



An Act Concerning Financial Literacy in Schools; S 1994

The Act Concerning Financial Literacy in Schools follows a recommendation of the Asset Development Commission in its report, *Asset Development: Removing Barriers, Building Futures*. The Commission recommended that financial literacy be integrated in the public K-12 system to improve financial literacy in the formative years.ⁱ S 1994, would accomplish this by equipping:

"...students with the knowledge and skills needed to become self-supporting and to enable students to make critical decisions regarding personal finances, the department of elementary and secondary education shall authorize and assist in the implementation of programs on teaching financial literacy. The components of personal financial literacy covered in the program shall include: understanding loans, borrowing money, interest, credit card debt, and online commerce: rights and responsibilities of renting or buying a home; savings, investing and planning for retirement, and banking and financial services."

LEGISLATION: S-1994, sponsored by Senator Jamie Eldridge, many co-sponsorsⁱⁱ

- Requires the Department of Elementary and Secondary Education (DESE) to develop standards and objectives for personal financial literacy for grades pre-K through 12 in the mathematics curriculum for the 2013-2014 academic year. This is a result of extensive dialogue with DESE and educators.
- Authorizes the Department to seek funding for resources and training, including that of the Financial Literacy Trust, managed by the State Treasurer's office.
- Establishes, by DESE, an advisory committee that would make an investigation and study into the development of the curriculum, guidelines, and high quality materials to be used in schools. This would coordinate individual efforts across the state.

HISTORY:

Variations on this bill have been promoted in many previous sessions. In the 2009-2010 legislative session, a similar bill was unanimously passed in the Senate and was referred to the House Committee on Ways & Means where it remained at the end of the session.

CURRENT STATUS AS OF OCT, 2011:

Strongly endorsed by the Joint Committee on Education in July and combined with 9 others, the resulting bill, S 1994, is now pending before the Senate Committee on Ways & Means.

IMPACT OF THIS LEGISLATION:

In order to prevent future economic recessions as we are experiencing currently we need to educate our youth today. Learning the financial education basics in K-12 will allow them to make educated financial decisions in the future preventing them from bankruptcy, foreclosures, and debt. The *Midas Collaborative* and its members work with thousands of families throughout Massachusetts struggling



with financial issues. They are receiving valuable financial education as adults, and report that receiving it in school would have helped them prevent their financial mistakes.

FACTS: ⁱⁱⁱ

- 92% of undergraduates use credit cards to pay for educational expenses and 30% admitted to using their credit cards to pay for college tuition.
- 7.2% of students drop out of college due to debt and/or financial pressures.
- 84% of undergraduates admitted the need for more financial management education. Of these, 64% would have preferred some type of financial literacy education in high school and 40% as college freshman.
- In 2007, a survey on teens and money reported that only 45% of teens know how to use a credit card, while just 26% understood credit-card interest and fees.
- People in the 18 to 24 age bracket spend nearly 30% of their monthly income just on debt repayment; double the percentage spent in 1992 (10% of net income is a recommended amount for debt obligation).
- Americans under 25 are filing for bankruptcy faster than any other age group.

SUPPORTERS:

- **The Midas Collaborative**, is a non-profit organization with 37 members throughout Massachusetts working on asset development and protection for low and moderate-income families.^{iv}
- **Massachusetts Financial Education Collaborative (MFEC)**, is a statewide network that includes 41 participating organizations representing the public, private and non-profit sectors, including the Mass Credit Union League and Mass Bankers Association.^v
- **Massachusetts Asset Building Coalition (MABC)**, www.massabc.org, is an organization dedicated to the advancement of the recommendations of the Mass. Asset Development Commission.

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ⁱ *Asset Development: Removing Barriers, Building Futures*. Massachusetts Asset Development Commission, Final Report, June 2009, pg. 46. (<http://www.mass.gov/Ehed/docs/dhcd/adc/adcfinalreport.pdf>)

ⁱⁱ Sens Finegold and Spilka and Reys Curran, DeMacedo, Stanley, Dempsey, Levy, Walz, and Garballey.

ⁱⁱⁱ Statistics Compiled from: <http://www.credit.com/press/statistics/student-credit-and-debt-statistics.html> ; More resources and statistics are available at <http://www.massaves.org/>

^{iv} To view Midas member organizations go to: <http://www.massassets.org/members.html>

^v To view the MFEC participating organizations go to: <http://www.massaves.org/about/MFECpartners>