Transcript
FedTalk: ABCs, 123s, and Financial Literacy--Why Teaching Finances to Youth Is Important
April 21, 2022

Presentation

Opening remarks:

Dr. Loretta J. Mester, President and CEO, Federal Reserve Bank of Cleveland

Panelists:

Dr. Abdullah Al-Bahrani, Associate Professor and Director of the Center for Economic Education, Northern Kentucky University

Dr. Brad Maguth, Professor, Social Studies Education, Director, H.K. Barker Center for Economic Education, LeBron James Family Foundation School of Education, The University of Akron

Dr. Loretta J. Mester, President and CEO, Federal Reserve Bank of Cleveland

Jim O'Connor, Educator at Princeton High School and President of the Ohio Council for the Social Studies

Moderated by Alexandria Halmbacher, Education and Outreach Manager, Federal Reserve Bank of Cleveland

Alexandria Halmbacher:

I want to welcome everybody to today's *FedTalk*. My name is Alexandria Halmbacher. I'm a manager here in our Education and Outreach Department at the Cleveland Fed. Today, I have the privilege of being the moderator. Our program today is twofold. One, we're here to celebrate Financial Literacy Month. So if you didn't know, the month of April is national Financial Literacy Month. Two, we're going to talk about some of the financial literacy programs and resources that are available to educators.

This is in light of the recent passing of Senate Bill 1, which requires high school students to take a one-half credit course specifically devoted to financial literacy to graduate. If you're not too familiar with Senate Bill 1 or the history of financial literacy legislation in the state of Ohio, that's okay because we're going to talk about it a little bit later on. First, I want to introduce our panel that we have today. Starting off, we have Dr. Loretta J. Mester, who is president and CEO of the Federal Reserve Bank of Cleveland.

She's going to provide some opening remarks as well as join our panelists for a discussion later on in the program. We also have Dr. Abdullah Al-Bahrani, who's an associate professor and director of the Center for Economic Education at Northern Kentucky University. He's going to speak today about the legislation that was passed in 2018 in Kentucky that required financial literacy as part of a graduation requirement. Not only will he give us a brief overview of how this law has worked in his state, but he'll also talk about his own research, which supports the importance of financial literacy education.

We also have Dr. Brad Maguth, who is the director of the H.K. Barker Center for Economic Education as well as a professor at the LeBron James Family Foundation School of Education at the University of Akron. Then joining us, we have Jim O'Connor who is an educator at Princeton High School as well as the president of the Ohio Council for the Social Studies. Before I turn it over to Loretta for her opening remarks, I just want to go over a few housekeeping rules. When you entered today's *FedTalk*, your microphone and camera were disabled.

However, when we get to the Q&A portion of our program today, if you would like to ask a question, you can go ahead and just type it into the chat field, you'll hit enter, your question will populate. Then we're gathering all of your questions, so when we get to that portion, I'll have a list and I can ask that of our panelists. Additionally, if you'd like to reference this talk today or perhaps you know somebody that might have missed it, we are recording it and we will make that recording available. With that, I would like to introduce the president and CEO of the Federal Reserve Bank of Cleveland, Dr. Loretta J. Mester.

Dr. Loretta J. Mester:

Well, thanks very much, Zan. Thanks, everybody, for taking the time to attend this *FedTalk* on financial literacy. The Federal Reserve has a longstanding interest in promoting financial literacy because we really believe that it leads to a stronger economy when everybody knows how to access the financial system and has a foundation to make good financial decisions. It actually also helps the functioning of financial markets because informed consumers can make financial firms offer better products and services.

Of course, it's wonderful to hold this *FedTalk* during Financial Literacy Month, but I think it's really important that we all remember that financial literacy helps people every day. We think it really helps people feel comfortable when making financial decisions that affect themselves and their families. Really, if you think about the economy, if you really want to participate in it, you really need to understand personal finance. So I serve on the board of the Council for Economic Education (CEE).

It really is focused on improving both economic literacy and financial literacy of students in kindergarten through high school. If you haven't gone on their website, it's an easy website to remember, www.councilforeconed.org. There's a wealth of materials there. That's pun. I intended that pun. A wealth of materials that can help teachers and students improve financial literacy. When you think about the world today, I mean, the financial world has gotten much more complex. The technology is transforming the way financial services are provided and accessed.

There's a number of different new types of providers. It's not just banks anymore. It's fintech firms and... other kinds, like social media firms. There's no reason really to believe that that kind of innovation isn't going to continue. It's just going to be really more important that people start with the basics so they can have that foundation, so then when new things come out, they're going to be able to evaluate what is best for their family in terms of a new product or a service provider. You really need now, given the complexity, some knowledge.

It really can affect your lives. It's from buying a house, financing your education, starting a business, saving for retirement. All these very practical things that we have to do, it really puts you in a better position if you understand the financial system better and financial products and services. Everyone who can really make those decisions in a confident way, you're going to be able to enjoy a better economic well-being. And it really isn't cheap talk. There's a lot of research, and I'm glad our panelists can speak to this, on particular programs that show that increasing skills does lead to better financial outcomes.

There was one large study of affordable mortgage loans that showed that basically credit counseling before the purchase of a home can really lower delinquency rates and it really can improve the credit worthiness, credit scores of people. So that's a benefit to them not just in that transaction, but in the future. There's another study that showed that credit card users also benefit from counseling. They don't revolve as much of their balances, which means they have lower costs in actually using that credit card.

There's a lot of research that shows that students who were able to participate in financial economic education in high school actually make better decisions about how to finance college, they have better credit scores, and they also have lower loan default rates. But even though there's a lot of evidence that economic and financial literacy has this positive impact on economic well-being, a lot of the surveys out there indicate that many Americans don't have a basic understanding of basic economics and basic finance.

It's also not in the curriculum of many schools, even though Ohio just passed its new law for financial literacy. US adults in one survey correctly answered only 50 percent of the questions on that TIAA Institute Personal Finance Index. That's not a good score. It's two percentage points lower than it was in the previous year. Again, not a good indicator. The Council for Economic Education released its 2022 survey of the states, which is a biannual review of K-12 economic and financial education in the US. There was no change in the number of states requiring economics. Only 25 states do so.

There was a slight increase in the number requiring a course in personal finance to graduate, but it's still only 23 states. Of course, Ohio is one of those that came on board last year. In any case, the Fed does have this long understanding of recognizing the value of financial education and economic education. We've been really working to increase access to information about financial products and services, supporting research to identify best practices to increase financial literacy.

We love our collaborations with educational and community organizations. Our Education and Museum Outreach Department has really made a lot of resources available to help teachers do lesson plans and other parts of the curriculum on financial literacy. Two of them are Great Minds Think: A New Guide to Money. That's a publication and web application. It's very popular, a million copies ordered or downloaded. It really teaches elementary and middle school students about foundational financial literacy concepts. Like many of our resources, it's available both in English and Spanish.

