



CHRIS WALSH, AIA
REPRESENTATIVE
6TH MIDDLESEX DISTRICT

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES
STATE HOUSE, BOSTON 02133

Vice Chairman
Joint Committee on Education

Committees:
Economic Development and
Emerging Technologies
Public Service
Financial Services

ROOM 473G, STATE HOUSE
TEL. (617) 722-2070

June 7, 2017

Alice H. Peisch, House Chair
Joint Committee on Education
24 Beacon St.
Room 473G
Boston, MA 02133

Dear Chairwoman Peisch,

I am writing to respectfully request that H.261, *An Act Relative to Financial Literacy in Schools*, be released from your committee favorably.

This legislation would allow the Department of Elementary and Secondary Education to develop standards and objectives necessary to teach students from pre-K to 12th grade various components of personal financial literacy.

I look forward to you releasing this bill from your committee and your committee's support for this bill. Should you have any questions or comments, please do not hesitate to contact me or my office.

Sincerely,

A handwritten signature in black ink that reads "Chris Walsh".

Chris Walsh
State Representative
Sixth Middlesex District

18 Gilbert Street
Newton, MA 02465

June 12, 2017

State House
24 Beacon Street
Boston, MA 02133

Dear Members of the Joint Committee on Education:

I'm writing in support of the proposed bills to add a required course in financial literacy to our high school graduation requirements. According to the Wall Street Journal, Massachusetts currently has "virtually no requirements for personal finance education." Consequently, our state's young adults suffer when forced to make decisions about credit cards, student loans, banking, and investments without the education or experience to make the right choices.

We hear news reports about this problem every week. Students drowning under student loan payments. Nearly half of all adults unable to cover a \$400 emergency expense. Consumers paying thousands of dollars in interest on credit card debt and hundreds of dollars in overdraft and bank fees. The problem will not go away on its own and we must take action to prevent another generation from making the same costly mistakes.

Education is the key. I teach personal finance and mathematics at Needham High School and even though Needham is an affluent community, I find many of my students have no background knowledge of the concepts. They enter my class not understanding the effect of interest rates on loan payments, the time value of money, credit scores, or our progressive tax system. Simply, they had not been prepared to successfully navigate the major financial decisions that young adults must make.

I enjoy teaching personal finance because it is applicable to my students and I know I've had an impact on their future. My students enjoy taking the class for the same reasons. The following are some quotations from their year-end reflections on the course:

- I think that this class was almost a wake up call for me to recognize that I cannot keep spending my money so frivolously. -SM
- Overall, this course is the most useful and informational course I have taken. -LZ
- I believe that this class helped me to better understand the complications of finances and how to save money for the future. -EN
- This class I thought was super helpful and more people should definitely take it, because it's a life course. -HD
- As a result of this class, I now feel a little more ready to take on the "Real World," and deal with the lessons and problems that come with it. -EK
- I learned so much from this class and it definitely helped me know how to approach my goals, finances, and choices I want. -CK



**Statement of the Massachusetts Bankers Association
In Support of S 249, H 240, H 261, H 288, H 333, H 2023, H 3550, S 231, S 247 and S 277
Relative to Financial Literacy and Personal Finance Curriculum in Public Schools
Committee on Education
Tuesday, June 13, 2017**

The Massachusetts Bankers Association, which represents 155 commercial, cooperative and savings banks and federal savings banks and savings and loan associations with more than 69,000 employees located throughout the Commonwealth and New England, appreciates the opportunity to provide comments in general support of H 240, H 261, H 288, H 333, H 2023, H 3550, S 231, S 247, S 249 and S 277 that seek to establish a financial literacy or personal finance curriculum in Massachusetts public schools.

The challenges facing today's young adults are more encompassing than ever, especially when it comes to managing their finances. Our local, national and international economies continue to deal with enormous change and stress. Today's financial services markets are far more complex and competitive than ever, and consumers of all ages and backgrounds need to be educated on the differences in various products and services, how they work and how to determine which best meet their needs, goals and resources.

