



February 1, 2021

TO: Members, House Education Policy Committee
FROM: Dr. Julie Bunn, Executive Director, Minnesota Council on Economic Education
RE: Testimony on Recommendations of House Select Committee on Racial Justice

The Minnesota Council on Economic Education (MCEE) was established in 1961 by business, labor and academic leaders. MCEE provides robust professional development opportunities for teachers throughout the state to help deliver Minnesota's economic and personal finance learning standards. The mission of MCEE is to equip all Minnesotans with the economic and financial understanding needed to succeed in today's complex economy and that mission begins in Minnesota classrooms.

MCEE has long recognized the importance of access to financial literacy education in ensuring that all Minnesotans have the economic and financial knowledge to be personally successful, to provide for stable family and community life, and to fully participate in economic and civic life.

MCEE also recognizes, and national research supports the view, that unless financial literacy education is equitably provided across all schools and school districts, low income students in diverse schools are less likely to receive economic and personal finance education than students in more affluent districts. This contributes to a widening of the education and opportunity gap that must be corrected. That realization is at the heart of the House Select Committee on Racial Justice's recommendation calling for increased personal finance education for students of color. MCEE strongly supports this recommendation.

New standards for economics and personal finance became part of the Minnesota State Academic Standards for all grades K-12 in 2013, yet teachers are not prepared to teach them. Only 2-3% of secondary social studies teachers focus on economics in their preparation to teach and little or no training is required to teach economics or personal finance for K-8 and high school social studies teaching licenses in Minnesota.

Research shows that the amount of training teachers receive in teaching economics is directly correlated with how much students retain and learn and one of MCEE's core missions is to help provide teachers with training that will help them impart economic and personal finance standards effectively and, as importantly, equitably. It is absolutely crucial for students' later life success--especially those students in underserved communities--to receive quality instruction in the vital areas of economics and personal finance.

The need for financial literacy education is great and research shows that students who encounter economics and personal finance education are more likely to engage in positive financial behaviors. Included in these behaviors are saving for retirement, using financial services, understanding human capital, and understanding economic policy and the implications of political decisions on economic policy. This knowledge makes students better-informed citizens and voters.

The issue of the inequality of access and knowledge within the current financial and economic systems coupled with the resulting large disparities in wealth present across communities and individuals makes

the challenge of promoting financial literacy significantly more difficult. These disparities have quantitative impacts on rates of financial inclusion. Data has long shown that disparities in income and wealth accumulation exist between different segments of the population along both race and gender lines.

Disparities in the financial knowledge or literacy across sub groups of the population is apparent in the empirical data. In 2016, the United States Financial Capability Survey demonstrated the extent of these gaps in literacy across groups. Some of the more striking details from this report are that African Americans are 10 percentage points more likely to take a loan from their retirement savings/account(s), white respondents are 10 percentage points more likely to own a home, and average financial literacy scores for people of color are well below those of whites (41.7% to 52.3%, relative to 56.7%), and those of women, well below those of men (48.8% relative to 58.3%). This gap in financial knowledge has contributed to the large disparity in wealth accumulation among minorities in the US, wherein only 7% of private wealth is controlled by African Americans and Latinos. This is an intolerable situation that has been exacerbated by the pandemic and MCEE is taking positive steps to work more closely with BIPOC communities to correct these disparities and hopefully narrow the income and wealth gaps that plague these communities.

Since 2016, MCEE has hosted and rigorously recruited for programs designed to engage students underrepresented in economics and finance, including BIPOC and female students. 31% of MN undergraduates in economics are women, and only 4% are BIPOC women. Gender and racial underrepresentation in economics is greater than in STEM fields. These trends need to be reversed and MCEE stands ready to do its part to bring greater economic and personal financial literacy to students in traditionally underserved communities as recommended by the House Select Committee on Racial Justice.

Activities established by MCEE include the creation of an annual intensive summer youth institute for high school students who would be the first in their family to attend college to learn about paying for college, finding a career, and setting long-term financial goals. It has also created new workshops, lessons and resources to support teachers in delivering culturally-responsive economics and personal finance instruction. In both 2019 and 2020, MCEE's Annual Conferences have focused on narrowing the achievement gap using economic and personal finance education and how to better provide resources, training and curriculum for culturally-responsive and anti-racist instruction. MCEE is in the process of integrating culturally-responsive practices into all of its programs and reviewing its processes to foster more inclusive operations and outcomes.

Dismantling systemic inequalities and barriers to success in economics and personal finance require long-term commitment to sustainable action and change. MCEE appreciates this opportunity to share its insight on this crucial issue; an issue that must be faced boldly and comprehensively in order to ensure the full participation of all in our economy and democracy.

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