

**ACT 37**

**H.B. NO. 1898**

**A Bill for an Act Relating to Financial Literacy for Youth Month.**

*Be It Enacted by the Legislature of the State of Hawaii:*

**SECTION 1.** The legislature finds that the percentage of income used nationally for household debt payments, including mortgages, credit cards, and student loans, rose to the highest level in more than a decade in 2001, and remained at fourteen per cent in 2002. In 2001, consumer bankruptcy filings in the United States increased by nineteen per cent over the previous year. Personal savings as a percentage of the gross domestic product decreased from seven and one-half per cent in the early 1980s to two and four-tenths per cent in 2002. Approximately forty million Americans, the “unbanked”, are not using mainstream, insured financial institutions.

The legislature finds that fifty-five per cent of college students acquire their first credit card during their first year in college and that eighty-three per cent of college students have at least one credit card. However, forty-five per cent of college

students are in credit card debt, with an average debt of more than \$3,000. Only twenty-six per cent of young adults from thirteen to twenty-one years of age report that their parents actively taught them how to manage money.

A 2002 study found that high school seniors know even less about credit cards, retirement funds, insurance, and other personal finance basics than seniors knew five years earlier. Another 2002 study by the National Council on Economic Education found that a decreasing number of states include personal finance in their education standards for students in grades K-12. While Hawaii requires that personal finance be included as part of its educational standards, it does not require that personal finance courses be offered or that students be tested on the subject.

A 2003 economic literacy survey of Hawaii's workforce, age sixteen and over, conducted by the Hawaii Council on Economic Education found that over fifty per cent of those surveyed did not realize that money loses value in times of inflation. The Hawaii Council on Economic Education advocates financial literacy for all Hawaii citizens and supports teacher training to include financial literacy in Hawaii's schools.

The legislature finds that a greater understanding and familiarity with financial markets and institutions will lead to increased economic activity and growth. Financial literacy empowers individuals to make wise financial decisions and reduces the confusion of an increasingly complex economy.

Personal financial management skills and long-term habits develop during childhood. Personal financial education is essential to ensure that our youth are prepared to manage money, credit, and debt and become responsible workers, heads of households, investors, entrepreneurs, business leaders, and citizens.

The purpose of this Act is to establish April as Financial Literacy for Youth Month in Hawaii.

SECTION 2. Chapter 8, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

**“§8- Financial Literacy for Youth Month.** The entire month of April shall be known and designated as “Financial Literacy for Youth Month”. This month is not and shall not be construed to be a state holiday.”

SECTION 3. New statutory material is underscored.<sup>1</sup>

SECTION 4. This Act shall take effect upon its approval.

(Approved April 29, 2004.)

**Note**

1. Edited pursuant to HRS §23G-16.5.