

HOUSE BILL REPORT

HB 1121

As Reported by House Committee On:
Education

Title: An act relating to the financial education public-private partnership.

Brief Description: Regarding the financial education public-private partnership.

Sponsors: Representatives Parker, Santos, Riccelli, Bergquist, Gregerson, Magendanz, Ortiz-Self, Muri, Tarleton and Pollet.

Brief History:

Committee Activity:

Education: 1/22/15, 2/2/15 [DPS].

Brief Summary of Substitute Bill

- Adds the State Treasurer as a member of the Financial Education Public-Private Partnership (Partnership) and provides that teachers who are members of the Partnership be reimbursed for travel expenses and allowed to attend official meetings.
- Provides that the Partnership and the Office of the Superintendent of Public Instruction (OSPI) shall work together to integrate financial education skills and content knowledge into the state learning standards.
- Requires the OSPI to make a list of financial education materials that align with the integrated standards available to school districts.
- Requires districts to provide the opportunity to all high school students to access the standards, which access may be via a variety of means such as a class, during lunch, before or after school, or via online opportunities.
- Adopts, as the state financial education learning standards, the standards in K-12 personal finance education developed by a national coalition for personal financial literacy that includes partners from business, finance, government, academia, education, and state affiliates.

HOUSE COMMITTEE ON EDUCATION

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.

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 20 members: Representatives Santos, Chair; Ortiz-Self, Vice Chair; Reykdal, Vice Chair; Magendanz, Ranking Minority Member; Muri, Assistant Ranking Minority Member; Stambaugh, Assistant Ranking Minority Member; Bergquist, Caldier, Fagan, Gregory, Hargrove, Hayes, S. Hunt, Kilduff, Klippert, Lytton, McCaslin, Orwall, Pollet and Springer.

Staff: Cece Lynch (786-7195).

Background:

The Financial Education Public-Private Partnership (Partnership) consists of four legislators, four representatives from the financial services sector, four educators, one designee from the Department of Financial Institutions, and two representatives from the Office of the Superintendent of Public Instruction (OSPI).

The duties of the Partnership include:

- communicating financial education standards and strategies for improving financial education to school districts;
- reviewing and developing a procedure for endorsing financial education curriculum;
- identifying assessments and outcome measures that schools can use to determine whether students meet financial education standards; and
- monitoring and providing guidance for professional development.

There are four learning goals for the education system explicitly articulated in statute. The fourth relates to finance, among other things, and reads as follows:

- Understanding the importance of work and finance and how performance, effort, and decisions directly affect future career and educational opportunities.

The OSPI is required to develop and revise, as needed, state learning standards based on the four learning goals. The first two goals are identified as the primary goals. The OSPI is to integrate the fourth goal, and the knowledge and skill areas in other goals, to the maximum extent possible.

Standards are in place in the following content areas: The Arts; English Language Arts (ELA); Mathematics, Science, Social Studies; Educational Technology; Health and Fitness; Integrated Environment and Sustainability; and World Languages. The standards in place for ELA and Mathematics are the Common Core State Standards (CCSS). There are no separate standards for financial education, although in 2008 financial literacy was included in Washington's grade-level expectations for social studies and economics.

According to the Partnership's 2014 *Update: Financial Education Public-Private Partnership*, subsequent to Washington's adoption of the CCSS for English Language Arts (ELA) and mathematics, the Partnership contracted with 10 teachers across the state to develop six financial education tasks aligned to the new standards. These have been released to the public free of charge.

Summary of Substitute Bill:

The State Treasurer or the State Treasurer's designee is added as a member to the Partnership account.

Teachers who are members of the Partnership are to be paid their travel expenses from funds available in the Partnership account. Funds from the Partnership account may also pay for a substitute teacher when member teachers attend official meetings of the Partnership. If the Partnership pays for these expenses, the school district must release a teacher to attend official Partnership meetings.

Online instructional materials and resources are added to the financial education curriculum the Partnership reviews on an ongoing basis. The Partnership is tasked with working with the OSPI for purposes of integrating financial education skills and content knowledge into the state learning standards. Standards in K-12 personal finance education developed by a national coalition for personal financial literacy that includes partners from business, finance, government, academia, education, and state affiliates are adopted as the state financial education learning standards.

The Partnership is no longer required to identify assessments and outcome measures for schools to determine whether students meet the financial education standards, or to create professional development that could lead to a certificate endorsement or other certification of competency.