Recent studies suggest that a college graduate today, on average, will borrow over \$825,000 in his or her lifetime for homes, motor vehicles, college tuition, credit cards, boats, etc. Are these students prepared to understand all the information necessary to make educated and informed decisions on what loans, bank accounts, investments and retirement plans are best suited to their needs? Most studies suggest they are not prepared. Recent national surveys have reported that 72 percent of teens said the best time to learn money management in kindergarten to high school but only 29 percent reported that there were programs in place at their schools.

While all of the bills before this committee seek to address the critical need for expanded financial education in our public schools, we believe that S 249, legislation introduced by Sen. Jamie Eldridge is the most comprehensive. The bill directs the Department of Elementary and Secondary Education (DESE) to develop standards and objectives on personal financial literacy for the K-12 curricula within the existing mathematics, social sciences, technology, business or other curricula. DESE is directed to provide resources to assist in the selection of materials and professional development in order to achieve these goals. There is NO statewide mandate to implement a specific curriculum as local school districts are free to establish whatever course materials they choose. In many ways this bill is very similar to legislation adopted and implemented in Ohio.

Massachusetts banks and banks across the nation several years ago recognized the substantial need to provide financial educational services to many audiences, but especially students. Our Association and dozens of Massachusetts banks have actively participated in programs with local schools such as Savings Makes Sense created by the State Treasurer, the FDIC Money Smart Program, *JumpStart*, operating branches in local high schools and the *Credit Smarts* program initiated by the Office of Consumer Affairs, among others.

Many banks are also active supporters of Credit for Life fairs in their local high schools. At these fairs, students are engaged in hands-on interactive lessons that prepare them for the demands of balancing their income and expenses and making sound financial decisions that impact their future. As part of the fair each student is taken forward to the age of 24, given a fabricated credit history, a job and salary fact

sheet and the tools they will need to participate in the fair. Each student must manage their money for one month, working within the salary and credit history provided, and must make decisions about housing, health care, food and entertainment. Along the way, students will run into unexpected real-life situations that will either improve (i.e. tax refund received) or worsen (i.e. unexpected car repairs are needed) their financial situation for that month.

Earlier this year, the Association in conjunction with four member banks across the Commonwealth produced the fourth of its Common Cents program with high school seniors. This program was recorded and has been distributed to all high schools and local community cable TV stations as a useful training tool on basic personal finance. It is also available at:

<http://www.masscommoncents.com/program.html>. These are just a few of the many examples of how banks across the Commonwealth are actively engaged in providing financial education to many schools. Many other organizations are also involved in these important initiatives.

With all this energy and attention focused on enhancing financial literacy, why do we need legislation and what are the roadblocks to success? While financial literacy education has been voluntarily offered for decades, it has not been an integral part of most public school curriculum, usually just offered in economics or related classes, if at all. Unfortunately, financial literacy programs are hit or miss, often depending on the initiatives of a local teacher or principal.

Nationally, at least 17 states require students to take a course in financial literacy to graduate from high school. Thirty-five states require high schools to offer a personal finance course. States across the nation, despite severe fiscal and time challenges recognize the importance of incorporating financial literacy curriculum into K-12 education and we believe Massachusetts should join that list.

For years, there has been ongoing debate over whether or not state-mandated financial education programs in high schools actually help improve financial literacy and overall financial health in adulthood. In 2015, FINRA released a study which found that proactive financial education is essential to a more financially literate America.

FINRA Investor Education Foundation Funded Study

A FINRA Investor Education Foundation funded study, State Financial Education Mandates: It's All in the Implementation, conducted by Dr. Carly Urban of Montana State University and researchers from the Federal Reserve Board and the Center for Financial Security (CFS) at the University of Wisconsin-Madison, studied three states: Georgia, Idaho, and Texas. These states previously had not mandated financial education in high school, but changed financial education mandates after the year 2000. CFS affiliates analyzed the credit scores of young adults starting at age 18 until they reached the age of 22 using the Equifax Risk Score that ranges from 280-850. The findings from those state mandates prove that carefully implementing a rigorous financial education program in high school can improve credit scores and lower the probability of delinquency for young adults.

