Testimony in support of HB 5190
Derek D'Angelo, president of the Michigan Council on Economic Education & National Association of Economic Educators, before the House Education Committee on October 26, 2021.

I sat down on the couch the other day and opened up an email from the Detroit Red Wings. For this weekend only they were selling tickets without fees for the upcoming season. I looked at the schedule and picked out a game to take my son to in January so I could give him the tickets as a Christmas present. We are used to using an economic way of thinking to determine if we should pay more to sit in the upper or lower bowl, center ice or behind the net, but now there is added financial complexity to what is already a stressful decision. Not only did I have to decide if I wanted to purchase ticket insurance (added by 75,442 fans in the last 3 days), I was given the option of buy now, pay later. This gave me the option of paying $35 per month for 6 months, adding over $10 to the purchase, instead of paying one lump sum from my debit card. This is just one example of the financially complex world our Michigan students are entering, and it is our job to prepare them. Some argue that it is the parents' responsibility to teach their children financial literacy. However, 69% of parents report reluctance in talking about money management with their children. I can confirm this data as I sat though many conferences with parents who did not want to burden their children with the financial stresses they were dealing with. If parents and schools don't teach young adults good personal finance behaviors, students are bound to learn things the hard way as we all deal with the consequences. For every $1 put towards financial education, about $25 is spent on financial marketing.

Financial education includes the knowledge, understanding, skills, and behaviors that enable students to make responsible and effective financial decisions on a daily basis. The teaching of financial skills empowers Michigan students with the tools they need to enter a globally competitive workforce and contribute as productive citizens. Each year, Michigan graduates high school students without providing knowledge of the most basic and crucial of life skills: how to keep a budget, file taxes, open and maintain a bank account, and save for retirement. One in five adults have student loan debt, totaling to $1.56 trillion, yet Michigan schools are not teaching students about interest rates and the economic value of postsecondary studies. Over a third of college students already have over $1,000 in credit card debt, yet schools never teach students about the costs and benefits of credit cards. The consequences of a lack of financial education go far beyond poor financial decisions and habits. A lack of financial education threatens the lives of our children.

- Financial stress is the second most common cause of suicide
- Domestic violence occurs more often when a couple is experiencing financial stress
- Those with high financial stress are twice as likely to report poor overall health and four times more likely to complain of headaches and depression

There are also opportunity costs to the choices being made by students graduating high school to recognize. When a college student graduates with $30,000 in student loans, they feel the strain of that on their budget. Not only does it make them more likely to use buy now, pay later services which prolong debt, there are much more significant costs to consider. Due to heavy student loan debt young people are waiting longer to begin saving for retirement, which will force them to work later in life. They are delaying home purchases and put off or choose to not have children as well. These are all significant costs to our society, not just the individual.

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A key desired outcome for financial education is sustained financial well-being, in which Michigan citizens can fully meet current and ongoing financial obligations, can feel secure in their financial future, and are able to make choices that allow enjoyment of life. Financial education is key to unlocking the foundations of economic opportunity, weathering economic downturns, and powering a strong and resilient economy. Michigan students must acquire financial skills and knowledge to fully participate in our dynamic economy. Currently, Michigan high school students only guaranteed exposure is through standards embedded into a semester long economics course. The focus of that course is economics and it is a heavy lift to get through the economics content expectations. What ends up happening is that very little time is given to the personal finance component of the course, especially since has not been tested on the M-STEP. A teacher may have about 15 class periods they can dedicate to personal finance within the 90-hour economics course.

Michigan students deserve equity

- Only 1.5% of Michigan students have access to a personal finance guarantee prior to high school graduation. This ranks Michigan 41st in the country.
- About 20% of students nationwide have a personal finance guarantee prior to graduation.
- 9 states currently have a personal finance guarantee. Passing this legislation would make Michigan a top 10 state for financial education.
- A personal finance guarantee will promote racial equity. Nationwide, in schools with predominantly black and brown students, only 1 in 14 had a personal finance guarantee. If you take one large district in Maryland out of the equation the number falls to 1 out of 20.
- A personal finance guarantee will increase socio-economic equity. In schools where 75% of the students are free and reduced lunch eligible, only 1 in 13 had a personal finance guarantee.
- A 2018 assessment of 15-year-old students found that 16% were below a proficient level of financial literacy, 22% demonstrated a basic level of financial literacy, while 12% successfully demonstrated the highest level of financial skills assessed. White and Asian 15-year-olds, on average, had substantially higher financial literacy scores than the overall U.S. average of students in this cohort while black and brown students had substantially lower than average scores.

