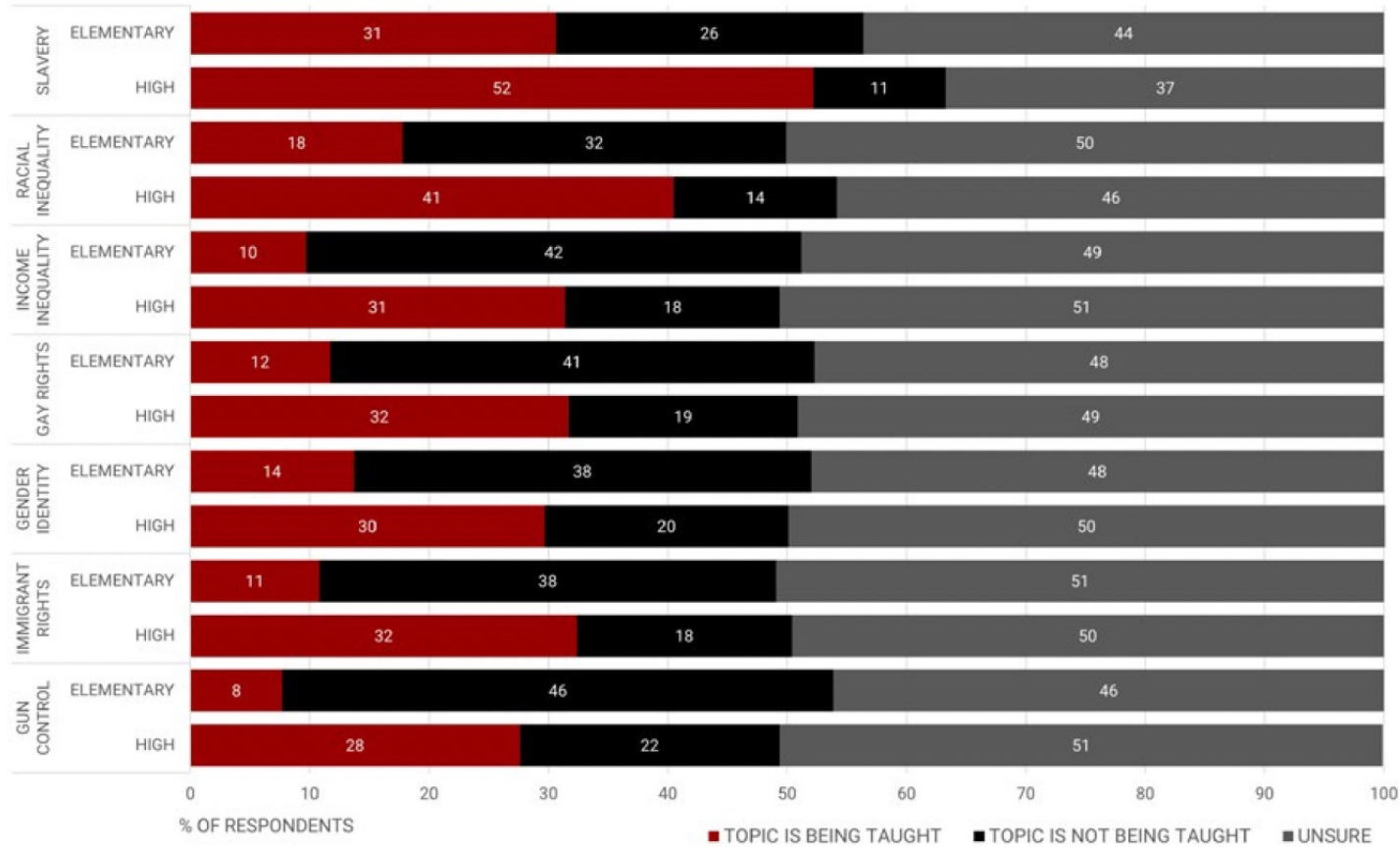
Stephen J. Aguilar¹ , Morgan S. Polikoff¹, and Gale M. Sinatra¹

Figure 3: On average, American adults fail to answer each of the eight questions correctly



They don't even know what's being taught in school (even parents)!

