

HOUSE BILL REPORT

HB 2152

As Reported by House Committee On:
Education

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

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

Sponsors: Representatives Roach, Santos, Shabro, Anderson, Dunn, Rodne, Ormsby and Haigh.

Brief History:

Committee Activity:

Education: 2/28/05, 3/1/05 [DPS].

Brief Summary of Substitute Bill

- Changes the date for completion of certain tasks by the Washington Financial Literacy Public-Private Partnership (Partnership).
- Expands the scope of strategies the Partnership must consider for increasing financial literacy of public school students.
- Appropriates \$50,000 from the State General Fund to support the work of the Partnership.

HOUSE COMMITTEE ON EDUCATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Quall, Chair; P. Sullivan, Vice Chair; Talcott, Ranking Minority Member; Anderson, Assistant Ranking Minority Member; Curtis, Haigh, Hunter, McDermott, Santos, Shabro and Tom.

Staff: Sydney Forrester (786-7120).

Background:

Financial literacy has been defined as the understanding of basic concepts of money, and the skills needed to manage personal finances during the course of an individual's lifetime. It includes an understanding of 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.

In 2004, the Legislature created the Washington Financial Literacy Public-Private Partnership (Partnership) consisting of 12 to 14 members, including legislators, financial services representatives, educators, and representatives from the Office of the Superintendent of Public Instruction (OSPI) and the Department of Financial Institutions. The Partnership is charged with developing a working definition of "financial literacy," identifying strategies to promote the use of financial literacy curricula in schools, serving as a resource, and seeking outcome measures to determine the effectiveness of educational efforts. The date of June 30, 2005, is established for completion of these tasks. The Partnership is directed to submit its final report to the Legislature and educational stakeholders by June 30, 2007.

The Washington Financial Literacy Education Partnership Account also was created to support the Partnership and its efforts 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 OSPI when equal matching amounts from private sources are received in the account.

Summary of Substitute Bill:

The date for the Partnership's completion of tasks is extended from June 30, 2005, to the same date in 2006. The Partnership is directed to consider four additional strategies: identifying and making available to school districts a template for resource materials to aid in guiding student culminating projects with a focus on personal finance; developing essential academic learning requirements for personal finance; preparing recommendations for including financial literacy principles in the Washington Assessment of Student Learning; and identifying the outcome measures expected from school districts participating in financial literacy education programs.

Fifty thousand dollars from the State General Fund is appropriated to the Partnership account for the 2006 fiscal year. To the extent funds are appropriated or available, the OSPI and the Partnership must make available to school districts a list of financial literacy skills and knowledge, instructional materials, assessments, and other relevant information. School districts are encouraged to provide students with opportunities to master financial literacy skills and knowledge.

Substitute Bill Compared to Original Bill:

The original bill extends the timeline for completion of the Partnerships work until June 30, 2007. The substitute bill extends the deadline to June 30, 2006.

The original bill provides appropriations of \$25,000 in 2006 and \$25,000 in 2007. The substitute bill appropriates \$50,000 in the 2006 fiscal year.

Appropriation: The sum of \$50,000 is appropriated from the State General Fund to the Washington Financial Literacy Public-Private Partnership Account for the fiscal year ending June 30, 2006.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: This bill contains an emergency clause and takes effect immediately.

Testimony For: (In support) Although we are teaching our students in a variety of important areas, many of our children are not getting an education in financial issues. This bill is not intended to create a mandate, but rather to make information available for districts to use and incorporate into their instruction. This is a very worthwhile effort.

(Concerns) This bill addresses the time and money issues related to the Partnership. The current timeline for the completion of the Partnership's work is not realistic with the lack of resources available to complete the work. The certified public accountants and the financial institutions are prepared to provide moneys for a state match.

Testimony Against: None.

Persons Testifying: (In support) Representative Roach, prime sponsor; Ken Johnson, Bank of America; and Terry Kohl, Washington Credit Union League.

(Concerns) Kyra Kester, Office of the Superintendent of Public Instruction.

Persons Signed In To Testify But Not Testifying: None.