Then the second one is the Danny Dollar Academy. That's a literacy education program that was created by one of today's panelists, Dr. Al-Bahrani of Northern Kentucky University Center for Economic Education, in collaboration with the Cleveland Fed. That's a very well-received program. It won the 2020 National Association of Economic Educators Curriculum Award. It really is about promoting personal finance and smart financial decisionmaking to the students in grades three, four, and five. So don't let anyone tell you that you can't teach this at a young age. You can.

And I think that's important to remember too. We can start very young and build up skills as we go along. So I really invite everyone to visit the Learning Center and Money Museum portion of our website at clevelandfed.org. There's lots of program materials out there, a lot of things that have been road tested in schools. Again, I'm really looking forward to the discussion today. With that, thanks again for joining us for today's *FedTalk*. Now let me turn the microphone over to our next speaker, Dr. Al-Bahrani.

Dr. Abdullah Al-Bahrani:

Dr. Mester, thank you so much for the introduction. I'm super excited to be here today. Happy Financial Literacy Month to everybody. What I'll do is I'll just go quickly through some data to share with you and then we'll hopefully talk more in detail later on about what has happened in the state of Kentucky. I'm extremely excited about the things that are happening at the state level here in Kentucky and I hope that it could be leveraged in Ohio and other states that have recently passed financial literacy mandates.

So once again, I'm an associate professor of economics at Northern Kentucky University. You have my contact information, feel free to please connect and reach out. We would love to continue the dialogue. It is an important conversation that needs to be extended beyond Financial Literacy Month, so we'd be glad to do that with you. A little bit of background before I get started about what the NKU Center for Economic Education is actually doing. First of all, we are focused on economic and financial education research.

We believe in evidence-based policymaking and evidence-based educational policy as well. So a lot of research happens over here. I'm going to share some of the things that my students and I are working on that hopefully will influence the policy at the policy level. We also create curriculum. Dr. Mester referenced Danny Dollar Academy. We are really grateful for the Federal Reserve Bank of Cleveland for their collaboration on this program. Danny Dollar is a third, fourth, and fifth grade program that reaches roughly 4,000 students across the United States.

It has received awards, but most importantly, the students love it. Creating content and educational content that students relate to is something that we're passionate about. One thing that we have done in the state of Kentucky to help the state of Kentucky with a high school mandate is we've introduced a high school dual credit course. One thing that I'm going to talk about later on is our mandate really does not require a course, it requires a program. So in our effort to make sure that we provide quality financial literacy education, we designed a dual credit course to hopefully reach more students and more educators.

In doing so, we must train the teachers to be able to provide those courses or quality education. So every summer, we have a program and I'm going to tell you at the end on how you could participate if you're an educator from the state of Ohio or any other state in the United States. We also provide college economic education. Then recently with the help of the Kentucky Financial Empowerment Commission, we've extended our programs to employees, and Commonwealth employees specifically, to educate them about personal finance.

That's a little bit of background about the Center for Economic Education. The one question that I often get whenever I'm talking about the importance of financial education is why. Why does this generation need more financial education than the previous one or at what expense are we providing financial education? That's really where I want to anchor this conversation today. Dr. Mester referenced the fact that our financial markets have become more complex. We have more tools today available to us than ever before, which is a great thing. More choices for the consumer is a good thing.

The problem is with more choices, there's more complicated calculations and evaluations that need to take place. What we know from research is the more decisions people have to make, the less likely they are to make any decision at all. What we're seeing is the youth today as well are making long-term financial decisions at younger ages. So financial education is designed to help individuals navigate our more complex markets with the hopes of increasing their literacy, financial literacy specifically, and therefore their overall financial well-being.

This is a graph that we've generated using the National Financial Capability Study of 2015 and 2018. What we find is 45 percent of 25-year-olds are carrying student debt. That is the highest number across the age distribution. What we don't have over here is the amount of debt that they're actually carrying. What we know from other research is the amount of debt that students are carrying is increasing, but also the weight of that debt is not distributed equally. We know that Black women are more likely to have higher debt.

This has consequences for future income mobility in the future, opportunities of labor mobility that this debt might hold them back. So these have long-term consequences as well. But the other thing that we also see is 70 percent of 26-year-olds are reporting that they're feeling anxious. That's the highest rate at the age distribution. The good thing is financial anxiety decreases with age, but our youth are really stressed about the financial capabilities that they're facing and the outcomes. So we need to make sure that we're providing education that helps them feel more at ease with the decisions that they're making.

Then Dr. Mester also referenced the passing or non-passing financial literacy grades that we experience. One thing that we're interested here at the Center for Economic Education are racial and gender differences in financial literacy. Here we have a graph of the male versus female financial literacy gap. We see that it exists at even young ages, but that gap widens with age. One thing that we know is the role of society plays a role in how we gain information. The US males tend to have to take on more of the financial responsibility at the household level.

This is indicated by the learning by doing. They're learning about finances through trial and error and therefore males are gaining in financial literacy and females are not. We're also interested in the role of society or the systems that we have created in generating gaps in our financial literacy and financial behavior. Eighteen percent of Kentuckians under the age of 25 report receiving financial education at the high school level. This is from 2018 data. That number has been increasing. We don't have the most recent data, but there's some variation.

I mean, the state of Ohio, 29 percent of the population that reported to the survey reported having financial literacy education. We expect that number to increase here once the mandate goes into effect. But there's a lot of variation across the United States on who's receiving financial literacy education. More and more states are introducing financial literacy mandates. At the end of 2024, 35 states will have to have their students complete a financial literacy course by 2024.

One thing that's missing in this data is, what do these courses look like? What does the quality of education look like because there's a lot of variation throughout the states on, one, what are the standards? Two, how are the standards applied? And then, for instance, the 35th state over here is actually Kentucky. In the state of Kentucky, when the financial literacy mandate was passed, initially it started off as a course requirement, and then it got diluted through the legislative process to a program.

Well, we're not really sure what a program means at this point and what are the variations in access to programs of financial literacy relative to courses? One thing that we're looking at here in the Center for Economic Education are racial differences in financial literacy and access to financial literacy. We see a lot of variation when it comes to race and other demographics with access and with financial literacy scores. In the state of Kentucky, we've been really focused on increasing access and the success of financial literacy courses.

The financial literacy education mandate that was passed in 2018, the first class that is expected to complete it is actually going through high school right now. They're sophomores. So by 2024, they have to make sure that they've completed their financial literacy mandate. We've seen an increase in schools participating in our courses and starting to introduce programming. This work does not happen in a vacuum though. Collaboration with the Federal Reserve Bank of Cleveland, the Kentucky Financial Empowerment Commission have made this possible for us.

One thing that we're focused on is how do we increase teacher training programs and minimize the variation in the quality of financial education? That is something that's not talked about much and I want it to be a highlight that we discuss here today. If you're interested in our teacher financial literacy program, and it's open to anybody, here's a QR code and we'll share a link to the registration. It's been great talking to you and I look forward to more conversations about exactly what we're doing here at the Center for Economic Education and what can happen in the state of Ohio as well. Zan, the floor is yours.

Alexandria Halmbacher:

Abdullah, I actually would ask one follow-up really quickly. You mentioned the Kentucky Financial Empowerment Commission, would you mind just explaining to our audience what that is because I think that's a really important, unique thing to Kentucky?