Figure 6: Many Americans don't know what is currently being taught in schools

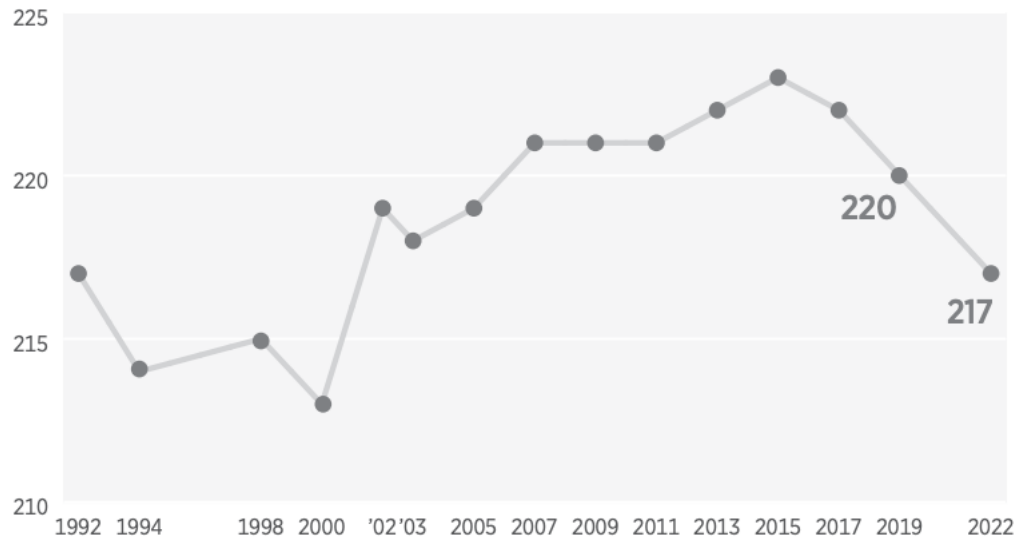


There are established means to enact policy changes

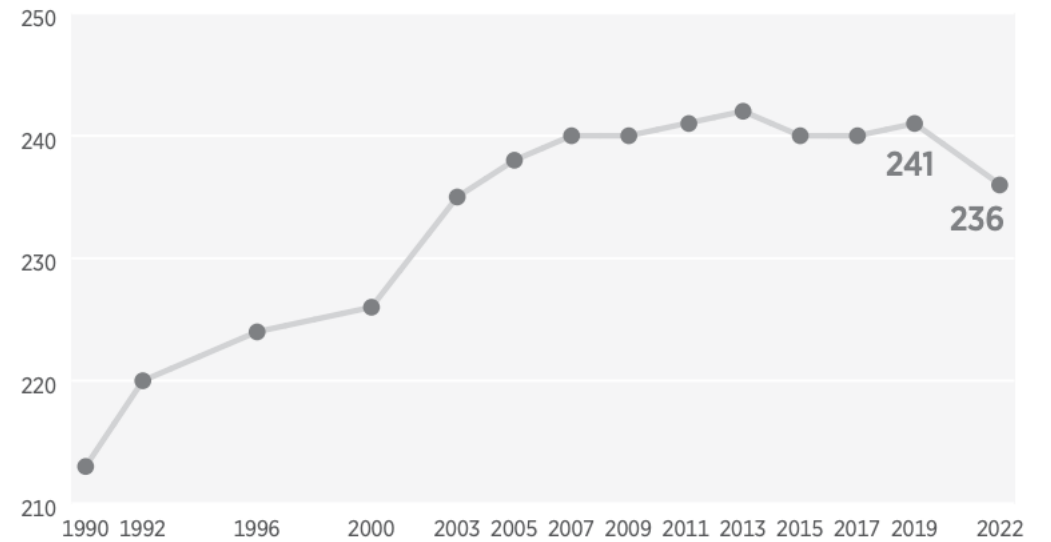
- Policymakers who do work on these issues day in/day out are much better positioned to pass rules in the context of existing policies (i.e., ones that aren't duplicative or conflicting). So ...
 - Lobby legislators
 - Work with interest/advocacy groups to drive policy
 - Vote out politicians who aren't serving your interests

There are opportunity costs

FOURTH-GRADE READING, AVERAGE SCORES

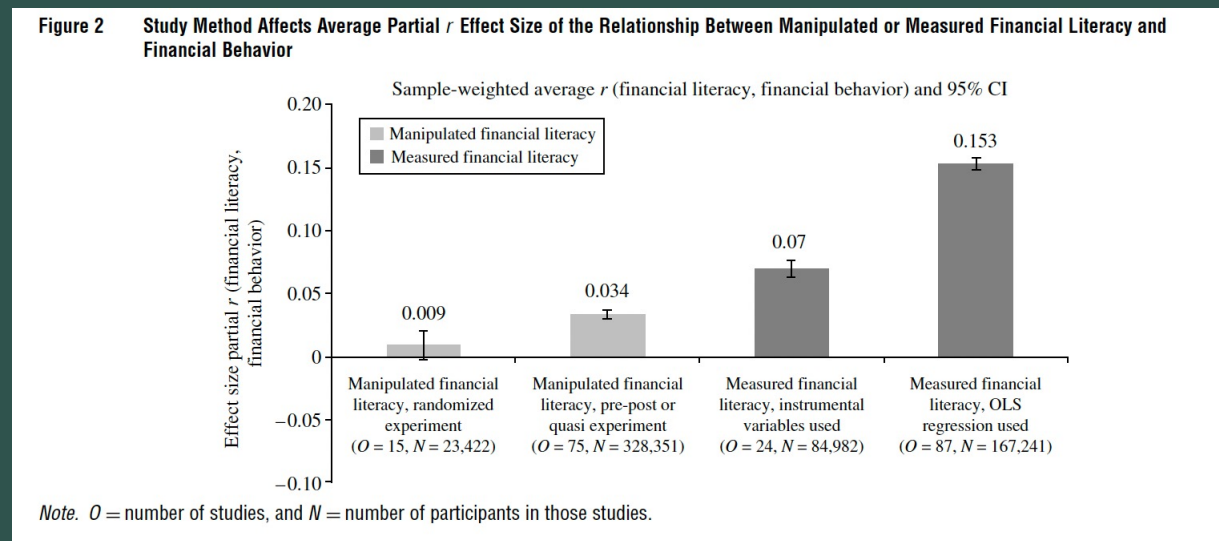


FOURTH-GRADE MATH, AVERAGE SCORES



And the best evidence on financial literacy is... not that strong

- 2014 meta-analysis of experimental studies finds non-significant .009 standard deviation effect size (Fernandes et al., 2014)
 - Quasi-experimental studies have a .034 effect size.



We can more directly intervene to help people with their finances

- Government should make our lives easier, not rely on knowledge interventions so we have to figure it out on our own.
- Cap onerous fees
- Incentivize (or make opt-out) interventions to support retirement and savings
- Make taxation simpler