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Testimony on Financial Literacy

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Good morning Chairman Clymer, Chairman Roebuck, members of the committee, colleagues, and friends. Thank you for the opportunity to testify this morning on a topic that I am extremely passionate about, improving financial literacy among children and adults. I am Michael Wishnow, Senior Vice President of the Pennsylvania Credit Union Association (PCUA). PCUA is the trade association for Pennsylvania's more than 470 credit unions holding more than \$39 billion in assets and serving almost 3.8 million members.

In my role with PCUA, I also have the privilege of overseeing the Pennsylvania Credit Union Foundation (Foundation), the charitable arm of Pennsylvania's credit union movement. One of the Foundation's top three priorities is supporting financial education efforts in the form of grants to credit unions and community organizations to conduct financial education programming in schools, workplaces, and communities.

Finally, my personal passion for improving financial literacy predates my time with PCUA. In 1990, when I was then employed with the Pennsylvania Department of Banking, I was a founding member of the Pennsylvania Jump\$tart Coalition for Youth Financial Literacy and served as that organizations president for four years. I also had the privilege of serving on the Task Force on Economic Education and Personal Financial Literacy Education appointed in July 2011 by the Secretary of the Pennsylvania Department of Education, in consultation with the Secretary of the Pennsylvania Department of Banking, along with my colleagues on the prior panel.

Please let me state at the outset that PCUA fully supports the recommendations of the Task Force report: 1) that every student should be required to take a capstone course as a graduation requirement; 2) that Pennsylvania should adopt comprehensive, standalone Pennsylvania K-12 academic standards devoted to personal finance; 3) that Pennsylvania should provide dedicated funding to support high quality K-12 personal finance instruction and teacher training personal finance; and 4) that Pennsylvania should develop a financial education instructional endorsement for secondary teachers in Pennsylvania. These four recommendations, when taken together, would go a long way toward improving our children's knowledge and understanding of personal finance concepts upon graduating from high school.

I know a number of panelists on this and other panels have made the case for the important need for financial education, given the woeful scores that high school seniors have demonstrated on the Jump\$tart financial literacy test and others. I think we all agree that financial education in the home is hit or miss as many Pennsylvania families feel it is taboo to talk about the family's personal finances with their children. We also know that financial education, while contained across several of Pennsylvania's current academic standards, is not uniformly taught in Pennsylvania's locally controlled 500 school districts – some do a good job, while others don't teach it at all. So, the need for uniformity of experience coupled with

student's demonstrated poor understanding of personal finance concepts points to the need to implement the recommendations of the task force.

As credit unions, we see first-hand the type of trouble people can get themselves into when they don't understand basic personal finance. In fact, almost all of our credit unions are involved in teaching personal finance at some level. Through our Foundation, our credit unions have conducted programs in 236 of Pennsylvania's 500 school districts. These programs range from teaching lessons, to providing financial education curriculum, to conducting Financial Reality Fairs, to in-school branches.

Please allow me to discuss a couple of these programs in more detail. Through our Foundation we now have 54 credit union branches in high schools and at a few colleges throughout Pennsylvania. These in-school branches allow Pennsylvania students to learn about personal finance in a very hands-on way. In order to get a grant from our Foundation, credit unions must not only build a branch in the school, but they must also commit to providing financial education in the classroom. In that way, the in-school branches serve as a laboratory to support the concepts being taught in the classroom. If you have not seen one of our in-school branches, I invite you to contact me and we would be happy to arrange a visit to a high school in your area that has an in-school branch. This method of teaching personal finance is proving to be effective, and the number of in-school branches continues to grow each year.