Dr. Abdullah Al-Bahrani:

That is unique. The Kentucky Financial Empowerment Commission is a nonprofit organization started by Treasurer [Allison] Ball to help reach or increase access to financial literacy through focusing at some specific stakeholders. We are working closely with them to introduce new programs, to fund programs, but most importantly, to elevate the importance of financial literacy education. And yes, it is a great program and definitely needed. It's a model that other states could look at.

Alexandria Halmbacher:

Thank you. With that, I'm actually going to turn it over to Jim. Jim, as I mentioned to our audience earlier, would you mind talking about the history of the financial literacy education in the state of Ohio and maybe explain a little bit more about Senate Bill 1 and what the requirements are? Oh, and you're muted, Jim.

Jim O'Connor:

All right. Yeah. Hello, everybody. It's great to be here. Thanks for having me as part of the panel, Zan. My name's Jim O'Connor, teacher at Princeton High School outside of Cincinnati. I'm also president of the Ohio Council for the Social Studies. Ohio responded to the recession of 2008, '09 like a lot of other states did. What's the macro causes? What's the micro causes? What can we do to prevent this from happening again? We heard terms it was Wall Street's fault, it was Main Street's fault, it was Republicans' fault, it was Democrats'. Everybody had a hand in the recession of 2008 or '09, it seemed. So Ohio comes out of the dust and one of the initiatives was to have financial literacy or personal finance taught in our schools. So around 2011, they came out with terminology, language that said, "All students must have six weeks of financial literacy." Well, all of us in education and everyone who's gone through education, what's six weeks? It's a summer class, or it didn't seem to flow very well with the traditional high school curriculum, but it did get the ball rolling. Like at our high school, we developed a class that was one quarter of economics and one quarter of personal finance. So that got the ball rolling in the state of Ohio. Then they changed their language to some, "All students must have some personal finance." Well, that muddied the waters. What exactly is some, and how do we know students are really getting quality personal finance or financial literacy? So it became a box that you checked off that you completed. Making sure, did my student at this high school receive financial literacy?

What happened, because of this type of language, it was very inconsistent in Ohio. Wild inconsistencies actually, to where you might have award-winning schools, featured on 60 Minutes or some news program or something, or *USA Today*, and then other schools where they're barely being taught personal finance or financial literacy. So around 2016, '17 State Representative Steve Wilson, a retired banker from Citizens Bank, this was one of his initiatives. Later on, Representative Gayle Manning joined along with Brian Page from Next Gen Personal Finance, and the goal was to have Ohio join the other states in having a standalone graduation course in financial literacy. That whole process took about three years, maybe three plus years from the first idea, to getting the language adopted, to committee hearings, to making some changes back and forth with the various stakeholders, to where it finally produced a bill that the stakeholders agreed to. And what was great about, we were involved, the Ohio Council for the Social Studies was involved. The various curriculum areas like business and consumer sciences, they were also involved. So we felt empowered to be involved in a process and we appreciated being involved in the process as well, because we're the practitioners.

We're the ones, we're delivering the goods. We're the ones at ground zero. We're in the trenches. We're the ones who are delivering what everyone wants, and it was great to be a part of the legislative process to create this bill. It was signed by Governor [Mike] DeWine in the fall and it starts next year, for next year's freshmen, the class of 2026. Next year's freshmen, from that class on, all students in Ohio must have a semester graduation standalone course in financial literacy.

Alexandria Halmbacher:

Thank you, Jim. And one other aspect, would you mind touching on the teachers and who will be teaching in the certification part?

Jim O'Connor:

Right. A majority right now, in Ohio, are social studies teachers because that's kind of the residual effects of state testing in Ohio. All students must take a test in American history and take a test in American government. So when the government test ended and you still had four or five weeks of school, a lot of social studies teachers were then doing, remember that "some financial literacy." With that said, a majority are social studies teachers, but there's also business education teachers, consumer science teachers, career tech teachers who teach financial literacy.

The actual licensure part, that is still being worked out, even though the bill passed. Because any teacher can teach it outside of social studies, business, and consumer science. Any other teacher. You've got an English teacher or math teacher in high school who's like, "I love this stuff and I want to teach it." They can go through the licensure requirements and that's what we're... Brad and I, Dr. Maguth and I, we're on that committee for the licensure part.

What that does is, in various parts of Ohio, teachers' schedules are full, what they teach and what courses they teach, that's full. They didn't want to create a mandate that was a burden for school districts, because this is something that's great for students and we know they need it. So it actually created, I would say more flexibility than most education bills or laws because the need is so great and the flexibility is needed for, say, schools out in the countryside or schools that are in less wealthy areas or schools that are stretched out by their teachers' schedules. This allows flexibility for the licensure part regarding teachers.

Alexandria Halmbacher:

Thank you. With that, I'm going to spotlight you, Brad, if you want to introduce yourself and give a few remarks.

Dr. Brad Maguth:

Thank you, Zan. I hope everybody is doing well and happy Financial Literacy Month. Really excited to be with you. My name is Dr. Brad Maguth, professor at the University of Akron and its School of Education and I direct its H. Kenneth Barker Center for Economic Education, which is actually an affiliate of the nation's Council for Economic Education and really just this amazing hub on campus in order to help resource and outfit and prepare teachers to bring financial literacy and economics to life at a time where I think we can all agree, this is really essential, critical, important work that we rally behind. So for those teachers joining us today, just from our very heartfelt place, thank you for the work that you do and how much we really appreciate the difficult past few years, but all that you've been doing and helping families and communities. And then also, just for those champions of financial literacy and just a special thank you to the Fed for putting this together.

And really, Senate Bill 1 is a watershed moment for the state of Ohio. It's a historic piece of legislation, and then it's historic because it solves, in a very important way, in a bipartisan way, a significant problem. And Jim did a really wonderful job of talking about the state of financial literacy in the state of Ohio prior to the passage of this legislation in that it was a little bit like the wild, wild West. Different school districts doing different things. With this historic piece of legislation, we now know that high school students are completing a standalone course in financial literacy and we also know who's teaching that class. Just to make sure that those teachers are competent, they're confident, they're prepared, they're resourced, so making sure that all students are afforded a high quality financial literacy education and having the metrics and the data to monitor this moving forward. And then the cool thing too, I think with Senate Bill 1, an important piece is that this is funded. That there are funds, there are resources.

In education we become very used to these unfunded mandates, but this is actually an important moment where this mandate is funded. It is invested in by the state of Ohio to make sure that teachers that want to teach financial literacy have the funding, they have the resources in order to earn that credential.

Alexandria Halmbacher:

Thanks, Brad. With that, I'm going to have all of our panelists come back because we're going to start some questions for our panelists. And while we're doing some pre-written questions, I would encourage everyone in the audience today to go ahead and type your questions in the chat and then, like I said, we have someone looking out for those and I will be asking those during our audience Q&A portion. To start off, I always like to ask this question of our panelists, given that we've been talking a lot about financial literacy. Our first question is, what does being financially literate mean to you? And I'm actually going to start with you, Loretta, since you were our first speaker.

