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Representative Moore, Chairman
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Testimony by Kansas State Treasurer Dennis McKinney

Good morning Chairman. As Kansas State Treasurer, I believe financial literacy is a national priority. As a result, my office provides a variety of financial literacy programs to Kansans of all ages. Among other initiatives, we offer an in-school savings program and financial management workshops for grade school and middle school aged students. We also host financial seminars and on-line resources for adults. These programs are a great resource to Kansas teachers, students, and families. Our goal is to help hard working Kansans save, invest, and grow to create more opportunities to improve families and communities across Kansas.

Children and adults alike must understand that they do have control over their financial future. Money management programs such as Save@School, stress basic financial responsibilities that are best learned early in life and reinforced through the years.

The Save@School program provides the early education that is critical in shaping young minds in financial management. With the leadership of educators and the cooperation of local financial institutions, this program is reaching thousands of students across Kansas. The curriculum for the Save@School program is designed to; make students aware of the benefits of saving, encourage good habits relating to saving and spending, and carry over to the student's family as a way to make positive changes in their own financial lives'.

Save@School joins the State Treasurer's office, local financial institutions and schools with the common goal of teaching children so that they become educated consumers who will make responsible financial decisions in the future. Participants open savings accounts and make deposits to their accounts on scheduled savings days at their school. The students learn the importance of savings through hands-on experience and classroom exercises with the guidance of an employee of the financial institution and the curriculum provided by the State Treasurer's office. This curriculum aligns with current Kansas state mathematics standards.

Children and adults alike must understand that they do have control over their financial future. Stressing basic financial responsibilities is a lesson best learned early in life and reinforced through the years. The Treasurer's LIFE reading list (Lessons in Financial

Education) provides lessons on cost-benefit analysis, barter and exchange, having a job, work and human capital, having and earning money, and saving techniques for kids from preschool through high school. This list is designed to get kids to begin thinking about and engaging in dialog on some basic financial concepts.

As both Kansas State Treasurer, and as a parent myself, I recommend that parents talk to their children about finances early and often. Reading these books to kids is a great way to communicate the message of financial responsibility. I appreciate the important role that parents and caregivers play in shaping our children's future.

Another initiative at the Treasurer's office for parents and children is the Kansas Investments Developing Scholars (K.I.D.S.) program. This is a unique opportunity for Kansas families that want to begin planning for their child's education beyond high school but may need some assistance to make the goal of savings a reality. The K.I.D.S. program is just one step to bring Kansas families closer to reaching their goals to allow their students the opportunity to advance beyond post-secondary education. This includes community college, technical college or university level accredited education.

K.I.D.S. matching grant program will match the first \$600 that participants contribute to a Learning Quest 529 Education Savings Program account each year that they are eligible. K.I.D.S. was developed for families with income less than 200% of the federal poverty level. To be eligible participants must be Kansas residents. Whether it is community college, technical college or university, the challenge of paying for a child's education will only increase in the future.

We reach the middle school students through a one-day workshop called Money\$mart Financial Management. This event was created specifically for Kansas middle school students. Money\$mart is designed to offer middle school students training in sound personal financial philosophies and practices in a fun environment that enhances leadership and teamwork skills. Students engage in specific lessons regarding topics such as money and choices, budgeting, saving and goal-setting and cash and credit. These events are sponsored by Kansas State Treasurer Dennis McKinney and the Kansas Credit Union Association (KCUA) and held throughout the state.

The ABCs of Credit Card Finance is a program aimed at educating high school seniors and young adults entering college. It was created by the Center for Student Credit Card Education, Inc. and instructs students on how to wisely choose and responsibly use a credit card before they enter the workforce. The Treasurer's Office offers a trainer's guide, PowerPoint, and student primer free.

By participating in the program, students develop the skills necessary to build a positive credit history that will benefit them for years to come. This program can help prevent creditors from profiting at the expense of our young adults. Some high school teachers are using this to enhance their curriculum in business and economics classes in Kansas.

The Treasurer's office has provided seminars specifically for women and for seniors. In 2009 as a strong partner on the Women & Money Coalition we sponsored an 8-week series for 90 women to gain control over their finances. This training was developed by women for

women of all income and education levels. These women increased their financial knowledge, developed confidence in their decision making ability, and gained control of their life through informed money management. Back by popular demand, the Women & Money Series will be held September through October, 2010 at Washburn University in Topeka.

Our office has also begun conducting brown bag lessons on personal finances to help Kansans maintain financial independence. Financial education empowers individuals or families to become more financially secure and independent. We believe it is important for Kansans to make educated decisions to make their money work as hard as possible for them.

The Treasurer's office, partnering with a number of other organizations, has offered financial literacy programs in Topeka starting with state employees as a pilot project. Based on the success of these pilot sessions, we recently decided to expand the opportunities for more Kansans to benefit from these informational sessions. This Fall the Treasurer's Office Brown Bag Series is traveling to Hays, Manhattan, Wichita, Emporia, Pittsburg, and Lawrence.

What kinds of programs have worked well in promoting greater financial literacy? The best programs are ones that can entertain the participants as well as educate them. Students of all ages consider finances a boring topic. Money is fun to talk about. Once the word finance or budget is mentioned; eyes start glazing over.

The Money\$mart program at the Treasurer's Office partners with the Kansas Credit Union Association (KCUA) to bring college students to facilitate financial workshops for middle school students. The energy generated by the college student facilitators causes the Middle school students to pay attention and enjoy learning. Not only do the middle school students learn about finances; they also learn about college life. Fun balanced with responsibility.

