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Finance – Corrections Subcommittee

**MEMORANDUM**

**To: Senate Finance Committee**  
**From: Senator Bill Seitz**  
**Date: April 27, 2016**  
**Re: Senate Bill 274 Sponsor Committee**

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Chairman Oelslager, Vice Chairman Coley, Ranking Minority Member Skindell, and members of the Senate Finance Committee:

Thank you for allowing me the chance to speak today to Senate Bill 274.

For nearly 10 years, the General Assembly has required that financial literacy be a part of the K-12 curriculum. This was a key priority for, among others, now-Congresswoman Joyce Beatty and for me. However, in ten years O.D.E. has provided no curriculum for teachers to use. Accordingly, the University of Cincinnati developed a curriculum and, more importantly, began to educate teachers on how to teach financial literacy. The curriculum is based on the successful \$mart Tennessee program and focuses on creating an understanding of financial literacy by using age appropriate skills and concepts to shape behaviors that will provide lifelong benefits regarding a child's financial future.

The total funding in Senate Bill 274 for the \$mart Model program is \$318,000 and this level of funding will train 500 educators and impact 7,500 students per year. The funding will go to the University of Cincinnati and to its 7 higher education partners located all around the state: the University of Akron, the University of Rio Grande, Youngstown State, Ashland University, Bowling Green State University, Wright State University and the Ohio State University Extension Office. In short, the modest funding allowed by Senate Bill 274 will result in a nucleus of trained teachers in financial literacy from all corners of the state. Once a teacher is trained, the program can be implemented year after year. In Southwest Ohio pilot programs have already been enacted with private funds and the comparative pre- and post-assessments show an average of a 43% increase in financial knowledge. In case this bill sounds familiar to you, it should. Its exact terms were included in the Senate version of the biennial budget bill. For reasons no one has been able to explain to me, this provision was deleted in the last-minute Conference Committee deliberations. So we have to do this the hard way. Companion legislation in the House, HB 391, has cleared the House Finance Committee unanimously so the time is ripe for us to act in both Chambers.

This legislation is vital when you look at some of the statistics:

- Ohio ranks 4<sup>th</sup> worst in the country on understanding financial literacy.
- 41% of Ohioans only pay the minimum payments on their credit card balances which can hinder the ability of the individual to ever get themselves out of the credit card/debt cycle which is so prevalent in society.
- Only 40% of Ohio's population report that they spend less than their income which may lead to possible financial ruin for a significant number of people; and

- We have the 6<sup>th</sup> highest proportion of college graduates who have student loan debt when they are finished with school—so these individuals are already starting off at a disadvantage.

As we look at our society's recent financial and credit crisis, it is undeniable that financial illiteracy played a large role. Far too many individuals are incapable of developing and maintaining a budget, understanding credit, appreciate investments, and effectively use our banking system. The 2016 Survey of the States report indicated that no improvement in economic education has occurred in recent years and there is very little growth in personal finance education. We must ensure that this trend is stopped in its tracks and reversed which is what Senate Bill 274 will do in Ohio with the implementation of the Smart Model program.

Thank you for the opportunity to provide sponsor testimony today on Senate Bill 274. I urge your favorable consideration of this bill and am happy to answer any questions the committee may have at this time.