

PA House Education Committee Hearing on Financial Education in Schools – October 6, 2014
Testimony Presented by Mary Rosenkrans, Chair
Pennsylvania Task Force on Economic Education and Personal Financial Literacy Education

Thank you Chairman Clymer, Chairman Roebuck and members of the House Education Committee for allowing me to speak about the need for financial education in schools.

I served as the chair of the Financial Literacy Task Force that was mandated by Act 104 of 2010. I am joined here today by two of our task force members—Dr. Cathy Bowen and Mr. Joseph Staub—to speak about the report and recommendations that were submitted to the governor and Legislature in January 2013.

I have been working in the field of financial education for over ten years, with seven of those years in state government—as director of the Pennsylvania Office of Financial Education, and prior to that, as that office’s school-based specialist providing teacher training and classroom resources on personal finance.

The Office of Financial Education, which was housed in and funded by the Pennsylvania Department of Banking (now Banking and Securities) and which used no taxpayer dollars, had a three-prong approach to financial education by providing train-the-trainer programs to schools, community-based organizations and workplaces. Created in 2004, the office was eliminated in 2011.

From 2005-2011, the office held an annual Governor’s Institute on Financial Education. This full-scholarship, campus-based training was funded by the Banking Department and presented in partnership with the Department of Education. In addition to this week-long program, professional development workshops were conducted across the state at either local school district or intermediate unit in-service days. All totaled, close to 3,000 of our commonwealth’s teachers and school administrators received services and materials to help them either create a standalone personal finance course at the high school level or integrate those concepts into their existing K-12 classes.

The Task Force on Financial Education met for fourteen months to study the needs and trends of financial education in Pennsylvania’s schools. I would like to acknowledge the work of the task force members who represented some of our state’s most knowledgeable experts on financial literacy and who took their task very seriously. They did an extensive review of current research and best practices from other states and here in Pennsylvania so that we could make recommendations on how to improve our existing efforts.

Four Task Force Recommendations:

- Recommendation 1: Require every Pennsylvania high school student to complete a standalone capstone course on personal finance in order to graduate.
- Recommendation 2: Adopt comprehensive, standalone Pennsylvania K-12 academic standards devoted to personal finance.
- Recommendation 3: Provide dedicated funding to support high quality K-12 personal finance instruction and teacher training.
- Recommendation 4: Develop a financial education instructional endorsement for secondary teachers in Pennsylvania and corresponding program guidelines for professional educator programs.

Here is what we know:

- Today's financial world has become more and more complicated and, yet, consumers are expected to make many choices on their own about how to manage their money—often with little or no knowledge on how to do this.
- Lacking financial literacy can lead to a lifetime of financial problems that not only affects individuals, but also impacts the overall economic growth of the nation and our commonwealth.
- Because consumers are often confused about the products and services provided by the financial services industry and because many do not trust the information that they receive from them, they look to government to protect them and provide financial education resources that are vetted and come without a sales pitch.
- Financial education should start early by introducing basic concepts about needs vs. wants, spending and saving in the elementary and middle school years and then expanded upon, culminating with a standalone course at the high school level.
- As students enter their high school years, they are faced with making more complicated decisions about insurance, credit cards and paying for post-secondary education. In their senior year, these 17 and 18 year olds are being asked to make one of the biggest financial decisions of their lifetime when they sign student loan documents with little or no understanding of the terms or economic consequences for their future.
 - The 2012 study “High Debt, Low Information: A Survey of Student Loan Borrowers” reported that about 65% of respondents misunderstood or were surprised by aspects of their student loans or the student loan process.
- Parents, who are often their child's first source of financial education, say they could use help themselves and overwhelmingly support the teaching of personal finance in schools. A 2011 Visa survey revealed that 85% of American parents believe all high school students should be required to take a class in financial education.
- When I travelled across the commonwealth to conduct in-service training on financial education, I would often hear from teachers who were teaching personal finance that parents

knew what cycle day that class met and would quiz their children about what they learned—electronic banking, identity theft, phishing scams and the like—innovations and issues that have emerged that they know little about. So how can they teach what they themselves do not know?

- Even school administrators, who we all know have many issues to address in today’s public schools, tell me that they think financial education is important and wish that they had had a class in it themselves so that they didn’t have to learn from the “school of hard knocks.”
 - See “Voices of Administrators” which includes interviews with fifteen Pennsylvania school district administrators on their high school financial education efforts.
(<http://www.moneysbestfriend.com/default.aspx?id=393>)
- Here in Pennsylvania, there are about 10% or close to fifty school districts whose school boards have passed a resolution for a required course. This is in large part driven by requests from parents and members of their local community. You will hear from two of those school districts today.
- The majority of Pennsylvania high schools, when surveyed by Penn State’s Survey Research Center in 2007 and 2009, said that they offered some personal finance instruction, either integrated into another course or as an elective class which may or may not be required for graduation.
 - See “Status of Financial Education in Pennsylvania High Schools” by Penn State University Survey Research Center.
(<http://www.moneysbestfriend.com/default.aspx?id=351>)

So how do we do this?

- Financial literacy is a bipartisan issue that has support from both Democrats and Republicans. Today’s hearing is an indication of that. The National Conference of State Legislators indicates that over 500 bills have been introduced concerning financial literacy since 2004.
- Four states—Missouri, Utah, Tennessee and Virginia—lead the nation in passing legislation that requires every student take a standalone, semester-long personal finance course in order to graduate.
- Some states have passed legislation that was not as specific which has led to confusion by LEAs and created a hodge-podge approach to implementation.
- To teach personal finance school districts do not need to purchase expensive textbooks. There are many free or low-cost curricula and classroom materials available for K-12 teachers to use in their classrooms. You will hear about some of those resources today.
- While we know that most of our high schools are offering some type of financial education as an elective or integrated into a class such as math, economics or family and consumer science. However, when offered as an elective course, only half of the students typically will take it. And, when integrated into another class, less than 25% of the content is devoted to personal finance instruction.

- Pennsylvania received a “D” letter grade in the 2013 “National Report Card on State Efforts to Improve Financial Literacy in High Schools” by Champlain College’s Center for Financial Literacy. (http://www.champlain.edu/Documents/Centers-of-Excellence/Center-for-Financial-Literacy/Champlain-College-Center-for-Financial-Literacy-State-Report-Card_.pdf)
- Like Pennsylvania, other states’ education departments have partnered with their financial services divisions (banking, insurance or securities) to fund school-based financial education, including Connecticut, Oregon, Delaware, Texas, Iowa, Nebraska and West Virginia. Or, through their treasurer’s office as Tennessee, Massachusetts and Illinois did.

So, after looking at the trends and needs, funding issues and all the research and relevant statistics, the task force determined that it was critical for every student—regardless of their plans after graduation—to have access to basic money management lessons in order for them to make informed decisions about saving, spending, investing and protecting their money as they enter today’s complicated financial world. Not just some students, but all. This is why we unanimously agreed on the four recommendations presented in the task force report which fit together like pieces in a puzzle to complete the picture of a financially-literate generation of Pennsylvania citizens.

Thank you for the opportunity to speak to you today on an issue that I am very passionate about. I am happy to answer any of your questions today as well as provide additional information upon your request. I can be reached at mcr.hbg@verizon.net or at 717.991.2587.