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House Education Committee
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Mr. Chairman, members of the Committee, thank you for the opportunity to submit testimony on House Bill 2166.

For several 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. HB 2166 would continue this practice but would further require a one semester class specifically in financial literacy in grades 11 or 12 as a graduation requirement.

If, as mandated, financial literacy standards are infused throughout mathematics instruction and those standards are tested on state assessments – also as mandated under current law – then we believe that HB 2166 goes too far.

The Legislature has considered adding a number of new graduation requirements on Kansas high school students over the years. There have been bills increasing the number of math and science credits required. There have been bills mandating annual PE for all students.

The expansion of such credit requirements may be done with the best of intentions but there are unintended consequences of such expansions. Each additional credit that is required reduces the opportunity for a student to choose from electives to round out their education. If you increase PE by six semesters, that is the equivalent of eliminating six other classes – classes in foreign language, the arts, etc. Adding a one semester course in financial literacy simply crowds out one other course. And please don't forget that you have another bill mandating a course in computer science for graduation.

In a typical six period high school, a student has 48 semester courses. Currently, eight of those are English language arts, twelve are mathematics and science, six are social sciences, one is PE, and one is fine arts. College bound students often take between four and eight semesters of foreign language and eight semesters of either band, orchestra or choir; some add an additional two semesters of math and two semesters of science. We have reached a point where, for many students, the addition of another one semester requirement is simply not possible.

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.

While we oppose this bill, it is not because we don't see a problem in society that might point to financial illiteracy. But the problem is not the curriculum – the problem is predatory lending practices.

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 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 by the Trump administration and just this week it was announced officially that they would be abandoned.

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. People earning relatively good salaries have come out of college buried in student loan debt. Couple that 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.

Completion of a financial literacy course 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.

A societal problem demands a societal response.

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