Dr. Loretta J. Mester:

Okay. I guess I would think of it as two things are important. One, understanding enough about financial markets, financial services, financial providers, to feel confident to make financial decisions that are appropriate for yourself or your family. And the other thing that I think is important is understanding your own risk tolerance and understanding how that probably, appropriately changes over your life cycle, over your lifetime. What you might do when you're younger in terms of risk-taking is going to look different probably than when you're older, and understanding that basic concept and understanding the relationship of your own risk tolerance to what are appropriate financial decisions. I'd say those are two key aspects for me.

Alexandria Halmbacher:

Thank you. And Abdullah, also, I didn't know if you knew, your camera is off. I didn't know if that was intentional, but did you want to answer that question?

Dr. Abdullah Al-Bahrani:

My camera is showing that it's on over here. I'm not sure. Can you see me?

Alexandria Halmbacher:

Oh, yep. You just popped back on. You're good.

Dr. Abdullah Al-Bahrani:

Okay. Yeah, so I'd love to answer that question and I think it has a lot more to do with confidence than actual score on an exam. We like to measure financial literacy using a set of questions. But to me it's about, and that's why I highlighted it in the presentation, it's about how comfortable do I feel navigating in the markets. So that confidence, that lack of anxiety, if you may. But the other thing that I want to highlight, it's not about knowing everything around finances. It's knowing where to go to figure out the finances. I think we put a lot of pressure on people to know all aspects of finances and that's unrealistic.

Alexandria Halmbacher:

Thank you. Let's see. Let's go to Jim and then we'll follow it up with Brad. And Jim, you're muted.

Jim O'Connor:

To follow up with what was just stated is that what I try to convey to them is, you're not going to be an expert in this area, but you have to have the ability to ask really good questions or else you're going to get taken advantage of. Because part of our society, part of our economic society is predatory and you will be preyed upon and taken advantage of when you show a lack of knowledge and then a lack of confidence. So your ability to ask good questions as you work your way through the 24/7 nature of finances, your ability to ask good questions will help you get the best deals you can, will help you navigate, will give you confidence. And I share a lot of stories about myself. Like when I bought my first house, the mortgage lender was talking so fast and throwing out these terms, because this is what he does for a living, and I'm there shaking my head, like, "Mm-hmm (affirmative). Sure, great." I didn't understand three quarters of the terminology he was using.

When my wife and I, when we bought our second house, I knew all the terminology and I still was not an expert, but I could ask really good questions. I explain to students, like when I go in to have my mom's car fixed, my mom got taken advantage of by the mechanic shop because she went in with some problems with her car. I take it in and I ask good questions and I also get out the manual and I also get out the records that I'm keeping to show that I'm keeping records on this car. And I'm not a mechanic, but I could ask good questions. So I think that's a valuable lesson that will serve them well in a lot of ways, but particularly with the financial part of their life, understanding the main ideas, but also your ability to ask good questions.

Alexandria Halmbacher:

Thank you. Yeah. I think that's really important. The inquiry piece and then also making sure you're making the best financial decisions for you, because it's not always a one-size-fits-all for everybody. So Brad, I'm going to ask you then if you want to answer that question.

Dr. Brad Maguth:

Oh, yeah. I'd be more than happy to. And I really do, I think in financial literacy, inquiry is front and center in helping students to ask questions about the world in which they live in impacts them. I like to differentiate, the difference, kind of asking a question with a question, what's the difference between personal finance and financial literacy? In personal finance, learners gain competence and they gain confidence in things like financial planning and decisionmaking for themself, for their household. They learn about the interconnectivity between these decisions and their local community, their neighborhood, the state, the national economy, the global economy. Things like earning and budgeting and saving, investing, credit and debt, risk management and tolerance and insurance. This is really important. I think the advantage and one of the reasons we've moved more toward financial literacy is that there's this inquiry, this critical edge in really thinking about the ways in which we interact with the financial world. We're shaped by the financial world. And that word, literacy, itself kind of a way of knowing.

So this way of knowing how to function and thrive in society, knowing that there's a lot that we need to do to transform society for the better and that this has been an economy that isn't working for everybody. There are still issues and there's still problems. For instance, we know what the research tells us about Black men in the economy, or Black females in the economy, Indigenous and Native Americans in regard to access to credit, women and employment and in earnings and wealth. So in no way are we in a perfect situation and that it's imperative that we do better, that we grow a more inclusive, a stronger, a more sustainable economy. And to do that, that's going to take difficult questions, thinking about those questions and developing answers. For me, that's been the power of financial literacy is us thinking about reshaping the financial world and making the financial world a more inclusive place, whether it's things like housing or transportation or education.

Because the fact of the matter is that there are a lot of reasons why people wouldn't be able to access credit or they wouldn't be able to have a salary that pays a livable wage. There are a lot of things that need to be taken into consideration in regard to different situations that may impact someone's financial world. So I think those tough questions are really essential and they feed in well to a financial literacy course, especially here in the state of Ohio with the different content statements and topics that are listed.

Alexandria Halmbacher:

Thanks, Brad. So I have some pre-written questions and based off of your remarks, I'm going to skip around a little bit, because I think this next question dovetails really well with what you were talking about. And it's actually going to go to you, Loretta, because I feel like Brad's did a really good job setting this up, but does financial literacy education have a role to play in making the economy more inclusive?

Dr. Loretta J. Mester:

I think it does. I think that it's hard to get ahead in the economy in terms of your economic well-being if you can't with the financial system. I mean, that's just, with all its warts and all the things Brad talked about, if you just take it as given right now, you have to be able to engage with that. So if you want to, from the Fed's perspective of, I think about one of our roles is to promote a strong economy, that means we will want to make sure that everybody, everyone can participate and get the benefits of that strong economy. That means we have to make sure that people can make sound financial decisions. And I agree with everyone, it's about the confidence of being able to feel like, "Yes, I have the knowledge I need to make a decision," or, "I have the knowledge I need to find out more about a service provider. I have the knowledge to know what kind of protections the government has given around that product or not, as the case may be."

So a lot of it is about conveying information so that people know and once you feel that confidence, then you can take advantage of what financial services can do. Because financial firms play a very important role in the economy and we shouldn't underplay that. They are a positive for the economy, even though there's some issues, but they're positive and we want people to be able to feel that they can, with confidence, engage in that way. I mean, if you look at people being able to make good financial systems, they have higher net worth. You can buy a house, maybe that's an avenue to increase your net worth. Or maybe buying a house isn't the right way for you. Maybe it's better to invest. So being able to make sound investment and savings decisions is one component of making you better off financially. Now, there's a lot of other issues in the economy. If you're living from paycheck to paycheck, it's harder to make those kind of decisions because you're not saving. So again, it's one part of it. It's not the be-all end-all, but it is one part of it.

