

HOUSE BILL REPORT

HB 1285

As Reported by House Committee On:
Education

Title: An act relating to making financial education instruction a graduation requirement in public schools.

Brief Description: Making financial education instruction a graduation requirement in public schools.

Sponsors: Representatives Rude, Stonier, Lekanoff, Doglio, Couture, Connors, Berry, Bronoske, Leavitt, Ryu, Davis, Barkis, Orcutt, Jacobsen, Goodman, Walsh, Steele, Paul, Tharinger, Klicker, Nance, Eslick, Taylor, Caldier, Parshley, Keaton, Ley, Timmons, Pollet, Fey, Simmons and Hill.

Brief History:

Committee Activity:

Education: 1/23/25, 2/17/25 [DPS].

Brief Summary of Substitute Bill

- Requires public school students, beginning with the graduating class of 2031, to meet the high school state financial education learning standards to graduate.
- Requires school districts, charter schools, and state-tribal education compact schools to provide all high school students with instruction in the state financial education learning standards, beginning in or before the 2027-28 school year.
- Requires the Financial Education Public-Private Partnership to develop a statewide implementation plan for the graduation requirement.

HOUSE COMMITTEE ON EDUCATION

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 18 members: Representatives Santos, Chair; Shavers, Vice Chair; Rude, Ranking Minority Member; Keaton, Assistant Ranking Minority Member; Bergquist, Callan, Chase, Couture, Donaghy, Eslick, Marshall, McEntire, Ortiz-Self, Pollet, Reeves, Scott, Steele and Stonier.

Staff: Ethan Moreno (786-7386).

Background:

High School Graduation Requirements.

To qualify for a high school diploma, public school students must satisfy credit and subject area requirements established by the Legislature and the State Board of Education (SBE), fulfill any locally established requirements, complete a High School and Beyond Plan, and meet the requirements of at least one graduation pathway option.

Financial Education—Learning Standards and Student Access.

In 2015 financial education learning standards developed by a national coalition for personal finance literacy were adopted in statute by reference as the state's financial education learning standards. The Office of the Superintendent of Public Instruction (OSPI), in accordance with its duty to develop state learning standards, adopted financial education learning standards in 2016 for all public school students.

School districts must provide all students in grades 9 through 12 with the opportunity to access the financial education learning standards, whether through classes, lunch periods, at home, or through other opportunities. School districts also must publicize the availability of financial education opportunities to students and families, and are encouraged to grant credit toward high school graduation requirements to students who successfully complete financial education courses.

Financial Education Public-Private Partnership.

The 16-member Financial Education Public-Private Partnership (FEPPP), which is comprised of legislators, representatives of the financial services sector, teachers, and others, is charged with determining the best methods of equipping students with the knowledge and skills they need to make critical decisions regarding their personal finances.

In executing its charge, the FEPPP, subject to the availability of funding, is directed to perform numerous duties, including:

- communicating to school districts the financial education learning standards, other financial education skills and content knowledge, and strategies for expanding the provision of financial education instruction;
- working with the OSPI and the Professional Educator Standards Board to create professional development in financial education; and
- providing an annual report to the Governor, the Superintendent of Public Instruction, and the Legislature.

Summary of Substitute Bill:

Graduation and Instructional Offering Requirements.

Beginning with the graduating class of 2031, each student must meet the high school state financial education learning standards to graduate from high school. A waiver for this requirement may be issued by principals for individual students in grade 12 who have not been able to meet the graduation requirement because of previous residence outside the state.

Beginning in or before the 2027-28 school year, each school district must provide their high school students with instruction in the state financial education learning standards. School districts, beginning no later than the 2027-28 school year, must also publicize the offering of financial education instruction, and the associated graduation requirement, to students and their parents or legal guardians.

The instructional offering and graduation requirement provisions apply to charter schools and state-tribal education compact schools to the same extent as school districts.

Additionally, the revised graduation and instructional offering requirements are not intended to modify or otherwise effect school district, charter school, or state-tribal education compact school requirements adopted prior to January 1, 2025, that: obligate graduating students to meet requirements for financial education instruction; and are consistent with the state financial education learning standards.

Data Collection and Implementation Planning.

By December 15, 2025, school districts, charter schools, and state-tribal education compact schools must submit the following to the State Board of Education (SBE) and the Financial Education Public-Private Partnership (FEPPP):

- a list of courses and other learning opportunities offered on financial education for high school students in their school district during or prior to the 2024-25 school year, and the number of students served by those offerings; and
- a description of what the school district may need to ensure that students are able to meet the financial education graduation requirement.

The FEPPP must analyze the provided information and create a statewide implementation plan for the financial education graduation requirement. The implementation plan, which must be submitted to the Office of the Superintendent of Public Instruction, the SBE, and the appropriate committees of the Legislature by December 31, 2026, may include recommendations for:

- additional funding for grants to integrate financial literacy education into professional development for certificated staff; and
- other school district resources in accordance with school district provided descriptions of what may be needed to ensure that students can meet the financial education graduation requirement.

Review and Reporting Requirements.

The SBE must review and monitor financial education offerings of school districts to ensure compliance with applicable requirements. The reviews and monitoring may be conducted concurrently with other oversight and monitoring actions of the SBE.

By January 10, 2030, the SBE must provide a summary of the collected monitoring information for school years 2027-28 and 2028-29 to the appropriate committees of the Legislature.

