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**Education Committee**

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**HB 2455**

**Brief Description:** Providing for financial literacy.

**Sponsors:** Representatives Santos, Anderson and Simpson, G..

**Brief Summary of Bill**

- Creates a legislative ad hoc committee on financial literacy to develop and pilot financial literacy guidelines in school districts and for other similar purposes.

**Hearing Date:** 1/22/04

**Staff:** Susan Morrissey (786-7111).

**Background:**

According to Youth and Money, a 1999 study conducted by the American Savings Education Council, fewer than half of all high school and college students have regular savings plans. Only about one-fourth of the students stick to a budget and more than one-third don't keep track of their spending at all. According to a survey conducted by the National Council on Economic Education, financial illiteracy is not limited to students. Half of all adults fail to understand basic economic concepts.

Testimony before the United States House of Representatives Committee on Education and the Workforce suggests that many Americans live paycheck to paycheck and acquire substantial debt because they never learned the basics about personal finance. Bob Duvall, CEO of the National Council on Economic Education testified that "This (financial) literacy, together with reading and mathematics, is the key to home ownership, managing credit, financing higher education, saving for retirement, and citizenship."

Further testimony before the committee reported that the Departments of the Treasury and Education are working to encourage schools to integrate basic financial education into their reading and math curriculum in accordance with the goals of the "No Child Left Behind Act". The act includes several provisions that encourage financial literacy. For example, the law allows districts to use funds from the Local Innovative Education Programs to support activities that provide consumer, economic and personal finance education. The law also included the Excellence in Economic Education program. Through the program, the Secretary of Education may award a grant to a non-profit entity to foster economic literacy through a variety of activities.

**Summary of Bill:**

The legislature finds that the average high school student lacks a basic knowledge of personal finance. The legislature intends to help school districts in their efforts to ensure that students are financially literate.

The legislative ad hoc committee on financial literacy is established. The committee is composed of members representing the governor, the legislature, the Superintendent of Public Instruction, the Department of Financial Institutions, and stakeholders representing educational interests and the financial and credit industries. Eight members of the committee will be members of the legislature. The legislative members will be selected from each caucus of the policy committees that work on issues related to education and financial institutions and insurance. The members from state agencies and educational organizations will be selected by their agencies or organizations. The two members representing the financial and credit industries will be selected by the governor. The members of the ad hoc committee will be selected by July 1, 2004.

Staff support to the ad hoc committee will be provided by legislative committee staff. The Superintendent of Public Instruction and the organizations selecting committee members may provide additional logistical support. Legislative members of the ad hoc committee will receive travel and per diem allowances. The expenses of the other committee members will be covered by the agencies, organizations, or associations that appointed the members.

The responsibilities of the ad hoc committee are described.

**2004:** By September 30, to adopt a definition of financial literacy. The definition must be aligned with and may be embedded in the essential academic learning requirements for other content areas.

By November 30, to conduct a survey of school districts to determine the type of courses and instruction offered in financial literacy.

**2005:** By September 30, to develop a set of recommended financial literacy guidelines that may be used in school districts.

By November 30, to recommend a structure and set of operating principles for a public-private partnership to work with interested school districts. The partnership may assist in the development or selection of instructional materials and may provide professional development for educators.

**2006 and 2007:** To select school districts in which to pilot the guidelines, subject to funding. The purpose of the pilots is to determine the best methods of helping students acquire the financial knowledge and skills they need to make personal financial decisions. The pilots will include an evaluation that includes student outcomes.

To collect and analyze information on the costs and benefits to students and society of ensuring that students are financially literate when they graduate from high school.

To recommend outcome measures or other means for schools and communities to measure the financial literacy of students.

To recommend a system to follow the opportunities a district's students have to become financially literate as the student progresses through different educational levels.

To provide annual reports, and by November 15, 2008 a final report to the governor, the legislature, and others.

The SPI will make available to school districts the guidelines, instructional materials, and other relevant information developed by the ad hoc committee. Each school district is encouraged to provide its students with an opportunity to master the guidelines.

The Washington Financial Literacy Education Partnership Account is created to provide learning opportunities for students and professional development for educators. Public funds and donations may be included in the account. Money may be withdrawn from the account by the SPI or the superintendent's designee. The account is subject to allotment procedures, but no appropriation is required for expenditures.

The ad hoc committee expires on June 30, 2009.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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