What do teachers say is best practice for a personal finance course?

- Taught in 11-12 grade
- Standalone course
- One semester in duration
- Taught by a properly trained teacher rather than an online course that can be clicked through
- Content needs to be standards aligned at the state and national level
- According to a study by Dr. Carly Urban, 86% of teachers favor a guaranteed one-semester personal finance course.

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Trained teachers will be important to the success of financial education

- Teachers with the following endorsements can currently teach a personal finance course according to the Michigan Department of Education: Social Studies, Math, Business, Family & Consumer Sciences
- Those who complete professional development are 10-22% more likely to be very confident teaching personal finance content.
- Professional development is much more available now than it was after the financial crisis of 2009. In 2009 only 19% of personal finance teachers reported participating in professional development. By 2020 that number increased to 54%.
- Professional development currently exists that can provide teachers with a multitude of options from live virtual one hour Zoom sessions, to 10-hour certification courses, to one hour on-demand sessions teachers can complete whenever convenient to them. The resources exist to train teachers in Michigan to provide high quality instruction.
- Semester long curriculum is already built and can be used to implement a personal finance guarantee in Michigan.
- According to the National Endowment for Financial Education (NEFE): "The educator needs to be confident, competent, and knowledgeable about the topic of personal finance in order to create a learning environment that is ideal for student-learning. Fundamentally, educators should demonstrate high levels of understanding—both with the content and the pedagogy—of the topics that espouse the tenets of financial capability."

According to *Vision 2020: The Nation's Report Card: The State of Financial Literacy in America* -Created by the American Public Education Foundation

The financial reality of our country is a reflection of our schools' failure to prepare and educate students in personal finance and decision-making.

- One third of Americans have no retirement savings
- Americans hold $13.67 trillion in debt. The average American household has $135,065 in debt
- Americans owe $423.8 billion in credit card debt
- 58% of Americans have less than $1,000 in savings
- High school seniors nationwide scored an average of 48% on a financial literacy exam.
- Only 16% of Americans from ages 18 to 26 are "very optimistic" about their financial future.
- Four out of five adults say they were never given an opportunity to learn about financial education.
- 76% of Millennials lack basic financial knowledge.
- Students from states with a personal finance guarantee have higher credit scores and lower loan delinquency rates post-graduation.
- 95% of United States teenagers say they would value being taught financial literacy in school.

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- 93% of Americans believe all high school students should be required to take a financial literacy course.
- Students who take a financial literacy course are 30% more likely to have a budget and almost twice as likely to invest money.

The American Public Education Foundation also endorses a stand-alone personal finance course as a high school graduation requirement, as opposed to financial education being embedded into another required course for high school graduation, such as economics. A stand-alone course provides more direct instruction time for students and ensures that each graduating student has completed robust financial education training. It is also important that this course be required towards the end of a student's high school career, rather than earlier on, as specific concepts, such as student loans or taxes, are more applicable to older students.

American Public Education Foundation Grading Rubric

A	State must ensure financial literacy instruction in each grade, K-12. This includes requiring the completion of a stand-alone personal finance course for high school graduation as well as financial literacy standards for each grade, K-8.
B	State must deliver above average financial literacy instruction. A "B" state either requires a course that is embedded with personal finance concepts for high school graduation, or has specific high school financial literacy standards, and has K-8 financial literacy standards, ensuring financial literacy instruction in Grades K-12 but not through a stand-alone personal finance course.
C	State must either require a course that is embedded with personal finance concepts for high school graduation or have financial literacy standards or requirements for high school and have financial literacy standards for most grades in Grades K-8.
D	State may require financial literacy instruction in high school but not in K-8, or vice versa, or may provide some financial literacy instruction through Grades K-12 but not in each grade.
F	State does not require or guarantee any financial literacy instruction from grades K-12.

Michigan receives a "C" for ensuring some financial literacy instruction, through embedded standards in the required high school economics course as well as through some K-8 social studies standards. The required state-wide assessment of financial literacy in the M-STEP also ensures instruction. Michigan must require a stand-alone high school personal finance course and create financial literacy standards for the grades that do not currently have them in order to raise its grade to an "A."