The OSPI is required to make a list of materials that align with the integrated standards available to all school districts. Districts must provide all high school students the opportunity to access the financial education standards, which may be through a variety of means such as a class, before or after school, at lunch, online, or other opportunities.

The Partnership is authorized to seek private and federal funds to support districts in providing access to the materials and professional development.

Substitute Bill Compared to Original Bill:

The substitute bill:

- retains provisions by adding the Treasurer to Partnership, providing that teacher members of the Partnership be reimbursed for travel expenses and allowed to attend meetings, and eliminating some duties of the Partnership;
- provides that the Partnership and OSPI shall work together to integrate financial education skills and content knowledge into the state learning standards, rather than specifying that they must be integrated into the Common Core State Standards for ELA and mathematics;
- strikes the provision requiring the Partnership to work with the SBE to incorporate the standards into definitions and standards for career and college readiness;
- requires that OSPI make available to districts a list of financial education materials that align with the integrated standards, rather than requiring that curriculum with sufficient content to be equivalent to one-half credit be made available to districts;

- strikes the requirement that OSPI seek federal and private funds to support financial education courses;
 - allows the Partnership to seek federal and private funds to support districts in providing access to materials and professional development;
 - requires districts to provide the opportunity to all high school students to access the financial education standards, rather than requiring districts to provide the opportunity to complete a financial education course or courses, and specifies that such access could be through a variety of means such as through a class, during lunch, before or after school, or via online opportunities; and
 - adopts, as the state financial education learning standards, the standards in K-12 personal finance education developed by a national coalition for personal financial literacy that includes partners from business, finance, government, academia, education, and state affiliates.
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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) This bill should be supported. Everyone wants their children to be college and career ready when they leave the K-12 system, but a person is not college and career ready if he or she does not know how to handle his or her finances. The average debt of a 2014 college graduate is \$33,000. Persons with such debt delay buying a car or house, delay getting married and having children, and delay saving for retirement. All of this impacts the state economy. Some may say that now is not the time to do this, but it is. There is a price to be paid for financial illiteracy. The Director of the Department of Financial Institutions supports the bill. Financial education is provided by this agency to students and adults, and it has been an active member of the partnership since the beginning. The bill will extend the Partnership's work in professional development and outreach. The Jumpstart standards are strongly supported, and the curriculum matches these standards. This bill furthers the goal of getting financial education into the schools within existing resources. Students who are financially literate are better prepared. As students are taught financial education, they bring it home and share it with their families. The core curriculum has accompanying online parent activities that the students can do with their parents. Resources can be found on the Partnership's website. The challenge comes with implementing the 24 credits, and there may need to be some compromise. Credit unions support the mission and work of the Partnership. This bill is the logical extension of this work. Integrating this into the CCSS should begin to achieve this goal; however, time and professional development are needed. Maybe some flexibility is needed in the 24 credits. It is important to find workable ways to make sure students acquire these skills. Alan Greenspan says the lack of financial literacy is the number one problem. Washington ranks low in this area. Financial literacy is a basic life skill and should be required. This could prevent the next generation from suffering some of

the negative impacts that have been seen over the last decade. They need to be aware of the true cost of living before they choose to drop out. College graduates may have many skills, but they still don't know how to invest or the best option for saving money for future big purchases. Implementing personal finance lessons is critical. The people doing the educating need to have the proper training. As many as 40 percent of adults give themselves a grade of C, D, or F in personal finance. Making the curriculum available to all students is important.

(In support with concerns) The concept of the bill is supported. Financial literacy is important to preparing students for life beyond high school. The professional development is important. In Section 3, it calls for the course to be equivalent for one-half credit. If a new course for credit is required, there needs to be a delay built in because of the current implementation of the new 24 credits, Teacher Principal Evaluation Program, and Smarter Balanced Assessment Consortium assessments.

(Opposed) None.

Persons Testifying: (In support) Pamela Whalley, Center for Economic and Financial Education; Linda Jekel, Department of Financial Institutions; Alan Burke, Washington State School Directors Association; Mark Minickiello, Northwest Credit Union Association; Wendy Rader-Konofalski, Washington Education Association; Kristi Shafer, Washington State Parent Teacher Association; and Dan McGrady, Pemco Insurance.

(In support with concerns) Jerry Bender, Association of Washington School Principals; and Julia Suliman, State Board of Education.

Persons Signed In To Testify But Not Testifying: None.