

- SUBJECT:** Allowing a financial literacy pilot program in some public schools
- COMMITTEE:** Public Education — favorable, without amendment
- VOTE:** 7 ayes — Grusendorf, Branch, Delisi, Eissler, Hochberg, B. Keffer, Mowery
- 0 nays
- 2 absent — Oliveira, Dutton
- SENATE VOTE:** On final passage, April 6 — 30-0
- WITNESSES:** For — Lindsay Gustafson, Texas Classroom Teachers Association; Steve Scurlock, Independent Bankers Association of Texas; Jo Hannah Whitsett, Association of Texas Professional Educators
- Against — None
- 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.
- The Office of Consumer Credit Commissioner regulates the credit industry in the state and educates consumers and creditors. The mission of the State Securities Board is to protect Texas investors.
- DIGEST:** SB 851 would introduce and implement a financial literacy pilot program in up to five school districts. The purpose of the program would be to provide students with knowledge and skills to be able to make decisions about matters of personal finance.
- The program would be implemented only if the Texas Education Agency (TEA) procured sufficient funding. The agency could solicit funding from

any source, including a foundation, private entity, institute of higher education, and others.

TEA would collaborate with the Office of Consumer Credit Commissioner and the State Securities Board to develop the curriculum and instructional materials, which would contain information about specific topics including:

- avoiding credit card debt;
- responsibilities and money management skills involved with renting or buying a home;
- starting a small business;
- investment skills;
- starting a savings program and learning about bank accounts;
- avoiding bankruptcy; and
- borrowing money.

TEA would create rules for establishing and implementing this pilot program, including rules pertaining to the application process for selecting participating school districts.

The agency would provide a report to each member of the Legislature about the implementation and effectiveness of the program not later than January 1, 2007. This requirement would expire February 1, 2007.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2005.

**SUPPORTERS  
SAY:**

SB 851 would be a first step toward helping young people learn about the importance of making sound money choices before facing credit card offers and student loan decisions. In 2001, more young adults filed for bankruptcy than graduated from college, which demonstrates the need for financial literacy education. Armed with financial skills, young people will grow and be able to participate more fully in the economy. Educated consumers are less vulnerable to disreputable lending companies and practices and thus less likely to make poor financial decisions that could haunt them for years. This pilot program and the resulting study would assist policymakers in forming plans and obtaining funding for future, permanent financial literacy programs in public schools.

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 by establishing this pilot project.

**OPPONENTS  
SAY:**

Because this bill would not fund the pilot, schools might be unable to properly administer this additional program. There is no guarantee that TEA could find the necessary funding to make this program a success. In addition, it might be difficult for pilot schools to squeeze instruction on financial literacy into a school day already crowded with TAKS requirements.

Finally, the report to the Legislature would be due only 15 months after the launch of the pilot. It is unlikely that students would have made demonstrable progress in their understanding and practical application of sound financial principles in this time and thus would be difficult to quantify the effectiveness of the pilot.

**NOTES:**

A related bill, HB 492 by Woolley, et al., which would make personal finance education a requirement for graduation from public high school, passed the House on April 21 and the Senate on May 20.

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 left pending in the House Public Education Committee on March 22.

HB 900 by Chavez, which would require local Texas Workforce Commission boards to provide financial literacy training, was reported favorably, without amendment, by the Senate Business and Commerce Committee on May 20.