

- SUBJECT:** Requiring local TWC boards to provide financial literacy training
- COMMITTEE:** Economic Development — committee substitute recommended
- VOTE:** 4 ayes — B. Cook, Anchia, Kolkhorst, Seaman
0 nays
3 absent — Ritter, Deshotel, McCall
- WITNESSES:** For — Don Baylor, Center for Public Policy Priorities; John Heasley, Texas Bankers Association; Matt Hull, Texas Association of Community Development Corporations; Steve Scurlock, Independent Bankers Association of Texas; (*Registered but did not testify:* Mance Bowdeal, Texas Credit Union League, Texas Credit Union Foundation; Melodie Stegall, Credit Union Legislative Coalition)

Against — None

On — Diane Rath, Texas Workforce Commission
- BACKGROUND:** The Texas Workforce Commission (TWC) oversees the local workforce development system, based in 28 local boards and more than 260 one-stop workforce centers and satellite offices statewide. Each local workforce development board (LWDB) includes business representatives and other members representing the interests of labor, education, community-based organizations, economic development, vocational rehabilitation, public employment, human service agencies, child care, and veterans.

An LWDB is responsible for the planning, oversight and evaluation of all workforce development programs, including job-seeker services such as training and referral.
- DIGEST:** CSHB 900 would require TWC and TWC's local workforce development boards to ensure that each workforce development program offered in the state include training in financial literacy. The Division of Workforce Development at TWC would develop the materials and information for the training.

TWC could accept donations in support of the financial literacy program, including services, money or property. A majority of TWC's voting members would have to approve any donation or potential donation in an open meeting and record the donor and purpose of the donation.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2005.

**SUPPORTERS
SAY:**

CSHB 900 would be a step toward helping people learn the importance of savings accounts, the impact of credit scoring, and how to invest their money. With these skills, people would be better able to break the cycle of poverty and more fully to participate in our economy. Educated consumers would be less vulnerable to disreputable lending companies and practices.

The average credit score in Texas is the lowest in the nation, and the repercussions for those with low credit scores are many. For example, those with low credit ratings are more likely to get mortgage loans with higher interests rates and fees. CSHB 900 would enable people in the state to obtain the financial skills necessary to raise or maintain their credit ratings.

CSHB 900 would allow TWC to accept donations of products for TWC to use in the financial literacy training. Many financial institutions have developed products, such as CDs and DVDs, that teach financial literacy. The institutions develop and distribute these products to meet the requirements of the federal Community Reinvestment Act, which is intended to encourage depository institutions to help meet the credit needs of the communities in which they operate. These products would enhance TWC's financial literacy program

Some of the local workforce development boards already are teaching financial literacy, so it would not be an entirely new undertaking. According to the TWC, the financial literacy program could be developed statewide using existing funds.

**OPPONENTS
SAY:**

If state funds are not provided for financial literacy training, then the local workforce development boards may not be able properly to administer this new program. It is difficult to know if current local board budgets could support the changes proposed in CSHB 900 without knowing how extensive the curriculum would be. In the past, boards have been asked to

provide more services with few resources, and employees at the local workforce development boards have been spread thin.

It has been hard for some boards to collect donations for workforce programs in a fluctuating economy. CSHB 900 does not specify that workforce development boards could collect donations for financial literacy training, only that the commission could accept donations. Clarification on this point could help the local boards solicit donations for the program.

OTHER
OPPONENTS
SAY:

CSHB 900 should require participants in workforce programs to receive a minimum or core curriculum or a minimum number of hours of training. It also should specify basic elements in the curriculum to ensure that the programs cover areas essential to financial literacy.

NOTES:

The committee substitute would allow TWC to accept donations in support of the financial literacy program and describes the conditions under which these donations could be accepted. The bill as introduced stated that each workforce development program would include training in financial literacy "for participants in the program," which the substitute deleted.

A related bill, SB 851 by Shapleigh, which would establish a financial literacy pilot program in the public schools, passed the Senate by 30-0 on April 6. SB 498 by Shapleigh, requiring development of a financial literacy education program, has been referred to the Senate Education Committee. HB 492 by Woolley, which would require completion of a personal finance education course for graduation from public high school, was reported favorably from the House Public Education Committee on April 5. HB 763 by Chavez, which would require a financial literacy curriculum in certain public high schools located in the Texas-Mexico border region, has been referred to the House Public Education Committee.