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**Testimony of Pam Hoffman, Executive Director, The Midas Collaborative
To the Joint Committee on Education
In Support of *An Act Relative to Financial Literacy in Schools*, [S249/H261]
June 13, 2017**

I write in support of Senate bill 249, *An Act relative to financial literacy in schools*, filed by Sen. Jamie Eldridge and House bill H261, *An Act relative to financial literacy in schools*, filed by Rep. Danielle Gregoire.

The Midas Collaborative is a statewide nonprofit network of community-based organizations committed to the building of assets by low and moderate income families across the state. This includes providing incentives and support for thousands of families to build personal savings and financial skills, and to invest in first homes, small businesses, and post-secondary educations as a way to stabilize their finances and their communities. Our member organizations work in cities such as Boston, Springfield, Lowell, Pittsfield, and Worcester providing workshops, savings products such as matched savings accounts, financial education training, and individual counseling on topics such as credit counseling, home buyer training, college financing, and foreclosure prevention.

Midas is also the host organization of the MassSaves Coalition (www.MassSaves.org), a statewide network of public and private stakeholders committed to improving the delivery and quality of financial education of Massachusetts residents across the life span. We host a financial education website for consumers, an annual statewide summit on financial education, and trainings, convenings, and webinars to increase financial knowledge.

In Midas' matched savings program alone, we have assisted more than 1500 residents to save and invest in homes, educations, small businesses, and rainy-day funds valued at over \$42 millionⁱ. We have proven that low income people will, and can, save and invest in assets that make long-term changes in their economic stability and future growth, and that access to financial literacy early on in life can help people make well-informed financial choices about their futures. Our financial coaches and other direct service providers see the everyday challenges of residents as they try to pay down debts, build their credit, and find good jobs. Through our financial coaching program we are able to provide support for those who wish to rectify past mistakes or plan for a better future, but we are unable to help everyone in need of assistance. By incorporating financial literacy in K-12 education, children will be introduced to financial concepts earlier in life, and the dissemination of financial knowledge will be more widespread, thus having a greater impact.

This legislation acknowledges that every student in Massachusetts should have access to financial tools to help them build financially-responsible futures. A 2016 study on Financial Capability by the FINRA Investor Education Foundationⁱⁱ showed that Massachusetts consumers were not well informed on the basics: 60% failed a basic financial competency test, 58% didn't compare credit card offers, 46% had no rainy day funds, and 29% were only paying the minimum amounts on their credit card bills. Although some unfavorable financial practices may indicate financial need, we also see a gap in financial literacy. A 2012 national financial capability study found that first-year college students lacked basic knowledge of the five core competencies specified by the US Department of Treasury: earning, spending, saving, borrowing, and protecting. None of the students involved in the study was in the "A" range, and only 11% were in the "B" rangeⁱⁱⁱ. In another survey

conducted in 2013, 25% of teens think they will not become financially independent until they are between the ages of 25 – 27; this number is up from 12% in 2011^{iv}. These studies show that many teens and young college students lack the information, skills and confidence to grow into their adult financial responsibilities. By including financial literacy as an educational requirement, we can provide critical life skills for young people in an increasingly complex economy.

We encourage your Committee to report this bill out favorably and would be happy to provide any additional information you may need in regards to this issue. Thank you for your consideration.^v

ⁱ For more information on Midas's Impact, see: www.MidasCollab.org

ⁱⁱ <http://www.usfinancialcapability.org/results.php?region=MA>

ⁱⁱⁱ Inceptia, First-Year College Students Score Poorly in Basic Financial Literacy, Inceptia Survey Reports, January 22, 2013 <https://www.inceptia.org/about/news/jan-22-2013/>

^{iv} Junior Achievement/Allstate Foundation, Percentage of Teens Who Think They Will Be Financially Dependent on Parents Until Age 25 -27 More than Doubles, New Survey Finds, March 27, 2013 <http://www.allstatenewsroom.com/channels/News-Releases/releases/percentage-of-teens-who-think-they-will-be-financially-dependent-on-parents-until-age-25-27-more-than-doubles-new-survey-finds>