Financial Literacy Testimony
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As a generation, we have distinguished ourselves fiscally from our parents by moving away from a high tax, active government structure to a lower tax, individual responsible model. The assumption in this shift is that we can make better decisions with our money than the government. The risk of this shift toward individual responsibility is that Americans will not use the discipline and prudence necessary to save money for college for their children, to save for their retirement, or to use credit cards in a responsible manner. The resulting effect of shifting money from the government to individuals has been the reduction of funding for public schools, infrastructure and national research.

The challenge with the shift of tax dollars back to individuals is not the concept itself, but the assumption that they have been taught to care for themselves financially. Unlike our parents, we have not experienced the best teacher of financial prudence, a prolonged economic downturn like the Great Depression.

So here we are with a need to educate Americans in financial concepts, but with inadequate funding to make a difference on a large population. What is the best use of our federal and state funds to moderate the behavior of this generation and future generations? Given our limited resources, we must set priorities by targeting K-12 and postsecondary students to take a long term look at improving financial literacy.

The most current national scores in financial literacy were reported in early April and the results are very concerning. The financial literary scores of the 2008 high school seniors rank lower than their 2006 peers. The Jumpstart Coalition biennial survey, funded by Merrill Lynch Foundation, recorded a low mean score of 48.3% vs. 2006, of 52.4%. This year Jumpstart tested college students and these scores were higher than the high school students. Freshman scored 59% while college seniors were at 65%. The scores tell us our kids need help and that we should be looking at K-12 and postsecondary students for a continuum of learning. The statistics demonstrate increased understanding of students as they move from high school, to college, to the workplace.

In Kansas, we decided the best way to approach this problem was to integrate financial literacy into the K-12 curriculum for all public school students. The catalyst for this change began with a group of concerned private citizens coming together to form Financial Fitness Foundation, a 501(C)(3). Our focus initially was to sponsor financial fitness seminars for high school students, teaching them the dangers of irresponsible credit card use, the power of compounding returns, and the freedom of financial security. While these seminars were popular, the board of Financial Fitness Foundation decided the seminars influenced too few individuals to make much difference. We shifted gears and decided to try to incorporate financial concepts into the K-12 curriculum.

While I am President of Financial Fitness Foundation, our Executive Director, Carol Rupe, organized the effort to pass a law in Kansas for financial literacy. The law passed overwhelmingly thanks to an incredible bipartisan effort.

The implementation has been difficult. The law wasn't grade level or subject specific. No one feels ownership in the teaching of personal finance. Therefore, it is being taught sporadically throughout our state.

The Financial Fitness Foundation produced teacher and student materials along with videos to assist teachers in teaching financial literacy. We distributed those materials to every high school in the state. We teamed with the Kansas Council on Economic Education to produce interactive CD rom lessons for students in K-8th grade. There are dozens of lessons and hundreds of supporting materials for teachers that are aligned with Kansas standards in reading, math and social studies. These materials are currently being distributed across the state for free to every school that receives a three-hour training on how to use the information with students. In spite of the availability of all of the material and teacher training, the results have been mixed.

The Kansas State Department of Education recently conducted a survey of every school in the state to determine what is being taught in the area of financial literacy, by whom, at what grade level, and in which classes. The data shows that there is no consistency across the state. In elementary and middle schools, personal finance, if it is taught, is being integrated into the curriculum. In high school, it is often a separate course. Many teachers report that very little time (less than two days) is spent teaching the information, unless it is a separate course. Most teachers said that they had no college classes to help them teach financial literacy. They said that there have been a few professional development classes available to help prepare them. Those who are teaching personal finance feel somewhat prepared and say they have found materials that are appropriate. Teachers added that more staff time needs to be devoted to helping them teach this information.

So how can the federal government help to fuel interest in the subject? Our government must <u>own</u> the issue. If we go state by state, or city by city, we will not get the required results. There is no lack of material in this area of study; the scarcity is in the incentives or mandates available to drive the issue.

Some thoughts on **incentives** would be the following: (1) Government should help underwrite the training of K-12 teachers in the subject matter with funds for continuing education. (2) We need to "scale-up" personal finance in all postsecondary general education courses. A course platform that is web based, taught by well trained faculty, would do the job, but it requires resources.

Mandates: A test of proficiency could be mandated by the federal government and funding provided for this test either at the end of high school or before entry into postsecondary schooling. In the event that the student fails, there should be funding for remediation.

You have a unique opportunity to give the gift of financial literacy to future generations of Americans. The K-12 and postsecondary arena offer a large targeted population, at the perfect age to study these concepts. If we could be sure our children and grandchildren were equipped with the knowledge to care for themselves financially, we would have fewer worries about the government being unable to care for them with social security and medicare.

Think big – You have the bully pulpit and there are many of us, moms and dads, grandmothers and grandfathers, to support you in this effort.