

SENATE BILL REPORT

SHB 1347

As of March 24, 2009

Title: An act relating to financial education.

Brief Description: Regarding financial education.

Sponsors: House Committee on Ways & Means (originally sponsored by Representatives Santos, Roach, Morrell, Moeller, Chase and Roberts).

Brief History: Passed House: 3/09/09, 78-19.

Committee Activity: Early Learning & K-12 Education: 3/23/09.

SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

Staff: Kimberly Cushing (786-7421)

Background: The Financial Literacy Public-Private Partnership (FLPPP) was created in 2004 to adopt a definition of financial literacy and identify strategies to increase financial literacy of public school students. The FLPPP is made up of four legislators; four representatives from the financial services sector; four educators; one designee from the Office of the Superintendent of Public Instruction (OSPI); and one designee from the Department of Financial Institutions. The FLPPP is scheduled to expire June 30, 2009. As a result of legislation enacted in 2007, one of the goals of Basic Education is to "understand the importance of work and finance."

The JumpStart Coalition is a national organization that promotes financial education and is composed of public and private partners with state affiliates, including one in Washington. The JumpStart Coalition has adopted personal financial literacy learning standards for grades K-12.

Summary of Bill: The Financial Education Public-Private Partnership (Partnership) is established, which replaces FLPPP. The Partnership is composed of four members of the Legislature; four representatives from the financial services sector appointed by the Governor; four teachers appointed by the Superintendent of Public Instruction (SPI); one representative from the Department of Financial Institutions; and two representatives from OSPI, one from curriculum development and one from teacher professional development.

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.

Members are to be appointed by August 1, 2009, and the chair is selected from among the legislative members. To the extent funds are available, the Partnership can hire a staff person, who would be housed in OSPI for administrative purposes. The FLPPP Account is renamed and the SPI can authorize expenditures from the Account only at the direction of the Partnership.

The components of personal financial education must include the achievement of skills and knowledge necessary to make informed judgments and effective decisions regarding earning, spending, and the management of money and credit. The duties and termination date of the FLPPP are repealed. The following duties are assigned to the Partnership:

- communicate the financial education standards and strategies for improving financial education to school districts;
- review financial education curriculum;
- develop evaluation standards and a procedure for endorsing financial education curriculum;
- identify assessments and outcome measures that schools can use to determine whether students meet the financial education standards;
- monitor and provide guidance for professional development;
- work with the OSPI and the Professional Educator Standards Board to create professional development that leads to a certification in financial education;
- develop guidelines and protocols for classroom volunteers providing financial education; and
- submit an annual report by December 1 of each year to the Governor, SPI, and the Legislature.

Subject to funds appropriated to support school districts with curriculum and professional development, the JumpStart Coalition National Standards in K-12 Personal Finance Education are adopted as the state learning standards for financial education. If funds are not appropriated, school districts are encouraged to voluntarily adopt the standards and provide students an opportunity to master the standards.

Subject to funds appropriated, OSPI and the Partnership must provide technical assistance and competitive grants for up to four demonstration projects to implement financial education standards on a district-wide basis. Selected districts must make a commitment to integrate financial education into instruction at all grade levels, establish local partnerships, conduct pre- and post-testing of students' financial literacy, and report back to OSPI by April 30, 2011.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: Yes.

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

Staff Summary of Public Testimony: PRO: The bill incorporates the recommendations of the FLPPP. We need to continue the outstanding partnership that has been built. Every state

dollar put into the partnership has leveraged at least an equal amount from the private sector. A limited pilot project approach is less expensive than a statewide mandate and will demonstrate the efficacy of financial education. The pilot will provide data for when resources are available to expand statewide. Adopting national standards will achieve a level of uniformity for financial literacy programs. Currently, Washington only has one standard that directly addresses financial literacy in the K-12 system. While math standards support financial literacy, they do not provide an understanding of why it is important to understand topics such as compound interest. Increases in inflation, housing costs, post-secondary education, health care, and changes in pension systems have contributed to a situation where people have to take a hard look at their personal finances. Some parents are not able to share enough knowledge for today's financial landscape. We are already paying for financial education, but in a reactionary way. The bill allows a proactive way to introduce financial education.

Persons Testifying: PRO: Representative Santos, prime sponsor; Porsche Everson, FLPPP; Dana Twight, JumpStart Coalition; Tom Lopp, OSPI.