

- SUBJECT:** Requiring personal finance education for high school graduation
- COMMITTEE:** Public Education — favorable, without amendment
- VOTE:** 6 ayes — Grusendorf, Branch, Delisi, Eissler, Hochberg, Mowery
0 nays
3 absent — Oliveira, Dutton, B. Keffer
- WITNESSES:** For — Sally Borie, Texas Jumpstart Coalition, Financial Literacy Coalition of Central Texas, Consumer Credit Counseling; Lindsay Gustafson, Texas Classroom Teachers Association; Michele Molter, Texas Apartment Association; Kerry Parker, Texas Credit Union Foundation and A+ Federal Credit Union; Edward Polansky, Texas Society of Certified Public Accountants

Against — None

On — Dana Allamon, Family and Consumer Sciences Teachers Association of Texas; Denise Voigt Crawford, State Securities Board
- BACKGROUND:** Education Code, sec. 28.002, sets forth guidelines for the required curriculum for school districts from kindergarten through grade 12. A foundation curriculum must include English language arts, mathematics, science, and social studies. An enrichment curriculum must include foreign languages to the extent possible, health, physical education, fine arts, economics with emphasis on the free enterprise system and its benefits, career and technology education, and technology applications.
- DIGEST:** HB 492 would require the State Board of Education (SBOE) to include elements of personal finance as part of the essential knowledge and skill of economics and require personal finance education as a condition for high school graduation. SBOE would have to require each district to provide instruction in personal finance at one or more appropriate high school grade levels.

The bill would take effect September 1, 2005. SBOE would have to adopt rules relating to personal finance education in accordance with this

legislation not later than March 1, 2006. Each school district, as a condition for accreditation, would have to provide instruction in personal finance beginning with the 2006-2007 school year. The rules would provide a transition period for the personal finance education requirement as a condition of high school graduation in a manner that would not work an undue hardship on students in their junior and senior years during that school year.

**SUPPORTERS
SAY:**

HB 492 would ensure that high school students were taught how to make sound money choices before facing credit card offers, student loan decisions, and all the dangers and opportunities that accompany managing personal finances. Improving basic financial literacy at the secondary school level would provide a foundation to prevent young people from making poor financial decisions that could take them years to overcome.

In 2001, more young adults filed for bankruptcy than graduated from college. Young people should be taught about personal financial responsibility, including handling checking and savings accounts, establishing good credit, avoiding credit card debt, beginning savings programs, and being wise investors.

By including elements of personal finance with the current economics requirements, HB 492 would equip Texas students with basic information about personal finances at no additional cost to the state. The bill would provide a good balance between the public policy goal of local control over public school curriculum and the need to educate students on practical money matters.

Financially aware students are crucial to the economic future of Texas and the United States. Eighteen other states already have taken steps to promote financial literacy. Texas should join them.

In finding no cost to the state, the fiscal note assumed that HB 492 would not mandate a separate course in personal finance education but rather would require a personal finance component within existing economics curriculum as a graduation requirement.

**OPPONENTS
SAY:**

By requiring that personal finance be included as part of essential knowledge and skills in economics, HB 492 would reduce local flexibility for school district's in determining economics curriculum. The state already provides sufficient direction to school districts regarding the

economics curriculum. Nothing prohibits school districts from teaching personal finance, and some schools do. The decision should be left with the districts.

The Legislature stopped sanctioning specific, public school courses more than 20 years ago. By requiring specific elements of a particular subject, this bill would come close to mandating that a specific course be taught.

NOTES:

A related bill, HB 763 by Chavez, which would require a financial literacy curriculum in certain public high schools located in the Texas-Mexico border region, has been referred to the House Public Education Committee. HB 1004 by Hegar, which would require a debt finance curriculum as part of the essential knowledge and skills of economics curriculum, was heard before the House Public Education Committee on March 22 and left pending. HB 900 by Chavez, which would require local Texas Workforce Commission boards to provide financial literacy training, passed the House on April 12 and has been referred to the Senate Business and Commerce Committee. SB 851 by Shapleigh, which would establish a financial literacy pilot program in the public schools, passed the Senate by 30-0 on April 6 and has been referred to the House Public Education Committee. SB 498 by Shapleigh, requiring development of a financial literacy education program, has been referred to the Senate Education Committee.