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House Education Committee
Written testimony in opposition to HB 2301
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Mister Chairman, members of the Committee, thank you for the opportunity to submit testimony on House Bill 2301.

For a number of years, the Legislature has worked to address the issue of financial literacy. At the current time, you have mandated financial literacy standards throughout the curriculum at all levels. House Bill 2301 would continue this practice and call on the State Board of Education to further refine a high school class in financial literacy.

Financial literacy standards are infused throughout mathematics instruction and those standards are tested on state assessments as mandated.

We would suggest that the incorporation of financial literacy standards into mathematics instruction at all grade levels is the appropriate way to teach financial literacy. Such an approach allows for a real-world application of mathematics instruction. Following that with a mandate that financial literacy standards be included on state mathematics assessments should be sufficient. Additionally, further defining the standards for a semester long high school financial literacy class is a worthy endeavor.

To that end, we have no particular problem with section 3 of the bill.

We do, however, oppose sections 1 and 2.

Specifically, we oppose mandating that a financial literacy class should take the place of a math credit. If this were to be allowed, there would be unintended consequences.

For example, financial literacy would not be part of a rigorous STEM program of study. Substituting financial literacy for a semester of pre-calculus would not be beneficial to a university-bound student.

Those school districts that currently require completion of a financial literacy class for graduation might reconsider the requirement if it were to weaken the STEM program in their high schools. Better to make financial literacy optional than to allow students to opt out of a more traditional math course.

We fully understand the concern that leads to bills like this. But once again we are turning to our schools and asking them to solve an ill not of their making and out of their control.

There's nothing bad about instruction in financial literacy but completion of a class will not address the real reasons that people appear to be financially illiterate. We need to address low wages, college debt, and predatory lending/credit practices if we really want to tackle the problem.

We have a largely unregulated industry preying on people, particularly people with limited financial means; those in low-wage jobs. The proliferation of pay day loan companies and title loan companies targets vulnerable people then charging as much as 390% interest. Take one of these loans to get out of a jam and end up in a never-ending spiral of debt. Fail to meet the terms of a title loan and lose your car.

Predatory credit card companies send massive numbers of unsolicited "pre-approved" credit applications. Store clerks press shoppers to open a credit card on the spot. Shop at Target or Kohl's or Best Buy and try getting out without being asked to apply now for a credit card. I was once shopping with my teenage sons in a Target and when I said I wasn't interested in the card, the store clerk turned to my sons and asked them! College students buy textbooks and find credit card solicitations in the bag.

The federal government was set to institute new regulations on the pay day loan industry in 2018 but those regulations were suspended and then abandoned by the Trump administration.

Suzanne Martindale, senior policy counsel for Consumer Reports had this to say about the action, "The CFPB's latest proposal will leave struggling borrowers vulnerable to falling further behind by giving payday and other high-cost lenders the green light to continue trapping them deep in debt."

https://www.consumerreports.org/consumer-financial-protection-bureau/cfpb-bids-to-relax-payday-loan-regulation/

A report from the Associated press had this to say: "The nation's federal financial watchdog said Wednesday that it plans to abolish most of its critical consumer protections governing payday lenders. The move is a major win for the payday lending industry, which argued the government's regulations could kill off a large chunk of its business. It's also a big loss for consumer groups, who say payday lenders exploit the poor and disadvantaged with loans that have annual interest rates as much as 400 percent."

https://www.apnews.com/2a095cc99a07432aba3f62bfb6bfe47d

It is true that more and more people are finding themselves saddled with crippling debt. The minimum wage is appallingly low - it is a poverty level wage. Many people earning relatively good salaries have come out of college buried in student loan debt. Couple these with predatory lending practices and the allure of a consumer-centered society and we reap what we sow.

What is so incredibly frustrating in discussions like this one today and in these kinds of proposals is that when society is organized under laissez faire rules that result in significant problems, instead of taking on the root of those problems, policy makers ask the schools to fix them.

When we find ourselves with an obesity problem, we demand that the schools require more physical education and mandate curriculum about healthy choices and wellness so that our children will stop eating fast food and drinking 44-ounce sodas. When we find more and more adults buried in debt and tied to predatory lenders, we direct the schools to teach our children to avoid the practices we refuse to regulate.

Instruction in financial literacy is a worthy endeavor but it will not end college debt, it will not increase the wages in low-paying industries, it will not suddenly turn everyone into wise consumers who are deaf to the barrage of advertising we face every day. And letting it substitute for traditional mathematics will put students at a disadvantage as they head off to college.

A societal problem demands a societal response.