I think it's important that we all play a role in this and that's why I'm happy the Fed's doing what we can do, really to encourage this and the new law in Ohio, I think is a good step in the right direction and the work of the council and the universities. I mean, it's great. We have two great universities here, or three. Two great universities, one great school here representing what each role they can play in doing this. So I'm actually, I'm very optimistic that we can move the needle here and get more people engaged with financial services so that they can feel comfortable making those decisions.

Alexandria Halmbacher:

Thank you. My next question is also a little bit of a follow-up and it's for you, Abdullah. What can we do to increase the financial understanding across the board, specifically in areas or demographics with low financial literacy? I know you mentioned a couple in the presentation you gave earlier, so maybe if you could speak a little bit more about that?

Dr. Abdullah Al-Bahrani:

Yeah. It's really important for us to recognize that not all financial literacy education is equal, and start to ask the question, where does it vary and what is that variation correlated with? In our research, we find that minorities scored lower on financial literacy assessment, but conditional on receiving financial literacy education, the gap actually increases. What that tells us is the resources that are provided for financial literacy education in neighborhoods or schools that are majority white might not be the same as those that are being provided to minority schools, or also across the income distribution.

So we need to be evaluating the financial literacy education resources and then funding them so that we are actually providing equal access to good educators and good curriculum. So that would be the step that I would look at, is looking at the variation of resources, and be careful if we are kind of embedding some of the systemic issues that we have in our economy, by providing lower quality financial literacy education curriculum to areas that frankly might need it more.

Alexandria Halmbacher:

Thank you. So I'm going to switch over then to our school side, so Jim, I'm coming to you for our next question, but maybe you can talk a little bit, maybe this is a little bit of a two-part question, but... So you've been working with students quite a while, so if you could let us know what do you think is the most important financial concept that a young person should know, especially upon graduating high school? And then also maybe talk a little bit about as an educator, what are the biggest challenges that you're facing in the classroom when teaching these financial literacy concepts?

And you're on mute, Jim.

Jim O'Connor:

Okay. All right. Yeah, those are excellent questions, and I'm not kidding about the next thing I'm going to say here. As I hopped on, I checked out my phone and my son is texting. There's a family text, including my daughter and my wife, and his question is, "Do I have a credit card?" And my wife says, "No, why?" He goes, "One of my coworkers is worried for me. She says I need to have one." And so my wife's like, "Well, hold on. Dad and I would need to sign for you. So why do you need a credit card? They could be dangerous." They act like it's free money. So it went back and forth there, and then my daughter said, "Can I get a credit card for just gas?" Jessie, she's a freshman in college, my son's a junior in college.

And so I just went back to them and just said "You can also get a card where you put the money on the card and then you spend it as you want. As long as you pay those cards off every month, you don't pay any interest." So I would say, with that lead in, teaching students what interest is... I present it as friend or foe. Interest can be your best friend, and interest can be your worst enemy when it comes to money in finances. And so we put up with interest like a car, right? The rule of thumb for some financial advisors: pay off that car in three years. No more than four. Three to four years. Anything beyond that, you can't afford it. So we look at the interest, because how car dealers... Go back to the predatory nature of things, or just being a salesperson. If I'm selling you a car, a lot of us, we're geared to the monthly budget. We're not geared to how long we pay things off.

I want that car and I can pay $400 a month for it. I want the Range Rover. Well, Mr. or Mrs. Range Rover selling me the car says, "You can't pay that off in four years, but guess what? I got a deal just for you." And we got it down to $410 a month. Well, we found out that I'm now paying on that car seven years. So the power of interest, there are car loans now that are eight years to pay off the car. Eight years. I just heard, I haven't seen it yet, a mortgage: the 40-year mortgage. And you think about the interest that you pay for 40 years, for interest.

So teaching students the power of interest and compound interests, I think that's really, really important. We try to teach rules of thumb, like if you have a car, pay it off in three or years. If you get a house, get a 15-year mortgage. And I think it's shocking when you see the interest that you pay on your home. I think it's shocking. And hopefully... In high school, you need to get shocked to remember something five years later. You need something big, and so hopefully that does it.

The challenge is, for me, I teach at the most diverse high school in the state of Ohio, and we're around 80 percent minority and 75 percent free and reduced lunch. So you're working with a clientele that have dealt with challenges almost from the time they were born. That they were brought into this world under financial stress for a particular family. That's my assumption.

I can also speak coming from a lower-income family of 10 kids. My father was a mailman. I just remember, well, I'm part of the generation where you didn't ask parents about money. In my case there was really no need to ask about money, but I remember the stress. I remember my mom, bless her, still with us, that fast drive to pay off that mortgage on a Friday, to drop off that mortgage payment, and the stress that she was under. And so I relate to my students in that way. So when I say, "Don't go to cash for car titles or payday loan places, they're rip-offs, don't go there," some of my student's families had to resort to those very same places in order to get by that month, right? Because their money ran out, but the month was still going on.

And so for me, have an appreciation for it, but say, "Hey, don't be a person who gets taken advantage of because of your circumstances." Learn these things right now, that the biggest problem in most households isn't necessarily the income, it is the spending. And we're like the worst in the developed world for saving money, and so if you can just always have that, that's the biggest challenge. Can you always have more income than expenses? Now you have options of what you can do. So for me, I would say, just the demographics of my students present challenges to me to teach with respect and integrity, but knowing that they may come from households that are the examples of what we're saying not to do, but to respect the family and where they're from, because why they had to do it.

Alexandria Halmbacher:

Thank you, Jim. And I'm actually going to have Brad answer the question about the challenges for educators as well as Abdullah, because I know you both work with a lot of educators in your respective state. So Brad, if you want to go first.

Oh, and you're on mute.

Dr. Brad Maguth:

You'd think after two years I'd have this down by now. It's interesting because as Jim was talking, I was even thinking about really pertinent concepts in a financial literacy curriculum, whether it's time value of money, or needs versus wants, all these different topics that kind of, that wrestle, or are included in a financial literacy curriculum. And I think there are a lot of families right now that are hurting. So for instance, in Akron, I was just talking with Michele Campbell, and Loretta, thank you for coming over to Akron and the Ohio Economic Forum, and just really listening to organizations and businesses, and kind of where they're at right now as we turn this corner on COVID and we try to build back better.

And there are still a lot of people that are hurting, whether it's inflation, cost of living, and trying to get families in a better position. So I think teachers are wrestling with this. One of the things the research does tell us that's really important in teaching financial literacy is that it's important we teach good financial literacy, right? Meaningful financial literacy. In fact, there is a recent study published by Next Gen Personal Finance that said that when personal finance and financial literacy is taught poorly, it can be actually worse for students [than] if they didn't even take the class, right? So we have to make sure that we're integrating best practice, research-based practices, in order to teach financial literacy well, and sometimes that goes by the wayside, right? So school districts may integrate a module, one module, or one workbook, or bring in one guest speaker, where good financial literacy pedagogy is so much better. It's so much bigger than that.

