

# Legislative Update

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# Texas Education Agency's Proposed Financial Literacy Requirements

American Bankruptcy Institute  
Care Financial Literacy Conference

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## Why care about economic and financial literacy education?



# Texas Policy Makers Have Been Proactive On Economic and Financial Literacy Education



## Texas Legislature 2013-2014

**Joe Straus**  
Speaker of the  
House



**David Dewhurst**  
Lieutenant Governor




Texas Commissioner of Education  
Commissioner of Education  
Michael Williams



Texas State Board of Education





The banner features the text "SMARTER TEXAS" in a stylized font with a star over the letter 'T'. Above the text are several small stars in red and blue. Below the text is a horizontal strip of six images: two young children at a table, a student writing, a piggy bank, a group of students in a classroom, and a graduate in a cap and gown holding money.

- What if Texas had required students to learn about financial literacy 30 years ago?
- Would the great recession have been milder?

## Why Financial Literacy Education?

- **Academic achievement** – educational savings account ownership is associated with higher scores on math achievement tests
- **Improved college aspirations** – children with < \$500 in savings for college are 3X more likely to attend and 4X more likely to graduate from college
- **Financial health** - students with a savings account 7 years later were 2X more likely to have a savings account and 4X more likely to own stocks

## Statistics Updated April 2014

- **U.S. household consumer debt profile:**
  - Average credit card debt: **\$15,191**
  - Average mortgage debt: **\$154,365**
  - Average student loan debt: **\$33,607**
- **In total, American consumers owe:**
  - \$11.68 trillion in debt
    - An increase of 3.7% from last year
  - \$854.2 billion in credit card debt
  - \$8.15 trillion in mortgages
  - **\$1,115.3 billion in student loans**
    - An increase of 13.9% from last year
- **Texas free and reduced lunch = 60% of students**



**SMARTER TEXAS**

**Texas  
Legislation and  
SBOE Actions**

What are the courses that include financial literacy and economic standards that are currently required for Texas students?

## How Does Texas Rate Among Other States? Texas One of Only 22 States...

- **To require that seniors pass Economics for graduation. The senior level course is known as Economics With Emphasis on the Free Enterprise System and Its Benefits**

## Economics With Emphasis on the Free Enterprise System and Its Benefits Course Includes PFL?

- **Personal Financial Literacy (PFL) Standards/Student Expectations added to Texas Essential Knowledge and Skills (TEKS)**
- **How To Pay For College Added to TEKS in 2012**

## Oh Where Are Those Standards?

- [Smartertexas.org](http://Smartertexas.org) and then click on standards
- [Tea.state.tx.us](http://Tea.state.tx.us) and click on curriculum and then TEKS



## What are students required to know about saving for college?

**Economics: The student understands the role of financial markets/institutions in saving, borrowing, and capital formation.**

- (A) understand how to complete the Free Application for Federal Student Aid (FAFSA) provided by the United States Department of Education;
- (B) research and evaluate various scholarship opportunities such as those from state governments, schools, employers, individuals, private companies, nonprofits, and professional organizations;
- (C) analyze and compare student grant options;
- (D) analyze and compare student loan options, including private and federal loans;
- (E) research and evaluate various work-study program opportunities; and
- (F) investigate nontraditional methods of paying for college or postsecondary education and training.

## What Resources are Available for Students to Learn About Paying for College?

### **Saving For College: The Why, When, and How**

Published by RAISE Texas  
Parent and Student Guides Written by TCEE



Download Book And Guides at  
[http://economicstexas.org/?page\\_id=5703](http://economicstexas.org/?page_id=5703)

## Resources for College

- <http://raisetexas.org/resources/collegesavingsresources/> Saving for College
- [http://library.cppp.org/files/2/2012\\_05\\_JO\\_Cost\\_Of\\_College.pdf](http://library.cppp.org/files/2/2012_05_JO_Cost_Of_College.pdf)
- <http://www.tgslc.org/tfgaic/>
- <http://www.aie.org/>
- [collegeforalltexas.org](http://collegeforalltexas.org)
- <http://library.cppp.org/research.php?aid=1199> The Cost of College: How Texas Students and Families Are Financing College Education
- **Coming Soon: Resource from the Federal Reserve Bank of Dallas**

## What PFL Standards are required in the Economics Course?

- 16: types of business ownership
- 17: the role of financial markets/institutions in saving, borrowing, and capital formation
- 18: the role of individuals in financial markets
- 19: The student applies critical-thinking skills to analyze the costs and benefits of personal financial decisions
- 20: how to provide for basic needs while living within a budget

## What can you tell us about the new PFL Math standards? SB 290: PFL In K-8 Math

- Will take effect 2014-2015
- Testing begins 2015
- Texas Council on Economic Education, Opportunity Texas, Raise Texas, Texas Credit Union Foundation and others played a prominent role in the adoption of the standards

## Math PFL TEKS

- Spiraled between grade levels to scaffold the learning from Kindergarten through Grade 8
- Have 58 student expectations on several different PFL concepts
- Emphasize decision-making and have real world relevance to prepare students for the 21<sup>st</sup> century
- They provide the tools and strategies to be a Smarter Texan

## 2<sup>nd</sup> Grade Decision Making on Responsible and Irresponsible Borrowing

- I need a pencil. I promise I'll return it to you. Last time I borrowed your pencil I returned it in about a week. It was chewed on and too small to sharpen anymore.
- I only have a quarter and want to buy ice cream with my lunch. I've borrowed small amounts of money before and have always paid it back.
- I need \$1.00 to buy a treat. I've never borrowed money from you before. I don't get an allowance and I don't do any chores around the house.

## What Resources Are Available?

- **Instructional Materials available for district adoption**
  - Math: 2014-2015
  - Social Studies: 2015-2016
- **TCEE Lessons Are Online and Free to All**
  - Woodforest Bank Sponsored Grades 2-3
  - TCUF Sponsored Grades 4-6 and one Kindergarten and one grade 1
  - PlainsCapital Bank Sponsored Grades 7-8 and a middle school after school program
  - Seeking Sponsors for Grades K to 1

## Bridge Math to Economics

- Students have only received PFL instruction in the last few years in the 12<sup>th</sup> grade Economics course which is too little and too late.
- Beginning in 2014 students will receive PFL from K to 8 so that spending and saving habits can be adopted at a younger age. Senior economics becomes the culminating learning experience rather than the only learning experience.
- Gap: grades 9 to 11? What do we do next?

**So, students will learn about PFL in grades K to 8 and at the senior level, what else is available in PFL at the high school level?**

- **PFL Bill Introduced by Representative Marsha Farney in 2013**
- **Is a stand alone one semester HS course**
- **Original intent was to require for graduation, but, due to the complexity of HB 5, was changed to simply require that the course be offered. This may be re-introduced in 2015 to require PFL for graduation.**
- **At the present time to be included under social studies**

**How did HB 5 Impact PFL?**

- **Career course listings will be expanded to offer math courses for graduation that will include PFL student expectations**



## What are the 5 HB 5 Endorsements?

- (1) STEM
- (2) Business and Industry
- (3) Public Services
- (4) Arts and Humanities
- (5) Multidisciplinary

## Resources from Council for Economic Education

### Family Lessons



### Never Too Young Elementary After School Curriculum



# Gen i Revolution Council for Economic Education



## And Your Question IS???



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