The SBE is also directed to recommend adjustments to graduation requirements and other education offerings to ensure that students have adequate opportunities to meet the financial education graduation requirement. In developing recommendations, the SBE must:

- consult with the FEPPP, students, parents and legal guardians, educators, kindergarten through grade 12 education partners, postsecondary partners, employers, and community members; and
- consider how to incorporate the financial education graduation requirement into the framework of graduation requirements, including consideration of credit options and competency-based options.

The recommendations of the SBE must be provided to the Governor and the education committees of the Legislature by December 31, 2026.

Substitute Bill Compared to Original Bill:

In comparison to the original bill, the substitute bill:

- provides that the financial education instruction and graduation requirements in the underlying bill are not intended to modify or otherwise effect school district, charter school, and state-tribal education compact school requirements adopted prior to January 1, 2025, that obligate graduating students to meet requirements for financial education instruction that are consistent with the applicable state learning standards;
- requires the State Board of Education (SBE), in performing consultations required by the underlying bill related to graduation requirements, to conduct those consultations concurrently with other actions of the SBE that are related to graduation requirements and were initiated prior to March 1, 2025;
- requires actions of the Washington State Charter School Commission (Charter School Commission) related to the provision of financial education instruction to students, and financial education graduation requirements for students, to be completed within existing funds;
- requires actions of the Charter School Commission related to obligations requiring charter schools to provide financial education course lists and other information to the Financial Education Public-Private Partnership, to be completed within existing funds; and
- delays by one year the date by which the SBE must report to the Legislature on the

financial education offerings of school districts, charter schools, and state-tribal education compact schools to January 10, 2030.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) A bill sponsored last year required financial education to be a graduation requirement. The bill passed the House, but not the Senate. This is a modified bill that reflects stakeholder and lawmaker efforts. Financial education standards that align with real life have already been adopted, and the FEPPP has curriculum and training materials for teachers. Financial education brings real-world relevance into the classrooms.

Financial education is not just a curriculum choice, it is a right that everyone should have. Countless students never receive this education and that leaves them vulnerable, but this bill bridges that gap. Financial education is not a class, it is a gift.

In 2022 the Legislature established a teacher training grant program in the FEPPP. These grants are still active and will help school districts with infrastructure to implement the bill. Parents and students want the instruction required by the bill and the FEPPP is uniquely positioned to support its implementation.

There is strong support for the data collection requirements in the bill. Nearly all school districts provide access to financial education and most offer credit for the instruction. It is important for school districts to have sufficient time to ramp up for the requirements of the bill. The timeline of the bill aligns with the ongoing FutureReady actions of the SBE.

Bankers help people with financial issues every day and have seen the consequences of a lack of financial education. Bankers voluntarily teach in classrooms, but they cannot offer instruction statewide. This education is important for future generations and will help them avoid the mistakes made by others.

Financial education classes are very popular electives. Many students have no idea about creating a budget, paying taxes, or performing other financial actions. This is timely legislation; the instruction is desperately needed and should be offered to all students.

Every young person deserves financial literacy. Financial knowledge is transformative and access to it should not be based on luck. This bill is more than policy, it's a lifeline and an

investment in kids.

Washington is part of a minority of states that do not require financial education as a graduation requirement. Financial issues are more complex than ever, and students will be vulnerable without this knowledge.

Mandating financial literacy is very important but often overlooked. Access to this information is limited until high school. Only a fraction of students take personal finance courses. Other states have adopted similar legislation and seen positive effects, including lower college debt.

More young people are exploring entrepreneurship and that makes the need for financial literacy even more important. Some entities are interested in partnering for the implementation of this legislation. With financial education, students will better understand key financial issues, including insurance, retirement, and long-term care. This bill will create more self-sufficient persons.

(Opposed) When teachers are teaching, they are not teaching the actual laws; this is problematic. Students will receive financial legal advice, but they will not have access to the legal resources. Will the teachers of financial education classes be tax accountants? We need to avoid giving students oversimplified instruction on the important issues of financial education.

(Other) Financial education is supported, but there are concerns about the timing of the proposed requirements in a 24-credit system. Students have consistently said they want this instruction. This bill requires the FEPPP to develop a plan while FutureReady is being developed by the SBE. Sufficient time is needed to implement the bill, and additional legislation may be necessary in 2027. At a minimum, the requirements of the bill should be delayed until 2032.

Persons Testifying: (In support) Representative Skyler Rude, prime sponsor; Tracy Godat, Financial Education Public Private Partnership; Ashwin Joshi, Ashwin Teen Financial Academy (ATFA); Ronan Maher; Megan Managan, Washington Bankers Association; Benjamin Blackerby, Ashwin Teen Financial Academy (ATFA); Luke Novak, Ashwin Teen Financial Academy (ATFA); Jennifer Heine-Withee; J. Lee Schultz, Washington State Board of Education; Roz Thompson, Association of Washington School Principals; Matt Zuvich, Office of the State Treasurer; Conrad Krol, Westbank Financials; Chris Bandoli, National Association of Insurance and Financial Advisors Washington; and Hailey Allen, National Association of Insurance and Financial Advisors Washington.

(Opposed) David Sedelmeier.

(Other) Natalya Yudkovsky, Washington State PTA.

Persons Signed In To Testify But Not Testifying: None.