- **Credit Scores** - The report found that two years after implementing financial education mandates, young adults in all three states significantly increased their credit scores ranging from 11 points in Georgia to 32 points in Texas.

Your payment history has the heaviest influence on your overall credit score in any scoring model, making up 35 percent of your total score. Late payments are typically reported in one of the following categories: 30-days late, 60-days late, 90-days late, 120-days late, 150-days late, or charge off, which means the account was written off due to severe delinquency in payment. A single late payment

will drop your credit score, but making a late payment of 90-days or more, for example, will plummet your credit score.

- **Delinquency Probability** - The report found, beginning two years after the implementation of the mandate, that the financial education mandates significantly reduced the likelihood that a student would be late by 90 days or more with their payments to credit accounts. The average reduction ranged from 8-16 percent.

Massachusetts Gateway Cities Pilot Studies

Finally, we call your attention to the three year pilot program funded by the Legislature to develop innovative financial education programs in 11 high schools in Gateway cities across the Commonwealth. The creativity and innovation developed by the teachers, local non-profits and business partners was outstanding and a number of observations and conclusions are now awaiting a final evaluation and recommendation. This information will be most helpful to local schools as they move forward in addressing the overwhelming need for expanded financial education.

We also recognize the enormous challenges facing local school districts and the Department of Education as they try to incorporate all academic and related curriculums, preparing for and taking standardized tests and meeting all the other demands places on today's students and teachers. Our goal and that of the legislators who co-sponsored the bills before you today is to integrate financial literacy concepts into everyday teaching activities. There are many very good academic instructional materials available. The challenge is to assemble the best and expand the teaching of financial literacy statewide. We believe S 249 is the best and most comprehensive bill that balances the need for expanded statewide financial education while recognizing the sensitivities of avoiding local mandates.

We appreciate the opportunity to support the objectives envisioned by these proposals and encourage this committee to work toward broad expansion of financial education in the most expeditious and fiscally prudent way possible.



MASSACHUSETTS

Testimony of

**Christopher Carlozzi, State Director, National Federation of Independent Business
In Support of House Bill Nos. 240, 261, 288, 3550 and Senate Bill Nos. 231, 249 and 277
Regarding Financial Literacy Courses,
Before the Joint Committees on Education
June 13, 2017**

**Chairwoman Chang-Diaz and Chairwoman Peisch and Members of the Joint Committee
on Education:**

My name is Christopher Carlozzi. I am the Massachusetts Director of the National Federation of Independent Business (NFIB). A non-profit, non-partisan organization, NFIB is the nation's and our state's largest small business advocacy group. In Massachusetts, NFIB represents thousands of small and independent business owners involved in all types of industry, including manufacturing, retail, wholesale, service, and agriculture. The average NFIB member has five employees and annual gross revenues of about \$450,000. In short, NFIB represents the small Main Street business owners from across our state. On behalf of those small and independent business employers in the Commonwealth, I urge you to support the above-entitled House and Senate bills relative to a financial literacy curriculum.

NFIB's mission is to promote and protect the right of our members to own, operate and grow their businesses. Through our college scholarship program and our research foundation, NFIB is committed to supporting entrepreneurship among young people. And polls say that young people are increasingly interested in the economic independence afforded by entrepreneurship and small business ownership.

Placing financial literacy in the core curriculum of our secondary schools will respond to this growth in entrepreneurial activity, as well as fulfill a basic building block for success for all students. Financial literacy is practical and necessary knowledge in today's world of ever increasing business and banking complexity and speed.

Please support House Bill Nos. 240, 261, 288, 3550 and Senate Bill Nos. 231, 249 and 277 and give students the basic skills to grow and prosper in the twenty-first century. Thank you.

