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To: House Education Committee

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Subject: **HB 2232** – Requiring Personal Financial Literacy Education Programs for All Kansas High School Students

Chairman Highland and members of the House Education Committee, thank you for the opportunity to provide written testimony today on behalf of the Kansas Association of REALTORS® in support of **HB 2232**, which would require that all Kansas high school students complete a course on personal financial literacy prior to graduation. Through our comments, we hope to provide some additional context to the discussion on this very important issue.

KAR is the state's largest professional trade association, representing nearly 8,000 members involved in both residential and commercial real estate and advocating on behalf of the state's 700,000 property owners for over 90 years. REALTORS® serve an important role in the state's economy and are dedicated to working with our elected officials to create better communities by supporting economic development, a high quality of life and providing affordable housing opportunities while protecting the rights of private property owners.

Why should young adults be required to learn about personal finance?

By almost any measure, young adults and teenagers are currently failing to understand the basic concepts of personal finance and how to survive in the modern economy. All the relevant survey research shows that teenagers and young adults leave high school with relatively little knowledge on various financial concepts such as credit cards, credit scores, debt, loans, mortgages and savings.

According to the 2011 Teens and Money Survey, only 35% of teenagers reported that they knew how to balance a checkbook or check the accuracy of a bank account statement. In addition, only 35% of teenagers know how credit card interest rates and fees work and just 31% of teenagers could define the meaning of the term "credit score."

Ideally, teenagers and young adults would receive information on these very basic financial concepts at home from their guardians or parents. However, all of the available survey research on this subject shows that many teenagers and young adults are falling through the cracks and failing to become knowledgeable on these subjects before they graduate high school and are thrown out into the real world of the modern economy.

While there were many complex economic conditions and problems that combined to cause the recession that impacted the Kansas and national economies from 2007 through 2012, we believe that a major contributing factor of these problems was a basic lack of personal financial literacy among American consumers. In addition to preparing young adults and teenagers for a career or college, a high school education must address personal financial literacy.

Even if a young adult with a high school diploma or college degree is lucky enough to find a good job, the income they earn from this job will be quickly squandered if they lack a basic understanding of budgeting, debt, financial management and savings. If American consumers continue to lack a fundamental understanding of very common concepts such as how to manage income, create a household budget, manage debt and understand interest rates and fees, then we are afraid that we are doomed to repeat the mistakes of the past in future years.

Conclusion

The Kansas Association of REALTORS® would strongly urge the members of the House Education Committee to support the provisions of **HB 2232**, which will help arm young adults and teenagers with the personal financial literacy they will need to survive and thrive in the modern economy.