

Michael Martin, Teacher, Lansdowne High School Academy of Finance

Committee Chairman, Senator Akaka, and Ranking Member, Senator Johnson, I first want to thank you for asking me here to testify before your committee about a topic as critically important as personal financial literacy. Educating young people about the real world of personal responsibility when it comes to managing one's finances could never be more crucial than it is in today's economy. It matters not, whether one sees the economic glass as half full or half empty. There are always market pundits who are quick to see Bulls and Bears. What is truly vital is making sure that glass is full of knowledge when it comes to making sound financial decisions. Especially when it comes to educating our youth. And the best way, indeed the only way, is to get kids learning the real X's and O's of personal finance. All aspects. It has to be real. It has to be engaging. And it has to be meaningful. That is something I have tried to do for the past 8 years at the Lansdowne High School Academy of Finance. At 58 I am a late comer to the education field, having spent nearly 30 years in the private sector. But when my three daughters were in college (all 3 at one time I might add), it dawned on me that I wanted to do something different and give back to the community. It was tough and a bit overwhelming to think about going back to college while working full time at 50 but I took the plunge and was able to obtain 3 teaching certifications and a master's equivalency while landing a position at a needy school in a tough community in Baltimore County.

But at Lansdowne, which is one of just 264 high schools in the nation that is part of the National Academy Foundation, I have seen first-hand what real-world teaching does for students who hail from the poorest neighborhood in all of Baltimore County. Our AOF students, nearly half of whom are minority, graduate – with 97% going on to higher education or the military. And each one takes with them knowledge of personal finance that will – *and has* – enabled them to confidently make smart financial choices. It is so satisfying to hear from students who have gone on to college and tell myself and the four other staff members in my department (all of whom have backgrounds in the private sector) that what they are being taught in their finance courses in college is actually much of what they already learned in high school.

I must admit that textbooks, while they certainly have their place, are not the main source of material to teach my students. Instead, my students get real world, real hands-on lessons designed by myself and those created by the Maryland Council on Economic Education, an affiliate of the Council for Economic Education. I have found that if I can reach a student I can teach a student. The best way is to make it real. For example, all my students first learn about investing and the stock market. It's a great way to get them excited right out of the gate. My passion for investing began about 30 years ago when my late father-in-law gave my wife and I shares of a stock he acquired years before. I was instantly hooked on investing and have been re-investing the dividends from that stock and others ever since. I still own that stock which invests in real estate in the DC area. Today, students are so adept with technology that teaching them is easy, fun and engaging. We are fortunate to have a computer in front of every kid in my room so why not use them. Every one of them creates their own personal stock portfolio using a custom Excel chart I created and then each tracks their holdings the entire course. It only takes me a short time to get them comfortable with web sites to research stocks and before long they're calculating yields on dividends, PE ratios and the like. They also complete a two-week long budget lesson I designed, all using the computer. This budget project is one I taught to teachers from across the country at the annual NAF Conference in Philadelphia two years ago and have been asked to do so again this summer in DC. Assuming they have landed an entry level job out of college, students must first breakdown their paycheck then pay themselves first by investing in mutual funds they select. Then they buy and finance a car, rent an apartment, using real online sites, calculate gas usage, create a

monthly food menu, obtain insurance for a car and a premium for health, even figuring in a student loan using the Department of Ed's site. Finally, they need to compute how much they'll have when they retire, if that is, they continue to save and invest a small portion each month. When they see the final figure they're stunned. The best part of all, though, is the homework where they must sit down and share it all with their parents and the comments I have received are priceless. Here's an example: *"My mother looked over the project and said this would be a great way to keep a budget and since she has no way of balancing her money this is an option she could use instead of stressing about when, how much, and how she's going to pay her bills"*

Lessons designed by the Council on Economic Education also find their way into my class room, like one of my favorites – "Was Babe Ruth overpaid?" It compares the salary of the Sultan of Swat with stars of today in order to determine how prices of yesteryear relate to today's dollars. It's a fascinating and fun way to get kids excited to learn about a not so exciting topic like the CPI Index. But it works. I have also designed a real-world project where my students simulate the Federal Reserve's Beige Book for use at its FOMC meetings. Students must first understand how the Fed researches and writes its version before creating our own local version – in style and content, right down to the beige colored cover. After gathering real data from 29 businesses in the community each student writes a summary on their sector and then submits it to a 'managing editor' student, who fines tunes the final copy before I have it published and delivered to the local business community. This is a great way to incorporate writing and research into the classroom in a way far more interesting and real than simply answering questions in the back of a chapter. As a former newspaper reporter I insist that my students write well. Because I am competitive I feel students need to learn how to work as a team and win or lose together. That's the way the real world operates so why not in school. To that end, I was extremely fortunate to open an email several years ago from the Maryland Council on Economic Education that was looking for teams to compete in a state championship on personal finance knowledge. I figured why not. So I took two teams from our not so upscale school to Towson University to go head-to-head with public and private schools from across Maryland. We took second place that year and then the past two years our neighborhood kids won the Maryland State Championship and an opportunity to compete for a national title in the Midwest both years, finishing 6th in the nation last spring in St. Louis. It was an incredible opportunity for four young men who now find themselves off at college, all doing quite well in various business related majors. One of those young men is right here today – Evans Richards. I'm sure Evan can explain what this type of education means to our nation's high school students far better than I can since he's had a chance to experience it first-hand. But before turning it over to Evan I want to stress again just how vitally important this specific education is to our country. Way too many people, young and old alike, including a vast number of teachers, simply have little or no clue about personal finance. It's been kept quiet for way too long and must change. Educators need to get educated on how best to instruct students on personal finance to avoid the next looming bubble that's waiting to burst – that collective ignorance of Americans about how best to handle their own money. With innovative instruction, and groups like the Council on Economic Education, the Federal Reserve's vast education resources and so many other options available, all at limited costs, our students can obtain an education that will truly make a difference and stay with them the rest of their lives. There is nothing more important for our students to learn. Thank you for allowing me the opportunity to appear before the committee today.