

HOUSE BILL REPORT

HB 1980

As Reported by House Committee On:
Education

Title: An act relating to the financial literacy public-private partnership.

Brief Description: Regarding the financial literacy public-private partnership.

Sponsors: Representatives Kelley, Santos, Ormsby, Roach and Morrell.

Brief History:

Committee Activity:

Education: 2/15/07, 2/16/07 [DPS].

Brief Summary of Substitute Bill

- Extends the Financial Literacy Public-Private Partnership (Partnership) to 2009.
- Adds activities for the Partnership, including developing Essential Academic Learning Requirements in personal finance.
- Appropriates \$50,000 per year from the State General Fund for the 2007-09 biennium to support the work of the Partnership.

HOUSE COMMITTEE ON EDUCATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Quall, Chair; Priest, Ranking Minority Member; Anderson, Assistant Ranking Minority Member; Roach, Santos and P. Sullivan.

Staff: Barbara McLain (786-7383).

Background:

Financial literacy is the achievement of skills and knowledge necessary to make informed judgments and effective decisions regarding earning, spending, and the management of money and credit.

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

In 2004, the Legislature created the Financial Literacy Public-Private Partnership (Partnership) consisting of legislators, representatives from the Office of the Superintendent of Public Instruction (OSPI) and the Department of Financial Institutions, financial services representatives, and educators. The Partnership is charged with identifying important financial literacy skills and knowledge and considering strategies to increase financial literacy in public school students. Such strategies include instructional materials, assessment measures, and professional development to expand and improve financial literacy instruction.

There is a Partnership account administered by the OSPI which can be used for public funds and private donations. For the first years of its existence, the Partnership did not have state operating funds. However, \$50,000 was appropriated to the Partnership account in the 2006 supplemental operating budget. The Partnership is scheduled to issue a final report and expire on June 30, 2007.

Summary of Substitute Bill:

The date for the completion of activities by the Partnership is extended from June 30, 2006, to June 30, 2009. The expiration date for the partnership is also extended to June 30, 2009. The Partnership's final report in June of 2007 becomes an interim report, and a new final report date is set for June 30, 2009. New activities are added: creating resource materials on personal finance to guide student culminating projects, developing Essential Academic Learning Requirements for personal finance, and preparing recommendations for including financial literacy principles in the Washington Assessment of Student Learning.

If funds are provided, the OSPI and other members of the Partnership will make financial literacy materials available to school districts. School districts are encouraged to provide students with an opportunity to master financial literacy skills and knowledge.

Substitute Bill Compared to Original Bill:

Technical corrections ensure that both the expiration of the Partnership and its final report are extended to June 30, 2009.

Appropriation: The sum of \$50,000 is appropriated from the State General Fund to the Washington Financial Literacy Public-Private Partnership for the Fiscal Year ending June 30, 2008 and an additional \$50,000 is appropriated for the Fiscal Year ending June 30, 2009.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This continues the state's efforts to increase financial literacy. Increased credit can be a wonderful thing that allows more people to buy homes, but there needs to be education about the increased responsibilities that come with credit. It's critically important to increase awareness about credit, both positive and negative. Financial literacy is more than informed judgement about money; it is the basis for survival in the adult world and should be taught to students in grades K through 12. We can't test our students in the course called "life" without giving them the skills they need to negotiate in it. Students have an incredibly positive experience that gives them optimism and hope for the future when they learn how to make choices and to prioritize. Students in today's society incur debt before they graduate. Students need to learn about credit, debt, interest, rent, car payments, and taxes. Even very young students can learn the difference between "choice," "want," and "need." There is not a lot out there for teachers to pick up and incorporate into their lesson plans. This is desperately-needed information. Without basic financial literacy principles, we can't help students make wise decisions.

(Opposed) None.

Persons Testifying: Representative Kelley, prime sponsor; Holly Winter Weik, Bethel School District; Don Ide, Lynnwood High School; Esther Rich, Nelson Middle School, Renton School District; Randy Wilson, White River High School; Stacy Augustine, Washington Credit Union League; Carol Anderson, Junior Achievement; Linda Jekel, Department of Financial Institutions; and Dana Twilight, Jump \$tart Coalition.

Persons Signed In To Testify But Not Testifying: None.