

# SENATE BILL REPORT

## SHB 1347

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As of April 6, 2009

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

**Brief Description:** Regarding financial education.

**Sponsors:** House Committee on Ways & Means (originally sponsored by Representatives Santos, Roach, Morrell, Moeller, Chase and Roberts).

**Brief History:** Passed House: 3/09/09, 78-19.

**Committee Activity:** Early Learning & K-12 Education: 3/23/09, 3/26/09 [DPA-WM, w/oRec].

Ways & Means: 4/02/09.

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### SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

**Majority Report:** Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators McAuliffe, Chair; Kauffman, Vice Chair, Early Learning; Oemig, Vice Chair, K-12; Hobbs, Jarrett, McDermott and Roach.

**Minority Report:** That it be referred without recommendation.

Signed by Senators King, Ranking Minority Member; Brandland and Holmquist.

**Staff:** Kimberly Cushing (786-7421)

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Elise Greef (786-7708)

**Background:** The Financial Literacy Public-Private Partnership (FLPPP) was created in 2004 to adopt a definition of financial literacy and identify strategies to increase financial literacy of public school students. The FLPPP is made up of four legislators; four representatives from the financial services sector; four educators; one designee from the Office of the Superintendent of Public Instruction (OSPI); and one designee from the Department of Financial Institutions. The FLPPP is scheduled to expire June 30, 2009. As a result of legislation enacted in 2007, one of the goals of Basic Education is to "understand the importance of work and finance."

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The JumpStart Coalition is a national organization that promotes financial education and is composed of public and private partners with state affiliates, including one in Washington. The JumpStart Coalition has adopted personal financial literacy learning standards for grades K-12.

**Summary of Bill (Recommended Amendments):** The Financial Education Public-Private Partnership (Partnership) is established, which replaces FLPPP. The Partnership is composed of four members of the Legislature; four representatives from the financial services sector appointed by the Governor; four teachers appointed by the Superintendent of Public Instruction (SPI); one representative from the Department of Financial Institutions; and two representatives from OSPI, one from curriculum development and one from teacher professional development.

Members are to be appointed by August 1, 2009, and the chair is selected from among the legislative members. To the extent funds are available, the Partnership can hire a staff person, who would be housed in OSPI for administrative purposes. The FLPPP Account is renamed and the SPI can authorize expenditures from the Account only at the direction of the Partnership.

The components of personal financial education must include the achievement of skills and knowledge necessary to make informed judgments and effective decisions regarding earning, spending, and the management of money and credit. The duties and termination date of the FLPPP are repealed. The following duties are assigned to the Partnership:

- communicate the financial education standards and strategies for improving financial education to school districts;
- review financial education curriculum;
- develop evaluation standards and a procedure for endorsing financial education curriculum;
- identify assessments and outcome measures that schools can use to determine whether students meet the financial education standards;
- monitor and provide guidance for professional development;
- work with the OSPI and the Professional Educator Standards Board to create professional development that leads to a certification in financial education;
- develop guidelines and protocols for classroom volunteers providing financial education; and
- submit an annual report by December 1 of each year to the Governor, SPI, and the Legislature.

Subject to funds appropriated, OSPI and the Partnership must provide technical assistance and competitive grants for up to four demonstration projects to implement financial education standards on a district-wide basis. Selected districts must adopt the JumpStart Coalition National Standards in K-12 Personal Finance Education as the learning standards for financial education; make a commitment to integrate financial education into instruction at all grade levels; establish local partnerships; conduct pre- and post-testing of students' financial literacy; and report back to OSPI and the Legislature by April 30, 2011.

**EFFECT OF CHANGES MADE BY EARLY LEARNING & K-12 EDUCATION COMMITTEE (Recommended Amendments):** Removes the requirements that the

JumpStart Coalition National Standards must be adopted as the essential academic learning requirements (EALRs) for financial education. School districts are no longer encouraged to adopt the standards voluntarily even if funds are not appropriated. Requires the school districts that participate in the four demonstration projects to adopt the JumpStart Coalition National Standards in K-12 personal finance education as the EALRs for financial education and to provide students with an opportunity to master the standards. Clarifies that the selected districts must report the findings of the demonstration projects to OSPI as well as the Legislature by April 30, 2011.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** Yes.

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

**Staff Summary of Public Testimony on Substitute House Bill (Early Learning & K-12 Education):** PRO: The bill incorporates the recommendations of the FLPPP. We need to continue the outstanding partnership that has been built. Every state dollar put into the partnership has leveraged at least an equal amount from the private sector. A limited pilot project approach is less expensive than a statewide mandate and will demonstrate the efficacy of financial education. The pilot will provide data for when resources are available to expand statewide. Adopting national standards will achieve a level of uniformity for financial literacy programs. Currently, Washington only has one standard that directly addresses financial literacy in the K-12 system. While math standards support financial literacy, they do not provide an understanding of why it is important to understand topics such as compound interest. Increases in inflation, housing costs, post-secondary education, health care, and changes in pension systems have contributed to a situation where people have to take a hard look at their personal finances. Some parents are not able to share enough knowledge for today's financial landscape. We are already paying for financial education, but in a reactionary way. The bill allows a proactive way to introduce financial education.

**Persons Testifying (Early Learning & K-12 Education):** PRO: Representative Santos, prime sponsor; Porsche Everson, FLPPP; Dana Twight, JumpStart Coalition; Tom Lopp, OSPI.

**Staff Summary of Public Testimony on EDU Recommended Amended Bill (Ways & Means):** PRO: The bill, as introduced, incorporated the recommendations of the Financial Literacy Public-Private Partnership, maintained the partnership, adopted the Jumpstart Coalition's standards as the state standards, and continued the review of curricula and the coordination of professional development. The reason the bill includes a second representative from OSPI is in recognition of the need for two types of expertise: (1) assistance with curricula review; and (2) guidance designing professional development. In the Senate policy committee, the statewide adoption of Jumpstart standards was eliminated and replaced with four demonstration projects. That is acceptable to FLPPP and it is hoped

that, in future biennia as data and resources become available, the standards can be expanded statewide.

**Persons Testifying (Ways & Means):** PRO: Representative Tomiko Santos, prime sponsor.