

SENATE BILL REPORT

SB 6219

As Passed Senate, February 9, 2006

Title: An act relating to financial literacy education.

Brief Description: Providing for financial literacy education.

Sponsors: Senators Keiser, Weinstein, Eide, Pridemore, Prentice, Berkey, Fraser and Kohl-Welles.

Brief History:

Committee Activity: Early Learning, K-12 & Higher Education: 1/13/06, 1/16/06 [DP].
Passed Senate: 2/9/06, 43-0.

SENATE COMMITTEE ON EARLY LEARNING, K-12 & HIGHER EDUCATION

Majority Report: Do pass.

Signed by Senators McAuliffe, Chair; Pridemore, Vice Chair, Higher Education; Weinstein, Vice Chair, Early Learning & K-12; Schmidt, Ranking Minority Member; Benton, Berkey, Carrell, Delvin, Eide, Kohl-Welles, Pflug, Rasmussen, Rockefeller, Schoesler and Shin.

Staff: Stephanie Yurcisin (786-7438)

Background: "Financial literacy" generally means 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 instance, 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.

The Financial Literacy Public Private Partnership (Partnership) was established by the Legislature in 2004 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.

Summary of Bill: "Financial literacy" is specifically defined as the achievement of skills and knowledge necessary to make informed judgments and effective decisions regarding earning, spending, and the management of money and credit. Each school district board of directors is encouraged to adopt and integrate, within the existing curriculum, a financial literacy education program.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Testimony For: Including financial literacy principles within existing courses enriches the application of core course work and also gets kids started on the right track, financially, at an early age. Learning about money early helps kids to become successful money managers. Financial literacy should also be encouraged at the higher education level, as studies have shown that it can positively influence student academic performance. Many private entities (for instance, credit unions) engage in such education as part of their outreach programs. Supporting the Financial Literacy Public Private Partnership will signify the state's interest in encouraging responsible financial choices and will ultimately benefit the entire state economy.

Testimony Against: None.

Who Testified: PRO: Senator Karen Keiser, Prime Sponsor; Cathy Brorson, Kitsap Credit Union; Dana Pethia, Twin County Credit Union; Daniel Shafar, Associated Students Washington State University; Ana Garcia, Jump Start Washington. CON: None.

House Amendment(s): The Partnership must complete its tasks by June 30, 2007. The Partnership is directed to consider four additional strategies for increasing financial literacy: (1) identifying and making available to school districts a template for resource materials to aid in guiding student culminating projects with a focus on student finance; (2) developing essential academic learning requirements for personal finance; (3) preparing recommendations for including financial literacy principles in the Washington Assessment of Student Learning; and (4) identifying the outcome measures expected from school districts participating in financial literacy education programs.

Fifty thousand dollars is appropriated to the Partnership account for the fiscal year ending June 30, 2007. To the extent funds appropriated are available, the Office of the Superintendent of Public Instruction and the Partnership must make available to school districts a list of financial literacy skills and knowledge, instructional materials, assessments, and other relevant information.