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Our view

## Our view: Good to promote financial literacy

Journal editorial board

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**“***The person who doesn’t know where his next dollar is coming from usually doesn’t know where his last dollar went.*”

— Author unknown

Suddenly there’s gathering momentum in Raleigh to address what North Carolinians don’t know about their money.

And in this case, at least, a high interest rate is a good thing.

For too often, Johnny can’t decipher a credit card statement or manage a budget. And neither can his parents.

So a push in the state Senate for financial literacy education in public schools sounds not only reasonable but critical.

A Senate bill would require that high school students take a financial literacy course and pass a financial literacy test as a condition for graduation. The legislation has attracted bipartisan support.

“We’ve got kids graduated from high school that don’t know how to balance a checkbook,” one of the bill’s co-sponsors, Sen. Jerry Tillman, a Randolph County Republican, told the NC Insider. “There’s a lot of just basic stuff that these kids need to know.”

The bill’s other Senate sponsors include Wake County Democrat Jay Chaudhuri and Deanna Ballard, a Watauga County Republican. And Lt. Gov. Dan Forest, a Republican, is among its most vocal champions.

Senate Bill 134 calls for a standalone financial literacy course that would cost an estimated \$2.1 million to fund teacher training by the nonprofit N.C. Council on Economic Education and provide a \$500 stipend for each teacher who is certified to teach the course.

It seems well worth the investment.

In a 2018 survey of financial advisers by Investment News, 78 percent cited a lack of financial literacy as a major problem in the U.S. Nearly half said they had encountered a lack of financial literacy among their clients.

As for the urgency ...

In 2019, U.S. college student loan debt is at an all-time high of nearly \$1.6 trillion, involving 44.7 million borrowers and a delinquency/default rate of 11.4 percent.

Forbes reports that student loans now represent the second-highest consumer debt category, behind only mortgage debt.

According to a 2019 survey by **Bankrate.com**, 60 percent of Americans lack enough savings to cover a \$1,000 emergency.

In a 2018 study by Northwestern Mutual, 21 percent of respondents said they had no retirement savings.

And according to Standard & Poor's Global Financial Literacy Survey, the U.S. has the world's largest economy, but ranks only 14th in adult financial literacy.

That places us slightly ahead of Botswana, whose economy is 1,127 percent smaller.

Meanwhile, a troubling retreat in Washington from consumer protections leaves more Americans susceptible to unscrupulous actors. The margin for error will be slimmer and the consequences of poor decisions more severe.

One high school class about financial literacy certainly won't fix that problem. Congress should.

But every little bit helps.

And a firm grounding in the basics of budgeting, credit scores, saving, managing interest and planning for retirement is like money in the bank.



