

# HOUSE BILL REPORT

## HB 1347

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**As Reported by House Committee On:**  
Education  
Ways & Means

**Title:** An act relating to financial education.

**Brief Description:** Regarding financial education.

**Sponsors:** Representatives Santos, Roach, Morrell, Moeller, Chase and Roberts.

**Brief History:**

**Committee Activity:**

Education: 1/27/09, 2/6/09 [DPA];

Ways & Means: 2/24/09, 2/27/09 [DPS(WAYS)].

**Brief Summary of Substitute Bill**

- Reconstitutes the Financial Literacy Public-Private Partnership as the Financial Education Public-Private Partnership, including new members and responsibilities for improving financial education in public schools through communicating standards, reviewing curriculum, and promoting professional development.
- Authorizes the Office of the Superintendent of Public Instruction and the Financial Education Public-Private Partnership to implement demonstration projects if funds are provided.

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**HOUSE COMMITTEE ON EDUCATION**

**Majority Report:** Do pass as amended. Signed by 11 members: Representatives Quall, Chair; Probst, Vice Chair; Hope, Assistant Ranking Minority Member; Cox, Dammeier, Hunt, Johnson, Liias, Maxwell, Santos and Sullivan.

**Staff:** Barbara McLain (786-7383)

**Background:**

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

The Financial Literacy Public-Private Partnership (FLPPP) was created in 2004 to adopt a definition of financial literacy and identify strategies to increase financial literacy of public school students. The FLPPP is made up of four legislators, four representatives from the financial services sector, four educators, and one designee from the Office of the Superintendent of Public Instruction (OSPI) and the Department of Financial Institutions. Since 2006 the Legislature has appropriated \$50,000 per year to support the FLPPP, which has been matched by private sources from the FLPPP Account established in the custody of the State Treasurer for this purpose.

To date, the FLPPP has focused on adopting a definition of financial literacy, examining financial education curriculum for alignment with Washington's learning standards, examining financial literacy learning standards that have been developed in other states and by national organizations, and providing and encouraging professional development and workshops in financial literacy for educators. As a result of legislation enacted in 2007, "understanding the importance of work and finance...." appears as one of the goals of Basic Education. In 2008 financial literacy was included within Washington's 7th grade Grade Level Expectations for social studies and economics. The State Board of Education adopts high school graduation requirements; financial literacy is not currently specifically required, but might be included in a number of courses such as social studies, career and technical education, mathematics, or other elective courses taken by students.

The JumpStart Coalition is a national organization that promotes financial education and is composed of over 180 public and private partners with state affiliates, including one in Washington. The JumpStart Coalition has adopted personal financial literacy learning standards for grades K-12.

The FLPPP is scheduled to expire June 30, 2009.

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### **Summary of Amended Bill:**

The Financial Education Public-Private Partnership (Partnership) is established, which replaces the Financial Literacy Public-Private Partnership (FLPPP). The Partnership is composed of four members of the Legislature; four representatives from the financial services sector appointed by the Governor; four teachers appointed by the Superintendent of Public Instruction (SPI); one representative from the Department of Financial Institutions; and two representatives from the Office of the Superintendent of Public Instruction (OSPI), one from curriculum development and one from teacher professional development.

Members are to be appointed by August 1, 2009, and the chair is selected from among the legislative members. To the extent funds are available, the Partnership can hire a staff person, who would be housed in the OSPI only for administrative purposes. The FLPPP Account (Account) is renamed and the SPI can authorize expenditures from the Account only at the direction of the Partnership.

Subject to funds appropriated to support school districts with curriculum and professional development, the JumpStart Coalition National Standards in K-12 Personal Finance

Education are adopted as the state learning standards for financial education. If funds are not appropriated, school districts are encouraged to voluntarily adopt the standards and provide students an opportunity to master the standards. By July 1, 2010, the State Board of Education (SBE) must include content in personal financial education as part of high school graduation requirements, without increasing the number of credits required. The content must be based on the JumpStart Coalition standards and could be completed in social studies, career and technical education, or mathematics courses.

