

## BILL ANALYSIS

Senate Research Center

H.C.R. 15  
By: Woolley et al. (Janek)  
Education  
5/9/2003  
Engrossed

### DIGEST

The Texas Education Code sets forth the required public school curriculum by specifying the subject areas that constitute the foundation curriculum and those that constitute an enrichment curriculum, and it requires the State Board of Education to identify the essential knowledge and skills of each of those subjects that all students should be able to demonstrate. By including economics among the subjects in the enrichment curriculum, the Education Code places emphasis on the free enterprise system and its benefits. The code also declares that the primary purpose of the public school curriculum is to prepare thoughtful, active citizens who “can function productively in a free enterprise society.” Unfortunately, at a time when worker efficiency is essential to our nation’s success in the global marketplace, family financial difficulties are reducing productivity for too many workers, adversely affecting their physical and mental health as well as the social and economic well-being of their families.

Individuals and families who can handle the complex financial decisions of daily life experience an enhanced quality of life; they have the personal satisfaction of being in control of their lives, are more likely to be satisfied with their social and economic environment, and are less likely to need government assistance. A number of recent surveys suggest that consumer education has not kept up with the rapid changes in the marketplace and that many Americans have not yet reached a desirable level of knowledge and skill in managing personal financial resources. A 1990 comprehensive test of adult consumer knowledge sponsored by the Consumer Federation of America and the TRW Foundation revealed significant gaps and raised serious concerns about the extremely low levels of basic consumer knowledge.

A 1992 U.S. Department of Education study of literacy skills revealed that only a small percentage of Americans over the age of 15 could do moderately complex tasks needed to function in the marketplace; between 40 and 44 million Americans were unable to calculate the total cost of a purchase, determine the price difference between two items, or complete a simple form. Two other surveys, sponsored by the Consumer Federation of America and the American Express Travel Related Services Company, tested the consumer knowledge of high school and college students across the United States; the results indicated that American high school and college students have surprisingly little consumer know-how, and many lack the basic knowledge and skills needed to make important personal financial decisions they will face as adults. The Jump\$tart Coalition for Personal Financial Literacy, a coalition of public, private, and nonprofit organizations, determined that the average high school graduate lacks basic skills in the management of personal financial affairs, with many young adults unable to balance a checkbook and having no insight into the basic survival principles involved in earning, spending, saving, and investing.

Overall, the results of these and other tests and surveys measuring the consumer competency of Americans reveal glaring deficiencies; consequently, many young people fail in the management of their first consumer credit experience, establish bad financial management habits, and stumble through life learning by trial and error. Responding to this situation, the U.S. Department of the Treasury recently established an Office of Financial Education (OFE) with the goal of providing all Americans with the practical financial knowledge and skills they need to make informed decisions. In May 2002, the secretaries of the U.S. Treasury and Education departments held a panel discussion with representatives of several national organizations, and in October 2002, OFE issued a white paper on the discussion entitled Integrating Financial Education Into School Curricula. The paper notes that the best and most obvious starting place for providing financial

education to young people is in the schools; it cites the No Child Left Behind Act of 2001, which also recognized the importance of financial education, and it points out that states can impose requirements that publishers demonstrate how their materials incorporate financial concepts into other subjects.

### **PURPOSE**

H.C.R. 15 submits the following resolutions: That the 78th Legislature of the State of Texas direct the State Board of Education to implement the inclusion of elements relating to personal finance among the essential knowledge and skills in the required public school curriculum, and to adopt and promote a personal finance education program that provides public school districts with textbook selections to assist in the program's implementation.

That the Texas Education Agency and the State Board of Education, in cooperation with school administrators, teachers, parents, business leaders, and concerned citizens, immediately begin exploring ways to teach in a meaningful way a financial literacy program that includes such topics as budgeting, consumer economics, insurance, investing principles, managing credit, monetary policy, financial planning, retirement savings, consumer loans, and mortgages and reviewing existing financial literacy programs and materials that are available, with the aim of formalizing a personal money management course.

That the State Board of Education submit a full report concerning the inclusion of elements relating to personal finance among the essential knowledge and skills in the required public school curriculum to the Texas Legislature no later than September 30, 2004.

That the secretary of state forward an official copy of this resolution to the chair of the State Board of Education and the commissioner of education of the Texas Education Agency.