Buoniconti & McCary, LLC
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Stephen J. Buoniconti, Esq.

Michael W. McCary

June 13, 2017

Joint Committee on Education
State House, Room 473-G
Boston, MA 02133

Testimony in Support of:

S247 An Act Relative to Financial Literacy in Education

S249 An Act Relative to Financial Literacy in Schools

Dear Chairwoman Chang-Diaz and Chairwoman Peisch:

On behalf of the New England Collectors Association (NECA) I write today in support of *S247 An Act Relative to Financial Literacy in Education* and *S249 An Act Relative to Financial Literacy in Schools*.

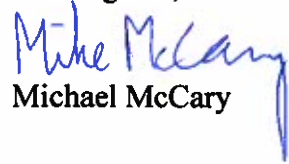
The New England Collectors Association is the trade association of the debt collection industry in our region and a member of American Collectors Association International, the industry national trade association. NECA member agencies typically are contracted by local creditors such as community hospitals, dentists and landscapers to assist with the collection of delinquent consumer debt and work with debtors to find solutions for their outstanding financial obligations.

While there are many reasons why an individual could find themselves being contacted by a collection agent, in the course of their work NECA agencies routinely encounter consumers who have found themselves in perilous financial circumstances because of an inadequate level of financial literacy and an inability to properly manage their personal finances. NECA strongly believes that financial literacy ought to be a component of every child's education in order to grow a more knowledgeable society better equipped to manage the often difficult financial decisions which inevitably come with adulthood.

As these important bills make their way through the legislative process, NECA is available to serve as a resource in the development and implementation of a financial literacy curriculum that will help prepare our children to be well-prepared and prosperous members of society.

I thank you for your consideration of our testimony and urge the committee to give S247 and S249 a favorable report.

Best regards,

A handwritten signature in blue ink that reads "Mike McCary". The signature is written in a cursive style with a prominent "M" and "C".

Michael McCary

June 13, 2017

**Members of the Joint Committee on Education
Statement of George "Scott" Guild
President: Massachusetts Council on Economic Education**

I am writing to request your support for financial literacy in schools. As the President of the Massachusetts Council on Economic Education, the oldest 501©3 organization in the Commonwealth dedicated to economic and financial education teacher training, I have worked with schools and teachers across the state. We assure that our school age youth and young adults have access to quality financial and economic education by connecting and enhancing existing resources and networks across the state and by continuing to provide and support promising practices in teacher training and program development. We appreciate the opportunity to provide comments in general support of H 240, H 261, H 288, H 333, H 2023, H 3550, S 231, S 247, S 249 and S 277 that seek to establish a financial literacy or personal finance curriculum in Massachusetts public schools, but place a focus on S249, S247 and H261 because of their broad application across the various disciplines and recognition that personal finance content can be integrated across the existing curriculum.

In your deliberations please consider the following:

- The US placed below the OECD average in the PISA Financial Literacy Score for 15-Year Olds
- 1.26Trillion in college loan debt (New York Fed)
- 47% of Americans feel unprepared for a \$400 emergency (Federal Reserve Board)
- 1/1,332 houses received a foreclosure filing in the state (Bank Rate)
- 58% of Mass residents unable to answer three out of five financial knowledge questions correctly (FINRA)
- Massachusetts receives a grade of "F" from The Center for Financial Literacy at Champlain College

Despite the recognition that economic and financial literacy is critical to succeed in modern society, study after study shows that many Americans continue to lack even a basic understanding of economic and financial concepts, and the consequences on Americans' financial state are dire. Yet there is hope for improvement in the future if we work to make economic and financial education a priority in our schools. At last count, only 20 states require students to take a high school economics course to graduate, and only 17 require a course in financial literacy (Council for Economic Education's 2016 Survey of the States). However, years of substantive and carefully designed research show that 1) K-12 students can learn economic and financial concepts when taught by teachers who know economics and know how to teach it

Student Essay

Submitted by Lydia Nelson, Business Teacher, Whitman-Hanson Regional High School

Should Financial Literacy be Taught in School?