Middle school students are receptive to listening about why continuing education is important to a college student; why it is important to get good grades in high school and why it is important to take challenging classes while they are still in high school. Seeds are planted encouraging students to continue their education in subjects they are passionate about. Another win-win benefit of this Money\$mart program is the financial education the college students receive by teaching the curriculum!

The Kansas Council on Economic Education, among other great initiatives, offers the Financial Foundations for Kansas Kids personal finance/economics curriculum for the K-8 grade classroom. This is a comprehensive set of standards-based, interactive computer courseware lessons that integrate personal financial literacy and its underlying economic principles into the language arts and math curriculums. All elementary schools and middle schools in Kansas receive the courseware free! A pre-test and post-test are also available for teachers to measure learning.

Consumer Credit Counseling Services (CCCS) is a non-profit organization teaching several successful financial classes: The Money Action Program (a basic budgeting and credit use program); Couples and Money (a program that helps couples discuss money issues and a forum to work out solutions); Raising Money Smart Kids (a program that teach to parents

how to talk to their kids about money and spending); and Homebuying (a program that educates consumers on the homebuyer process and how much they can afford).

Housing and Credit Counseling, Inc. is a non-profit United Way Agency that provides counseling and education about budgeting, credit, debt repayment, tenant-landlord issues and homeownership opportunities with offices in Topeka, Lawrence, and Manhattan. These classes are a huge benefit to citizens of all income levels in these communities.

The Kansas State University Research and Extension offices also provide valuable financial education to Kansas consumers across the state--no marketing or selling financial products.

An exciting pilot in Kansas is The Bank On America Saves - Greater Kansas City initiative to move unbanked and underbanked households into the financial mainstream as a way to promote economic success among all residents, particularly low- to- moderate income residents of the Kansas City metro. In cities around the country these initiatives have been used by city and county leaders to support or compliment local government driven economic development plans.

How can we coordinate efforts at the local, state and national levels? The Jump\$tart Coalition is a big step in the right direction. The national Jump\$tart encourages public and private entities to come together with the purpose of promoting and teaching financial education. Their primary audience is children pre-kindergarten through college-age youth. In Kansas the Jump\$tart Coalition for Personal Financial Literacy has taken that a step further to include Kansans of all ages (pre-K through senior citizens). The Coalition efforts encourage partners to work together, combining resources and creating a win-win for the citizens of our state.

The Treasurer's Office supports the efforts of Jump\$tart to get public and private entities working cooperatively together. This creates a win-win scenario for our state in stretching valuable dollars while working toward common goals to make a positive impact on their financial welfare and improve families and communities across Kansas.

Another collaborative effort that has been effective in Kansas is the Federal Reserve Bank of Kansas City's initiative for Money Smart Week of Greater Kansas City. This week-long event in April each year creates synergy among private and public entities.

The partnerships developed during this weekly activity continue throughout the year and create additional opportunities for financial growth and development for the citizens of the greater Kansas City community. Organizers of this event are making strides to take this concept statewide. Wichita is holding an information session with the hopes of hosting the first Money Smart Week, Wichita in April, 2011! Information provided by Erika Ramirez, Community Affairs Advisor, Federal Reserve Bank of Kansas City 816-881-2480

In Wichita the BEST Coalition (Building Economic Stability Together) has made great strides in collaboration--local organizations working together. The Goal of the Coalition is that South Central Kansans will have income and assets to strengthen family stability by

expanding financial and educational opportunities in order to sustain economic setbacks.
Colleen O'Callaghan, United Way of the Plains, 316-267-1321 ext 4215

The Kansas Partners for Asset Development (KPAD) is another healthy collaboration of organizations to establish real opportunities for Kansas families to achieve financial prosperity. Kansas Action for Children spearheads this group and published a report in February 2009 "Getting Ahead in Kansas; An Asset-Building Policy Roadmap for Establishing Real Opportunities for Kansas Families to Achieve Financial Prosperity". April Holman, Kansas Action for Children, 785.232.0550

What are the major barriers to financial literacy in Kansas? There is widespread agreement that financial education is important and should be implemented comprehensively in our public schools—Pre-K through collegiate levels. The biggest barrier to implementing this is funding and preparing teachers to teach financial education.

There is a great need for financial literacy education. In the past five years, HCCI has seen an alarming increase in home loan delinquency and default on the part of its clients. Kansas' Attorney General, Steve Six, reported in July 2010 that Kansas foreclosure activity now ranks Kansas as 34th in the nation. Attorney General Six predicts the numbers of foreclosed homes in Kansas will reach 11,500 to 12,500 by the end of December 2010.

The President's Advisory Council on Financial Literacy submitted a comprehensive report to President Obama in January, 2009. Please take a few minutes to review the report. It not only identifies barriers to financial literacy; this report contains recommendations to address these issues that are vital to the future of our economy.

<http://www.ustreas.gov/offices/domestic-finance/financial-institution/fin-education/council/>

Are there any specific segments of society that need greater attention? Lower-income groups are targeted most by predatory lenders. This makes financial education in lower-income communities particularly important. It is important to put reasonable safeguards in place to keep predatory financial practices in check. One example of this is limiting the percentage of interest that can be charged in short-term loans like the Military Personnel Financial Services Protection Act of 2006 caps the rate institutions can charge military families at 36 percent.

Thank you for your time this morning and for your attention to these important issues facing our nation. Children and adults alike must understand that they do have control over their financial future. My office stands ready to assist in any way possible to help hard working Kansans save, invest, and grow to create more opportunities to improve families and communities across Kansas.

I will be happy to entertain questions.