

# SENATE BILL REPORT

## SB 6212

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As Reported By Senate Committee On:  
Financial Services, Insurance & Housing, January 26, 2004

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

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

**Sponsors:** Senators Keiser, Winsley, Kohl-Welles, Benton and McAuliffe.

**Brief History:**

**Committee Activity:** Financial Services, Insurance & Housing: 1/20/04, 1/26/04 [DPS].

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### SENATE COMMITTEE ON FINANCIAL SERVICES, INSURANCE & HOUSING

**Majority Report:** That Substitute Senate Bill No. 6212 be substituted therefor, and the substitute bill do pass.

Signed by Senators Benton, Chair; Winsley, Vice Chair; Berkey, Keiser, Murray, Prentice and Roach.

**Staff:** Joanne Conrad (786-7472)

**Background:** "Financial literacy" is the understanding of basic concepts of money, and the skills needed to handle personal finances during the course of an individual's lifetime. The concepts include, for example, how compound interest works, the meaning of net worth, the effects of annual percentage rates on credit cards, discernment of appropriate investments, price and term comparisons, and planning ahead for major transactions and life events, such as buying a home or car, or funding college or retirement.

Skills of financial literacy may include such practical things as how to manage credit and use a checkbook, rational debt management, how to rent an apartment or shop for a car, and how to evaluate the terms and conditions of major purchases.

Generally, these skills are not taught in school. It is believed by many educators, credit counselors and financial services companies that consumers would benefit from increased financial literacy.

**Summary of Substitute Bill:** The Legislative Ad Hoc Committee on Financial Literacy is created, composed of four senators, four representatives, and a member from the Governor's office, the Superintendent of Public Instruction (SPI), the Department of Financial Institutions, financial and credit institutions, school directors, principals, administrators and educators, including higher education.

The Committee on Financial Literacy is charged with several specific tasks, with deadlines for completion, and expires in June of 2009. The tasks include: defining "financial literacy" as a component of academic learning; developing recommended learning guidelines and instructional materials; piloting financial literacy in select districts; collecting and analyzing

cost-benefit data on the pilot program; recommending outcome measures and a tracking system; and providing annual reports to the education committees in the Senate and House of Representatives.

SPI makes available the learning guidelines and instructional materials, and provides logistical support to the committee, which is staffed by the Legislature.

The Washington financial literacy education partnership account is created under control of the State Treasurer, and funded by private contributions, federal funds, and legislative appropriations if any. SPI authorizes expenditures from the account.

Staffing may be provided for the ad hoc committee by public-private partnership.

**Substitute Bill Compared to Original Bill:** Senate and House legislative staff are utilized. Staffing may be provided for the ad hoc committee by public-private partnership. The school district survey is eliminated and a second 2007 pilot is not needed.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** A uniform educational approach is needed for improved financial literacy. Credit unions frequently volunteer financial literacy in schools and want to be involved. OSPI has been wanting to provide a program.

**Testimony Against:** None.

**Testified:** Senator Keiser, prime sponsor; Representative Santos; Mark Minickiello, Credit Union League; Bob Butz, OSPI.