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JOSEPH BRIAN SCAPA
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Mr. Chairman and members of the House Education Committee,

I am writing today to testify in support of HB 2232. Financial literacy is a fundamental skill that needs to be taught to all of our Kansas students. Our students need to know how to manage their finances. I have been a Realtor for almost 15 years and have had many young people talk to me about purchasing their first home. When we start the conversation about their finances and credit, all too many times I find out they have already ruined their credit scores and have excessive amounts of debt and are not able to purchase a home until they clean it up. I also have more than 12 years' experience working with high school students. I have been around enough students to see that this is something that is not being taught consistently in our schools and where it is taught is may not be in the depth that is needed.

I helped write this bill to equip students with the knowledge and skills needed to become self-supporting and to enable students to make critical decisions regarding their personal finances. This bill will make a personal financial literacy course a requirement across the state for graduation. It requires at least one semester or two quarters of instruction in the following areas:

- (1) Savings, including, but not limited to, interest, compound interest, the rule of 72, budgeting and managing expenditures, importance of saving, balancing a checkbook, creating a savings plan, principal, capital, types of savings vehicles, monthly budgeting, bargain shopping as a part of a financial plan and helpful negotiation strategies;
- (2) banking, including, but not limited to, typical account types and their features, completing a check, online banking resources, monitoring account balance activity and the benefits and detriments of different account features such as protection plans for overdraft and minimum balance requirements;
- (3) payment types, interest rates and credit cards, including, but not limited to, cash advances, payday loans, debit cards, merchant cards, annual percentage rates on credit cards, credit limit, annual fees on credit cards, grace periods, minimum payments, other fee structures on credit cards, and calculating a return on an initial investment with different interest rates and compounding frequencies;
- (4) credit scores, including, but not limited to, how credit scores are calculated, implications of good or bad credit scores, financial decisions most detrimental to a credit score, ease of ruining a credit score, entities who calculate credit scores, what impacts credit scores, how to manage a credit score, FICO, major credit bureaus, credit checks and purchases typically requiring good credit;

(5) financing higher education, including, but not limited to, filling out a free application for federal student aid, understanding repayment obligations for loans, scholarships, grants, types of loans, good debt versus bad debt, depreciation versus appreciation, cost of attendance, master promissory note, loan payback schedules and returns on investments including future returns on appreciation on assets and an education;

(6) renting versus owning property, including, but not limited to, mortgages, appreciation, depreciation, tax incentives, lease terms, fixed and adjustable rate mortgages, balloon payments, liens, foreclosures, buying process, selling process, renting process and the costs associated with home ownership versus renting;

(7) insurance, including, but not limited to, the purpose of financial risk management, insurance terminology, health insurance, homeowners insurance, renters insurance, life insurance, disability insurance, identity theft insurance and automobile insurance;

(8) consumer fraud, including, but not limited to, the fair credit reporting act, the fair debt collection practices act, the truth in lending act, identity fraud, identity theft, preventing common consumer fraud practices and how to spot consumer fraud;

(9) investing, including, but not limited to, stocks, bonds, mutual funds, 401(k), individual retirement arrangements, risk and reward dynamics, rate of return, shareholders, dividends, coupons, creating an optimal investment portfolio, reading a stock quote and evaluating a company based on its price, market capitalization, dividend yield, earnings per share and price to earnings ratio;

(10) taxes, including, but not limited to, sales tax, income taxes and income tax brackets, property taxes, capital gains taxes, tax forms, net pay, tax revenue sources for federal, state and local governments and state, federal and social security withholding; and

(11) debt, including, but not limited to, good debt versus bad debt, the dangers of debt as a financial tool and the importance of avoiding debt as a young adult.

All of these subjects are critical for our students to be able to live in the real world. With our nation so far in debt and so many Americans in debt, it is apparent there are a lot of people who could have benefited from a good education in financial literacy. This is one step we can take to help get this state and our country back on a solid financial foundation. Financial literacy is also another tool we can use to combat poverty in our nation. As you know, there are many factors that contribute to poverty, but if we educate our students in financial literacy we will have a better chance at breaking the poverty cycle.

This bill is largely modeled off of the EverFi curriculum that is offered for free to Kansas High Schools through the Kansas Securities Commissioners office. Financial literacy can already be substituted for a half credit of required math under the current requirements of the State Board of Education. Another course should not be necessary.

Thank you for the opportunity to provide testimony today on behalf of HB 2232. I ask for the committee's support to pass the bill out favorably.

Representative Joseph B. Scapa
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