

FINAL BILL REPORT

SHB 2455

PARTIAL VETO

C 247 L 04

Synopsis as Enacted

Brief Description: Providing for financial literacy.

Sponsors: By House Committee on Education (originally sponsored by Representatives Santos, Anderson and G. Simpson).

House Committee on Education

Senate Committee on Financial Services, Insurance & Housing

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.

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 do not 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" (Act). The Act includes several provisions that encourage financial literacy. For example, the Act allows districts to use funds from the Local Innovative Education Programs to support activities that provide consumer, economic and personal finance education. The Act 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:

The Financial Literacy Public Private Partnership (Partnership) is established to develop a working definition of "financial literacy," identify strategies that promote the use of financial literacy curricula in schools, serve as a resource, and seek outcome measures to determine the effectiveness of educational efforts. A timeline is included for the dates by which various tasks must be completed. The Partnership will report to the Legislature and educational stakeholders, with a final report by June of 2007.

The Partnership will be composed 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. From two to four of the members will be legislators. At least two of the legislators, one from each chamber, will be appointed from the legislative committees that consider legislation dealing with financial institutions and insurance. The OSPI will appoint educators and members from the financial services sector. The members must be appointed by July 1, 2004.

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 Money may be withdrawn from the account by the OSPI or the Superintendent's designee.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

The Partnership expires on June 30, 2007.

Votes on Final Passage:

House	93	1	
Senate	45	1	(Senate amended)
House	96	1	(House concurred)

Effective: June 10, 2004

Partial Veto Summary: The Governor vetoed a section that directed the Office of the Superintendent of Public Instruction (OSPI) and the Financial Literacy Public-Private Partnership to make available to school districts some of the financial literacy educational materials the partnership will develop. The materials included lists of identified skills and knowledge, instructional materials, assessments and other relevant information. The section also encouraged school districts to implement opportunities for students in financial literacy, and clarified the OSPI's authority to exclude financial literacy from the essential academic learning requirements and grade level expectations.