So for instance, meaningful financial literacy is really about leveraging resources in the community, embracing public-private partnerships. So bringing financial literacy into the community through guest speakers and field trips, using real-world cases of individuals, households, businesses... And really appreciate Abdullah in talking through the culturally relevant piece, kind of, of a meaningful financial literacy curriculum. So for instance, if you're teaching financial literacy in East Cleveland, well, based upon the demographics of who's in that classroom, and financial world, that it's going to look different than in other areas around the state.

So for instance, if you're a Black male and you're trying to start a business and you're struggling to get credit, well, it's important that Black males have conversations and understand the resources that are available in order to address issues in regard to accessing credit, right? So there are different issues based upon the communities that we work in that we have to be knowledgeable of. So it's really essential that there is a cultural relevance piece to a financial literacy curriculum that's enacted in classrooms, and that it's meaningful, and that it brings financial literacy to life.

Alexandria Halmbacher:

Thanks, Brad. And Abdullah, do you want to go ahead and answer that question as well?

Dr. Abdullah Al-Bahrani:

Yeah. I'd love to chime in, I've got three ideas over here. One, we have to remember that personal finance relies on a good understanding of economics, and that, with the increase in interest in personal finance, the discussion around economics has dwindled. From my perspective, personal finance is a subset of economic decisionmaking. That's why I love it. So our educators need to be trained on economics in general, and historically educators have feared economics because most of them have had not a positive experience in the classroom teaching it because they lack the resources. So we need to provide a good resource, with respect to economic education.

Second, and Brad mentioned this, is we need to make the content relevant to the students. Whether it's cultural context, experiences in life, access, neighborhood differences, but it has to be personal. We have to bring the personal into personal finance.

And then finally, and this is just how I teach, education should be fun. We should be enjoying it. We should not be instilling fear into students of making mistakes, but rather telling them about the opportunities that are ahead of them. The last thing I want is my students walking out of my classroom worried, even more anxious about making the wrong decision, because a lot of financial literacy education right now is taught in steps, or this is the checklist of things that you need to do, and that's not really what I want them to know. I want them to know how the markets work and how they can navigate those complex markets with a good understanding of economics and personal finance.

Alexandria Halmbacher:

Thank you, and I think that ties really well into my last question before we open it up for the audience Q and A, but we have obviously our NKU and the University of Akron Economic Education Centers, and of course representation from the Ohio Council for the Social Studies, so with that, we'll start with you, Abdullah, but can you tell us what type of resources and programs educators have access to in the state of Ohio? Or Kentucky, because you guys are just right there across the river at northern Kentucky, so very accessible.

Dr. Abdullah Al-Bahrani:

So the thing with the attention toward personal finance, the biggest challenge that educators are facing is the amount of resources available and how to distinguish good resources from others, and the area that we are trying to focus on is not necessarily provide resources, but provide community for educators. That's where we find educators are hungry the most, is, for like-minded individuals, a place where they could share ideas, engage and share tips. So our summer programming is designed to develop community. We have previous summer participants as well that are always available to share their best practices in the classroom. But especially with the COVID pandemic and what it's done to education, I think educators right now more than ever are looking for community, and we are excited to be able to provide that.

Alexandria Halmbacher:

Thank you. And Loretta, if you wouldn't mind, would you like to answer that question about what's available through the Cleveland Fed, and of course your appointment with CEE?

Dr. Loretta J. Mester:

Yeah, I mean there's just so much material out there. I think one of the things that we're trying to do at the Cleveland Fed is organize it so people can actually find what they need. If you go to the Learning Center and Money Museum part of our website, there's a lot of curricula there that you can use. The other thing good about what we're doing here that I think is very valuable, and I think Brad you mentioned this, is this collaboration, that it's really important that we work with other organizations that really have their foot in the door. So the Urban League, Junior Achievement, the Council on Economic Education state centers, the Council for Economic Education, and then the universities and public school systems around our district. We really are trying to make sure that our materials can actually inform the people who are actually in the classroom about basic concepts.

And then even when you think about the other things we're doing in the Fed, we have a Center for Inflation Research here at Cleveland. One of the big audiences we're trying to reach are people who don't have technical expertise in inflation. We really want to explain what inflation means, and what it means to everybody, the average person, on our website. So again we're always cognizant of the fact that we don't want to just talk to experts. We really want to educate people and make sure that everyone can feel that they have the concepts down of what they need to be able to engage in the financial system. So the importance of understanding compound interests is up there, and economic concepts, understanding opportunity costs, you know? "If I spend my time doing this, I'm not going to have time to do that, which is going to cost me."

So these basic concepts, I think we can't underestimate. And so again, I point people to our Money Museum, our curriculum that we do, we have a very good internship program, again, bringing people into the Fed so that they understand a little bit more about finance. We can all do this, even if we're not teaching a financial literacy course. There are other ways to convey information about finance. I ran into a survey that CNBC did, which kind of struck me as really interesting, and they asked a question like "Who should be teaching kids about finance?" I think that was the basic question they asked. And it was like over 80 percent of the people said it should be parents. Parents should be teaching their kids. But then when they went on, they asked the question, it was pretty striking that a third of the people in the survey almost never talk to their kids about finance.

So you kind of have this disconnect of what people think is the right thing to be doing, and yet it's not getting out there. So I think when you think about that, there's a couple reasons I can imagine, and one would be if the parents themselves don't feel comfortable making financial decisions. It's going to be hard for them. So I think it's really important that we provide materials at all levels, starting at the very youngest levels of kids, all the way up, because we all, as the complexities of the financial system continue, we're all... Every day we should learn something new, right? I'm learning something new about the financial system every day. And of course, for people having to make these hard decisions about where to save, what kind of mortgage to take out, Jim, 15-year, 30-year? I think we can all do something in our realms to make sure that people have materials.

The Council for Economic Education has a link called EconEdLink on their webpage that again has a lot of curricula, a lot of things for people. And I agree with Abdullah, making it fun is important as well. I think that's how people learn. And making it relevant, which is Brad's point, is what you might teach in one school, in one particular region of the country, may look very different, and we should all embrace that. We should know that and we should be able to sort of move forward. Some of the things we're doing here, I think, in Cleveland are really trying to get materials into the hands of people. And again, there's just a whole list of things that we're doing.

Again, I point people to the Money Museum. I point people to just the digital library. And I would say, even though I'm partisan and love Cleveland Fed, a lot of the Federal Reserve Banks are offering a lot of resources, and if you go to federalreserveeducation.org, that website kind of collects a lot of materials that are really ready for the classroom. It's not like you have to do a lot of work with them. It's ready for the classroom.

So I would say even teachers who aren't financial literacy teachers or personal finance teachers, work it into your classes. There's so many ways you can do it. You can work it into history classes, you can work it into economic classes, obviously, but any kind of class, math classes. You can teach financial literacy with the examples you use in your math class. So I think there's a lot of avenues for this and I'm really happy that people are really focusing in on this now, because I do believe that if you feel comfortable engaging with the financial system, you are going to be better off economically, and the economy will be better off economically too, because the wisdom of the crowds, we can crowd out bad predatory practices if we all educate ourselves about what good services look like.