Let me also highlight our Financial Reality Fair program (Fair), which has been very successful across Pennsylvania. The Fair begins in the classroom where students research and choose a potential career. From that research, the students put together a budget worksheet that includes their starting salary, taxes, student loan debt (if any), and credit score before the day of the Fair. When the students arrive at the Fair, they visit a dozen or so booths including housing, transportation, food, Internet, nightlife, and several others. They fill out their budget worksheet as they go through the Fair. When they have completed their budget worksheets, they then meet with a financial counsellor to go over their financial situation. If they are over budget, they can reduce expenses or go visit the part-time job booth, or both. It is really an eye-opening experience for the students, which has proven to be very impactful. If you have never seen a Fair, we happen to be hosting one tomorrow right here in the East Wing of the Capitol from 10:00 to around 11:30. You are welcome to come by and observe the hands-on learning for yourself.

While we in the credit union movement are very engaged in financial education, we certainly are not alone. As a member of the Pennsylvania Jump\$tart Coalition, we stand shoulder to shoulder with more than forty government, non-profit, and for-profit organizations, all of whom strongly support programs that improve financial literacy. Pennsylvania's Jump\$tart Coalition is affiliated with the national Jump\$tart Coalition that has been one of the primary

advocates of financial education in Washington, D.C. In addition, there are more than 40 statewide coalitions with the same mission of improving financial literacy for youth grades K through college.

Here in Pennsylvania, Jump\$Start has sponsored several teacher training events, consumer education forums, and contests for students to demonstrate the value of financial education. While Jump\$Start and many of its members are conducting teacher training, it is clear that not enough is being done in that arena. According to the 2010 NEFE/University of Wisconsin study, less than 20% of teachers feel confident to teach personal finance. This should come as no surprise as teachers are the same as any of the rest of us and they are not taught how to teach personal finance when they are in school. There are some very good programs for teacher training available, one that immediately comes to mind is the Federal Reserve Bank of Philadelphia (a Jump\$Start member), but there are other great opportunities that have lost their funding in recent years.

Pennsylvania used to host a Governor's Institute for personal finance that was jointly sponsored by the Departments of Education and Banking. I participated in several of these one-week, intensive training programs for teachers and in just one week's time, we had a cadre of teachers that felt more comfortable teaching personal finance. As part of the institute, all of these teachers went back to their classrooms and infused personal finance lessons and concepts into their curricula. Many of these teachers also went back to their home school districts and provided professional development for their co-workers who also integrated financial education concepts into their classes.

Despite all the positives that came out of the Governor's Institute program, funding was cut for the program due to tight state budgets and declining revenue in the Banking fund. From 2005-2011, more than 500 Pennsylvania teachers attended the Governor's Institute on Financial Education and most, if not all, of them have initiated a stand-alone financial literacy course in their schools.

The good news is that there are a lot of free curricula and classroom resources available from Jump\$Start and other sources to help teachers teach personal finance. While we support teacher trainings and direct programming through our Foundation, we do not support the development of new materials and curricula. There are plenty of good materials out there for teachers, parents, and others interested in teaching personal finance. Both the national Jump\$Start and Pennsylvania Jump\$Start web sites have a clearinghouse of commercial-free, professionally vetted K-12 materials. Those resources can be found at Jumpstart.org. Also, many Pennsylvania Jump\$Start member organizations provide guest speakers and teacher training, including many of our member credit unions.

The bottom line is that implementing a financial education program should not cost school districts a lot of money. There are resources available through Jump\$tart, through the Pennsylvania Credit Union Foundation, and through many other national, state, and local organizations to make financial education happen not just in schools, but also in communities and workplaces throughout Pennsylvania.

My testimony today has focused on school-based financial education since that was the subject matter of the Task Force on Economic Education and Personal Financial Literacy Education; however, the teaching of personal finance is a lifelong endeavor. For most consumers, our financial needs change as we move through the various stages of our lives and getting the right financial education at the appropriate time is critical for all of us. Credit unions are engaged in that process throughout our members' lives. We believe that the best way not to be taken advantage of is to be educated about our personal financial options.

I'd like thank you for the opportunity to testify today and also for your interest in improving the financial literacy of Pennsylvania's children and consumers.