

SENATE BILL REPORT

SHB 2455

As Reported By Senate Committee On:
Financial Services, Insurance & Housing, February 23, 2004

Title: An act relating to financial literacy.

Brief Description: Providing for financial literacy.

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

Brief History:

Committee Activity: Financial Services, Insurance & Housing: 2/23/04 [DPA].

SENATE COMMITTEE ON FINANCIAL SERVICES, INSURANCE & HOUSING

Majority Report: Do pass as amended.

Signed by Senators Benton, Chair; Winsley, Vice Chair; Berkey, Keiser, Murray, Prentice and Roach.

Staff: Joanne Conrad (786-7472)

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.

Skills of financial literacy may include such practical things as how to manage credit and use a checkbook, rational debt management, how to rent an apartment or shop for a car, and how to evaluate the terms and conditions of major purchases.

Generally, these skills are not taught in school. It is believed by many educators, credit counselors and financial services companies that consumers would benefit from increased financial literacy.

Summary of Amended Bill: The Financial Literacy Public Private Partnership (FLPPP) 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.

The FLPPP is 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. The FLPPP reports to the Legislature and educational stakeholders, with a final report by June of 2007, at which time the FLPPP expires.

A trust fund of public private partnership money is established at the State Treasurer's office, with expenditures by the OSPI.

Amended Bill Compared to Original Bill: The original bill was not heard.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 20, 2004.

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

Testimony For: The striking amendment greatly reduces the fiscal note, and restructures the working group as a "financial" literacy public-private partnership, instead of a legislative ad hoc committee. Financial literacy is very important for students, to prepare them for success and prevent bankruptcy.

Testimony Against: None.

Testified: Rep. Santos, prime sponsor (pro); Pam Whalley, WA Council on Econ. Education; J. T. Batstone, Simpson Com. FCU; Bob Butts, OSPI, Marianna Goheen, WA-ACTE.