The duties of the FLPPP are repealed. The following duties are assigned to the Partnership:

- communicate the financial education standards and strategies for improving financial education to school districts;
- review financial education curriculum;
- develop evaluation standards and a procedure for endorsing financial education curriculum;
- identify assessments and outcome measures that schools can use to determine whether students meet the financial education standards;
- monitor and provide guidance for professional development;
- work with the OSPI and the Professional Educator Standards Board to create professional development that leads to a certification in financial education;
- develop guidelines and protocols for classroom volunteers providing financial education; and
- submit an annual report by December 1 of each year.

The termination date of the FLPPP is repealed.

**Bill Compared to Original Bill:**

By July 1, 2010, the State Board of Education must include personal financial education as part of high school graduation requirements. The content must be based on the JumpStart Coalition standards and could be completed in a number of courses.

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**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on 2/6/2009.

**Effective Date of Amended Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) The Basic Education Goal now states specifically that students should have the opportunity to understand the importance of work and finance. We see all too clearly that a little financial education is the equivalent of an ounce of prevention in today's economy. The FLPPP has completed its duties and now can be assigned new duties. The large fiscal note only occurs if the state imposes adoption of the standards and represents the necessary curriculum and professional development to make implementation a reality. In the

meantime, school districts are encouraged to adopt the standards. Many studies indicate that the average American is simply not equipped to make even small financial decisions. They are living beyond their means and are not able to manage credit. The FLPPP accomplished much through the strength of the partnership, even with very few resources: a definition, professional development, financial literacy questions on state assessments, a website with a great deal of information, recommendations for curriculum and content standards, and a communication plan. There has been substantial progress and this valuable work should continue.

(Oppose) None.

**Persons Testifying:** Representative Santos, prime sponsor; Pamela Whalley, Western Washington University; Linda Jekel, Department of Financial Institutions; Kristin Mowat, Washington Bankers Association; Kathleen Lopp, Office of the Superintendent of Public Instruction; and Stacy Augustine, Washington Credit Union League.

**Persons Signed In To Testify But Not Testifying:** None.

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## HOUSE COMMITTEE ON WAYS & MEANS

**Majority Report:** The substitute bill by Committee on Ways & Means be substituted therefor and the substitute bill do pass. Signed by 15 members: Representatives Linville, Chair; Ericks, Vice Chair; Cody, Conway, Darneille, Haigh, Hunt, Hunter, Kagi, Kenney, Kessler, Pettigrew, Priest, Seaquist and Sullivan.

**Minority Report:** Do not pass. Signed by 7 members: Representatives Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Chandler, Hinkle, Ross and Schmick.

**Staff:** Ben Rarick (786-7349)

### **Summary of Recommendation of Committee On Ways & Means Compared to Recommendation of Committee On Education:**

The substitute bill eliminates the requirement that the State Board of Education require financial literacy and personal financial education as part of graduation requirements without increasing the total number of credits required for graduation.

The substitute bill also adds the requirement that the Office of the Superintendent of Public Instruction and the Financial Education Public-Private Partnership provide technical assistance and grants for up to four demonstration projects to implement financial education standards on a district-wide basis, if funds are appropriated for this purpose.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) The Financial Literacy Public-Private Partnership is bipartisan in nature and includes representation from a wide cross-section of stakeholders. This is an important program because consumers need to be educated on how to make wise choices with money. The bill includes language making the adoption of the financial literacy standards voluntary if funding is not provided. An amendment by Representative Haigh would establish pilot demonstration projects in different parts of the state to see how effective this approach could be. The Office of the Superintendent of Public Instruction supports this bill. Current economic conditions make this type of education more important. There are some programs in the state that already address financial literacy issues through subjects like vocational and technical education, but more is needed. The basic education goals in statute now include understanding the importance of work and finance. Personal consumer spending over the last few years has increased at a staggering rate, and outpaces personal income substantially. Clearly, education in this area is needed. Teachers don't have the time and resources to teach these principles on their own time.

(Opposed) None.

**Persons Testifying:** Representative Santos, prime sponsor; Kathleen Lopp, Office of the Superintendent of Public Instruction; and Melanie Hess, Junior Achievement JumpStart.

**Persons Signed In To Testify But Not Testifying:** None.