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**TESTIMONY IN SUPPORT OF S.B. 319, REGARDING FINANCIAL LITERACY EDUCATION;
S.B. 950, REGARDING REFINANCING STUDENT LOANS; AND
H.B. 6915, REGARDING A STUDENT LOAN BILL OF RIGHTS**

Good afternoon, Senator Winfield, Rep. Lesser, Senator Bartolomeo, and Rep. Willis, and members of the Banking and Higher Education and Employment Advancement Committees. I am Jim Horan, Executive Director of the Connecticut Association for Human Services. CAHS works to reduce poverty and promote family economic success through policy and program work.

Thank you for holding this joint hearing on these important bills. We appreciate the thinking behind a joint hearing, and the need to educate students and help ensure that they can manage student loan debt.

CAHS **supports S.B. 319, An Act Concerning Financial Literacy Education**, as does the Connecticut Asset Building Collaborative, a network of public, private, and non-profit organizations that provide and advocate for programs and policies that help low and moderate income individuals and families achieve financial security. It is useful to clarify, as S.B. 319 proposes, that financial literacy education for high school and college students should include not only “use of credit and debit cards,” but also “banking, investing, savings, and the handling of personal finance matters.” We encourage the committee also to **specify that financial literacy courses must include “financing higher education,”** since this is a critical need that relates to other bills before you today.

In addition, we encourage the Committee to **consider making financial literacy education in high school and public higher education mandatory for all students**, rather than encouraging such courses, as is now the case. A [recent research brief from the FINRA Investor Education Foundation](#) summarizes findings from the working draft of a forthcoming academic paper, “[State-Mandated Financial Education and the Credit Behavior of Young Adults](#),” whose authors include Federal Reserve Bank staff. The paper acknowledges that prior research has found mixed evidence that financial education improves financial well-being, often due to data and methodological limitations. This analysis uses statewide credit panels of young people, and compared three states with mandated intensive financial education for high school students (Georgia, Idaho, and Texas) with adjoining default states without mandates. The study found that rigorous financial education

programs, carefully implemented, can improve credit scores and lower the probability of delinquency for young adults. Average credit scores rose from 12 to 30 points three years after implementation, depending on the state, and severe loan delinquency dropped 2 to 6%.

CAHS is a member of the “Higher Ed Not Debt Connecticut Coalition.” CAHS organized a panel of students with heavy loan burdens for U.S. Senators Chris Murphy and Dick Blumenthal last fall, and we heard first-hand about the heavy loan burdens many students face, including several with student loan debt in excess of \$100,000. Financial education in high school and the first year of college, before these debts are incurred, can help.

CAHS also **supports S.B. 950, An Act Enabling the Refinancing of Student Loans**, which would allow many students and parents to refinance their loans through CHESLA. We encourage the Committee to mandate that the refinancing terms not be overly stringent, and make refinancing accessible even for students with less-than-perfect credit, while still protecting the interests of CHESLA.

Finally, CAHS **supports Raised Bill 6915, An Act Concerning a Student Loan Bill of Rights**. Such a Bill of Rights will protect the interests of borrowers, and ensure that they understand their rights and responsibilities under the terms of education loans. An ombudsman in the Department of Banking would assist borrowers in resolving complaints, and help educate borrowers on the terms of student loans. We believe that these efforts will help protect the interests of borrowers and, again, discourage students from taking out loans with unfavorable terms or monthly payments that are not manageable.

CAHS would be pleased to work with the Committees on these bills, especially S.B. 319 regarding financial literacy education, which we support but think could be made more effective. Thanks again to both committees for taking up these issues, which are critical to advancing higher levels of education and protecting the interests of students.