



**Testimony in Support of H5033
House Committee on Health Education and Welfare
March 6, 2019**

The Economic Progress Institute supports H5033, “An Act Relating to Education – Financial Literacy”.

Our mission is to improve the economic security of all Rhode Islanders and we believe this bill, which would ensure that Rhode Island students receive financial literacy education, will help achieve that goal by ensuring that students and their families:

- 1) better understand financial savings institutions, including the benefits of savings accounts and the pitfalls to high cost pay day loans,
- 2) are better educated loan borrowers to help reduce the likelihood of unnecessary longstanding student loan debt and
- 3) are more likely to be able to become or remain homeowners.

The *Prosperity Now Scorecard* (formerly the *Assets & Opportunity Scorecard*), which offers a comprehensive look at Americans’ ability to save and build wealth, stay out of poverty and create a more prosperous future, found that the Ocean State has the 6th lowest homeownership rate in the nation and the worst disparities in homeownership rates by race.

It also found that Rhode Islanders experience difficulty managing debt. The *Scorecard* finds that 12.6% of Rhode Island consumers with debt are 90 or more days behind on their payments, slightly below the national average of 14.7%. Additionally, 23.7% of Rhode Islanders with debt have student loans, with a median debt burden of \$16,588, and 13.1% of those student loan borrowers have severely delinquent loans.

We also know that Rhode Island consumers face fees of \$7.6 million a year due to payday lending, accounting for 93 percent of all payday lending fees in New England.

Financial literacy education can help ensure that Rhode Islanders are better informed about how to save and build wealth, and are better able to manage debt.