As a child, everyone dreamed of becoming a millionaire. Every kid wanted a nice car, a huge mansion, and the ability to do anything. However, 8 out of every 10 Americans is in some sort of debt¹. This is not because the dreams of having money are unrealistic, because they are. In school, children are taught how to read, write, and do algebra. They are not taught how to manage their money. Schools should take the time to teach financial literacy so the future generations will be able to survive in the real world, without being in debt.

Each school has different requirements to graduate. Some schools, the ones that don't require financial literacy send kids out into the vicious world, and most of the kids have never seen the concepts of bills and taxes. Because of this many people crash and burn after college. On average, each college graduate has about 37,000² dollars in debt every year they are in school. When starting out a new life, many people don't understand how to manage this. Some don't pay it off right away and end up paying more, and others try to pay it off at once and don't have enough money to live. This is one of the reasons why financial literacy is important. To

¹ <http://www.cnn.com/2015/07/29/eight-in-10-americans-are-in-debt.html>

² <http://www.bankrate.com/financing/personal-loans/student-debt-on-the-rise-in-2016/>

Work Cited

<http://www.bankrate.com/financing/personal-loans/student-debt-on-the-rise-in-2016/>

<http://www.champlain.edu/centers-of-excellence/center-for-financial-literacy/report-making-the-grade>

<http://www.cnbc.com/2015/07/29/eight-in-10-americans-are-in-debt.html>

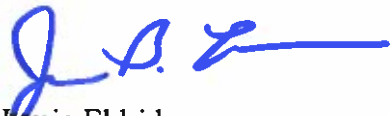
choose a career path, it is critical that they understand the connection between their career and finances, begin to plan for retirement, and develop healthy financial practices.

This bill would direct the Department of Elementary and Secondary Education (DESE) to assist schools in integrating personal financial literacy into existing mathematics, social sciences, technology, business, and other curricula. Students will develop knowledge and skills related to understanding loans, interest, credit card debt, rights and responsibilities of renting or buying a home, saving, investing and planning for retirement, banking and financial services, and much more. DESE will provide oversight and guidance to schools to ensure successful implementation of these new programs.

As young people leave high school, many lack the financial skills to adequately manage the many financial obstacles that young adults encounter. This bill will ensure that high school students learn the basics of financial literacy and foster a healthy economy.

Should you have any questions or concerns, please do not hesitate to contact me or my office.

Sincerely,



Jamie Eldridge
State Senator
Middlesex & Worcester



The Commonwealth of Massachusetts
MASSACHUSETTS SENATE

SENATOR JAMES B. ELDRIDGE

Middlesex and Worcester District

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June 9, 2017

The Honorable Sonia Chang-Diaz, Chair
Joint Committee on Education
State House Room 111
24 Beacon Street
Boston, MA 02133

The Honorable Alice Hanlon Peisch, Chair
Joint Committee on Education
State House Room 473G
24 Beacon Street
Boston, MA 02133

RE: S.249 – *An Act relative to financial literacy in schools*

Dear Charwoman Chang-Diaz and Chairwoman Peisch:

I am writing to ask for your support regarding S.249, *An Act relative to financial literacy in schools*, and respectfully request that this bill be given a favorable report by the Joint Committee on Education.

The ability to successfully manage personal finances is essential to achieving lifelong financial stability. Unfortunately, many young people do not understand debit and credit cards, banking, investments, or college loans. As a result, young people are less likely to become financially stable because they may not have a checking account, retirement fund, or own stocks. The 2008 financial crisis shows the dire consequences that financial illiteracy can have on our entire economy.

Educating young people on financial literacy is crucial. Our youth leave high school and enter a complex financial landscape of student and auto loans, mortgages, and credit cards. As they