Alexandria Halmbacher:

Thanks, Loretta. And we do have a couple of audience questions, so I'm sort of going to merge the question about resources to you, Brad, with another one that came through. So somebody in the audience wanted to know, is there any type of suggested pacing guide for the new high school financial literacy course? And I turn to you because I think you sat on the financial literacy model curriculum committee for the state with me a few years ago, so I know you know a lot about that, and maybe if you want to talk about the curriculum and the course, and then also some of the resources at the Barker Center.

Dr. Brad Maguth:

Oh, thank you, Zan, appreciate that question, and Loretta, all the resources that you cited, too, it kind of breaks my heart a lot of times when I hear teachers referencing things that they may have purchased out of pocket or things like Teachers Pay Teachers, but there are just so many amazing resources that are out there that are available to teachers. And part of the process is really vetting those resources and looking at resources best aligned to Ohio academic content standards. For those educators that are looking for curriculum to teach the standalone personal financial literacy course specified under Senate Bill 1, my recommendation would be front and center of the Ohio's Model Curriculum for Financial Literacy.

And you're going to find in that high school model curriculum for standalone financial literacy, you're going to see all the different content statements and topics that need to be taught. And what's really nice, too, about the model curriculum is it's going to list resources, supplemental resources and tools that educators could consider in teaching those different content statements, those different topics.

So other things, and we're actually at the Barker Center, this is the number one question we're getting from teachers in northeast Ohio, across the state. We have our summer institute scheduled for July 6th, 7th, and 8th. We're bringing teachers to campus. And really it's this showcase of curriculum in financial literacy that school districts could use in looking at things like, for instance, the Council for Economic Education financial literacy resources, so financial future resources. Looking at a curriculum from EVERFI or Junior Achievement or Next Gen Personal Finance. The Fed resources are just amazing and plentiful and interactive, but getting educators to understand these are the curriculums that can be used in teaching the stand-alone financial literacy courses at the high school level.

But Abdullah, your comment about an ecosystem and formulating an ecosystem. We're noticing this, as well, is that teachers are looking to connect with other financial literacy teachers to see what resources and tools they're using in their classes and kind of building that network. And we're really excited about that in our institute, is just getting high school, middle school financial literacy teachers connected with one another in order to share insights and activities and projects and resources and building that ecosystem to help promote financial literacy.

Alexandria Halmbacher:

Thank you, Brad. And Jim, I'm also going to combine the question about resources with one we got from the audience. So their question is, since this legislation only kicks in in 2024, what specifically can we as educators do to bridge this gap? So maybe if you could talk a little bit about that and then also with your OCSS hat on, what the council is doing for educators in the state of Ohio in regard to resources. And you're muted.

Jim O'Connor:

Okay. Sorry about that. First of all, the mandate for Ohio's Senate Bill 1 is for this year's incoming freshmen. So the incoming freshmen this year, they're in the class 2026, but the Bill itself kicks in for this year's freshmen. What schools can be doing, as was mentioned earlier, and what we're hoping we will see, is that it's going to be taught in earlier and earlier grades. I know Brad and the Barker Center, Dr. Julie Heath at the University of Cincinnati Economics Center, the work at NKU as well, is... You can get the audience at a younger age when it is fun and you have the competition and you have the games and you have the icons and things like that. Because the fun part and the competition part early on, that is concept attainment. So it may not mean as much to them in terms of dollars and cents of real dollars and cents, but the concepts are being gained at that early age. So the earlier the better, at the age-appropriate level.

With the Ohio Council for the Social Studies, we're building a financial literacy hub. So we are gathering the resources. We want to be seen as one of the go-to resources and collaborate, not in competition with others, but as terms of an open tent, we're all in this together. But our mission as the Ohio Council for the Social Studies lends itself to this initiative, I believe, to where teachers can go to us as a hub. And then we are in the process of updating those resources too, because all of us have run into that problem where you create things and a year later, maybe half the links don't work or things like that. So staying up to date with those resources.

And then a follow-up to what Abdullah said, too, about ecosystem. I like that term and Brad alluded to community as well. So what we're doing at our high school next year is having a Financial Literacy Tax Return Day. So we'll have United Way there and we'll have the credit union there. The idea is that half of the room would be financial literacy stations for adults and the parents. And then the other half would be getting their tax returns completed for both the students... We have students who work. They don't realize that they would receive a tax return. Or I had a parent ask me, this was a parent who works at our high school.

And I went to reserve the date this year to plan it. And then I realized the amount of planning. I think I went in early January and said, "Hey, I want to do this next month." And then I talked to a couple people have put this together. They're, "You're starting this now?" They said, "No, you need to start this last summer." And I said, "Oh." So I said, "I got it." But when I was talking to a parent and I said, "Hey, we want to do a Tax Return Day. We want a Financial Literacy Tax Return Day so that parents and students can come in and get their tax returns finished." And she goes, “Well, I had a question for you.” She goes, “If my son, if he fills out his tax return, can I still claim him as a tax deduction?”

And when she asked me that question, that did it for me. I’m, “We will get this going next...” I wanted to do it this year, but I didn’t have time. But it will happen next year because we recognize that parents are lacking that background knowledge, as well. And so she might be afraid of her son getting $75 back on his tax return because she’s afraid she might lose that tax deduction, which of course she would not, but she was thinking she would. So they end up losing that money. So I love the community part. I love starting at a younger age part. And then that grows into where they see financial institutions perhaps more as partners and not as predators.

Alexandria Halmbacher:

Thank you. And I will say, too, for the Ohio Council for the Social Studies financial literacy resource hub, Brad and myself are part of that. And I’m sure Abdullah will be reaching out for some suggestions and things from you, as well. So my next question actually is for you, Abdullah. So it’s from the audience. When it comes to minority communities, which aspect of financial literacy do you believe is needed most?

Dr. Abdullah Al-Bahrani:

I forgot who exactly said it earlier, but the idea of self-awareness, recognizing what your needs are, what are your family needs. I grew up in a Middle Eastern culture. The needs for finances and what is appropriate within our family is very different than what’s available in textbooks. So if I were to follow exactly what’s in the textbooks, I would always be wrong. And that in itself has a perception of failure, right? And you walk around then thinking that you’re not good at finances.

So think at the local context. Look at what the family structures need. What does society tell us is acceptable? And recognize when you’re willing to deviate from the society pressures to do what’s best quote unquote for you. So we need to spend more time understanding why are we so interested in finances. And what is our overall goal? A lot of textbooks, or conversations around finances, start with, “Here’s the money you make. And this is the money you spend. Let’s minimize the money that you spend,” without fully taking into consideration why we’re spending that money.

I want us to highlight, even for the educators, take the time to build the relationship and understand what is it that’s important to your students. Because you could have the best textbooks out there, you could have the best resources, but if it’s not relevant to the students, it’s not going to go anywhere. So get to know your audience before you start telling them what to do and what not to do.

Alexandria Halmbacher:

Thank you. And now I’m going to ask this next question and I’m going to open it up to all our panelists, because I’m not sure who might best be able to answer this. But the question is, from our audience, more than 50 percent of children in Cleveland are economically distressed compared to the national average of 16 percent. Why is child poverty so high in Cleveland and how many years of financial literacy will it take to decrease those numbers? So I’m not sure, to Abdullah or anybody who maybe would like to comment on that question. I think that’s hard because obviously knowing how many years of financial literacy would take to decrease those numbers is a little bit hard, but maybe speaking to Cleveland and some of the comments that you made, Abdullah, we could discuss that a little bit more.

Dr. Abdullah Al-Bahrani:

Yeah. So I hear this question often phrased in different ways, and I don't want to speak for the person that provided this question, but what I'm understanding from the question is, will financial literacy solve our problems? And the reality is financial literacy's one lever that we have available. Education is important, but we also, and this is the work... The Federal Reserve is doing amazing work right now looking at the systemic issues in our economy and how do we get people to be part of financial markets, increasing their well-being? So education's one lever. Yes, we need to do more and asking the question of why are child poverty rates so high? What are the causes? What are the policy levers? What are the changes that we need to do from a society perspective? These are all valid questions. Before I leave today, I don't want anybody walking around thinking that just providing education is going to be the solution. It's bigger than that and it requires all of us to be part of it.

Dr. Loretta J. Mester:

And one of the things you learn if you look at regions that have actually had a lot of problems, like they lost big industries, is the ones that were resilient, that could come back and have a resurgence in their economy, it really takes leadership and real collaboration and commitment because these are not easy problems to solve. So there isn't going to be a smoking gun that can solve all the problems. It really takes working on a number of fronts to be able to do it. And so again, there's policies that can change. There's basic infrastructure problems, like if you can't get to a job, it doesn't matter that you might have good job markets in your region. But if the people can't get to the job, they're not going to be able to increase their income.

So financial literacy and engagement with the financial sector is important, but there's a lot of other avenues. And educating is very important because we know that if you're better educated, you end up with better individual outcomes for your family. Lower unemployment rates, you're able to save more, you're able to grow your wealth. But it's also important that there has to be a strong economy to back that up. So you can educate yourself, but if the economy isn't good...

So again, I think each institution plays a role in this, and what's... The pandemic, as unfortunate as it's been, has at least had one positive in that it's really focused people in a way that I think hasn't really been before in terms of really seeing the disparity of that impact of that pandemic... We have very disparate economies in our District and in the country. And what can we do to raise up the opportunities for people?

A lot of people don't have the opportunities that we all have. And I think it's incumbent on all of us to do what we can, within our purview and within our mandates, to really focus in on that so that everyone has the opportunity. The way I think of financial literacy, it gives people the opportunity to engage more fully in the economy and get the benefits of the economy. And I think it is one part that's important for that engagement and for increasing economic well-being of everybody in the country.

Dr. Brad Maguth:

I was just going to kind of build on that. I was thinking that sometimes it feels like the weight of the world is on the back of the American teacher. And that sometimes it's challenging because educators or teachers and education in its silo, there's no way can tackle this significant challenge, years in the making, in regard to poverty in the city of Cleveland. And I grew up in the city of Cleveland. I graduated from the Cleveland City Schools. I'm Cleveland Browns through and through and Guardians and the Cavaliers. It really has been difficult. But it's a city that's filled with innovation and leadership. And when I'm in its schools and I see all this promise and all this talent in these elementary school kids and middle school kids...

One of the things I think that we pulled from the pandemic is sometimes we have to Maslow before we bloom, right? In making sure that there are safety nets and making sure that community partners come together to rally behind educators and teachers and schools. To make sure that we are Maslowing, that kids do have housing and that they do have either opportunities for employment. And the infrastructure and the transportation and all of these things come to play.

So one of the great things I think in financial literacy is this propelled to informed action in helping students work to be the change that they want to see in the world. And being able to engage in these important, but can be difficult, conversations on money and investment. So it's one of the things at the Barker Center we've been doing is going into schools, Youngstown City Schools, Cleveland Schools, Barberton, Akron City Schools, and hosting family financial fun nights in order to just have conversations with families, not only just kids, but trying to break down some of these silos, help everybody feel more comfortable, more confident in having conversations about money and financial literacy and economics.

Dr. Loretta J. Mester:

Hey, I have a question for the group, if I might, because one of the things before I got to Cleveland, I was in the Philadelphia Fed. And one of the things we did to try to increase financial literacy is actually work with the churches because the congregations, they really valued having that kind of information. And it's a very strong... We engaged with some of the church leaders to bring financial literacy into some of the churches in Philadelphia. Is there any work like that going on in our region here?

Dr. Brad Maguth:

Yeah. I think one of the challenges has been these pockets. There have been different pockets of initiatives, whether it's with the Urban League or the Boys & Girls Club or the United Way. I'm excited because I think one of the things that this historic legislation, Senate Bill 1, has done for us is it's given us an opportunity to come together, to help connect across communities in the great Buckeye State, in order to learn from one another and do financial literacy better. And I would definitely agree that it would be really wonderful to connect with the faith-based community and other entities, non-governmental organizations, governmental organizations, the business community in order to do financial literacy well, and make it meaningful.

Jim O'Connor:

If I could add on... Do I have time, Zan?

Alexandria Halmbacher:

Yeah. You have one minute, Jim.

Jim O'Connor:

Oh jeez, I need more than that. But the generational poverty that the question was about, it's so complex. Cities like Detroit had 2.1 million people. They have 700,000 now. Cleveland went from, I think, from 800,000 to 500,000. So a lot of that money left and what was behind is obvious need. There's obvious need for infrastructure. When you flip a house, you paint the house and you put a new carpet or new floors and the house looks wonderful. Well, pave the roads, put in the sewers, do the infrastructure. Don't just have the rich neighborhoods that get the infrastructure dollars. Our state governments, they are complicit in the generational poverty. That's where the lottery stores are set up. The liquor stores are set up. The rent-to-own places are set up, as well. They take every dime they possibly can from those that can least afford it.

So let's look at folks. Let's value the people who live in these neighborhoods. Let's value those neighborhoods. And if city and state governments did that, you would see more consistent development, not just occasional gentrification or this cool little neighborhood taking off here. It would be much broader in its impact because generational poverty takes all of us working together. But we need our governments on hand to value the people in those neighborhoods.

Alexandria Halmbacher:

Perfect, Jim, I think you were exactly one minute. With that, we did get one final question, which I'll just address, was about working with colleges and universities to support the local high schools. So I guess I will be speaking on your behalf, but I know all of you very well, that if anybody is working in a local school and would like to connect with you or the centers or with the Ohio Council for the Social Studies. I think I'm not saying too much when I say, please reach out to our panelists, especially at the Cleveland Fed, as well. We're always happy to hear from you and help out and connect you with resources and programming that we have.

So with that, I just want to thank everybody for coming today. I want to thank all of our panelists and just remind everyone that this was recorded. We will be posting it on the Cleveland Fed website with our previous past *FedTalks* so you can access it. And we'll also be sharing the links and resources that were in the chat with a follow-up email. So thank you, everyone, and I hope this was as great a discussion for you as it was for me.

Jim O'Connor:

Thank you, Zan.