Text of Proposed New 19 TAC

Chapter 113. Texas Essential Knowledge and Skills for Social Studies

Subchapter C. High School

§113.49. Personal Financial Literacy (One-Half Credit), Adopted 2016.

(a) General requirements. This course is recommended for students in Grades 10-12. Students shall be awarded one-half credit for successful completion of this course.

(b) Introduction.

(1) Personal Financial Literacy will develop citizens who have the knowledge and skills to make sound, informed financial decisions that will allow them to lead financially secure lifestyles and understand personal financial responsibility. The knowledge gained in this course has far-reaching effects for students personally as well as the economy as a whole. When citizens make wise financial decisions, they gain opportunities to invest in themselves, build businesses, consume goods and services in a responsible way, and secure a future without depending on outside assistance. The economy benefits from the optimal use of resources, increased consumption, and strong local businesses. State and local governments benefit with steady revenue streams and reduced future obligations as our society ages.

(2) Personal Financial Literacy is designed to be an interactive and research-based course. The course will teach students to apply critical-thinking and problem-solving skills to analyze decisions involving earning and spending, saving and investing, credit and borrowing, insuring and protecting, and college and postsecondary education and training. There are many references to conducting a cost-benefit analysis for spending and investing decisions. Students evaluate the necessity of the purchase, the quality or value of the purchase or investment compared to other alternatives, and the total cost of acquisition, particularly in the context of financing options. Students also understand the power of both compound growth on investments and compound interest on debt and how these concepts affect the ability to build wealth over time.

(3) This one-half elective credit course includes instruction in methods of paying for college and other postsecondary education and training along with completing the application for federal student aid provided by the U.S. Department of Education. Students analyze the relationship between education and training and earnings potential; evaluate the quality of potential college, postsecondary education, and training courses; evaluate the total cost of these programs; and analyze the advantages and disadvantages of various sources of funds to pay for their education.

(4) Students understand that a constitutional republic is a representative form of government whose representatives derive their authority from the consent of the governed, serve for an established tenure, and are sworn to uphold the constitution.

(5) State and federal laws mandate a variety of celebrations and observances, including Celebrate Freedom Week.

(A) Each social studies class shall include, during Celebrate Freedom Week as provided under the Texas Education Code, §29.907, or during another full school week as determined by the board of trustees of a school district, appropriate instruction concerning the intent, meaning, and importance of the Declaration of Independence and the U.S. Constitution, including the Bill of Rights, in their historical contexts. The study of the Declaration of Independence must include the study of the relationship of the ideas expressed in that document to subsequent American history, including the relationship of its ideas to the rich diversity of our people as a nation of immigrants, the American Revolution, the formulation of the U.S. Constitution, and the abolitionist movement, which led to the Emancipation Proclamation and the women's suffrage movement.

(B) Each school district shall require that, during Celebrate Freedom Week or other week of instruction prescribed under subparagraph (A) of this paragraph, students in Grades 3-12

study and recite the following text: "We hold these Truths to be self-evident, that all Men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the Pursuit of Happiness--That to secure these Rights, Governments are instituted among Men, deriving their just Powers from the Consent of the Governed."

(6) Students identify and discuss how the actions of U.S. citizens and the local, state, and federal governments have either met or failed to meet the ideals espoused in the founding documents.

(7) Statements that contain the word "including" reference content that must be mastered, while those containing the phrase "such as" are intended as possible illustrative examples.

(c) Knowledge and skills.

(1) Earning and spending. The student understands how to set personal financial goals. The student is expected to:

(A) differentiate between needs and wants in evaluating spending decisions;

(B) investigate the student's money personality, including spending and saving propensity;

(C) demonstrate an understanding of the value and benefits of charitable giving; and

(D) develop financial goals for the short, medium, and long term that are specific, measurable, attainable, realistic, and time based.

(2) Earning and spending. The student understands how financial statements are used to assess and monitor financial well-being. The student is expected to:

(A) reconcile a bank statement with personal records to ensure the accuracy of deposits, withdrawals, and transfer activities;

(B) track income and expenses and develop an income statement;

(C) develop a budget that incorporates short-, medium-, and long-term financial goals;

(D) identify assets and liabilities;

(E) construct a balance sheet or net worth statement; and

(F) evaluate the impact of unplanned spending on a budget.

(3) Earning and spending. The student analyzes components of compensation from employment. The student is expected to:

(A) identify benefits such as health insurance contributions, retirement benefits, sick leave, vacation pay, flexible spending account, health savings account, workers compensation, life insurance, and disability insurance;

(B) identify taxes that are deducted from paychecks, including Federal Insurance Contributions Act (FICA) and federal income taxes; and

(C) calculate gross and net pay using information on a paycheck.

(4) Earning and spending. The student critically evaluates consumption decisions. The student is expected to:

(A) analyze costs and benefits of owning versus renting housing;

(B) analyze costs and benefits of owning versus leasing a vehicle;

(C) compare total costs of alternative methods of payment such as rent-to-own, store credit, installment agreements, cash, bank credit card, and debit card; and

(D) apply strategies for making informed decisions about purchasing consumer goods such as comparing prices per unit, looking for sales or promotions, and negotiating price.

(5) Saving and investing. The student understands the importance of saving and investing in creating wealth and building assets. The student is expected to:

(A) develop a short-term saving strategy to achieve a goal such as establishing and maintaining an emergency fund;

(B) develop an intermediate-term saving and investing strategy to achieve a goal such as accumulating a down payment on a home or vehicle;

(C) explain the tax benefits of charitable contributions; and

(D) develop a long-term investing strategy to achieve a goal such as a financially secure retirement.

(6) Saving and investing. The student understands the implementation of a saving and investing plan. The student is expected to:

(A) discuss the role of financial institutions and markets in saving and investing;

(B) demonstrate the impact of compound growth over time;

(C) evaluate the costs and benefits of various savings options such as bank savings accounts, certificates of deposit, and money market mutual funds; and

(D) evaluate risk and return of various investment options, including stocks, bonds, and mutual funds.

(7) Saving and investing. The student demonstrates an understanding of the importance of planning for retirement. The student is expected to:

(A) identify costs of retirement such as living expenses, health care expenses, and long-term care expenses;

(B) identify and explain sources of income during retirement, including Social Security, individual savings, and employer-sponsored plans; and

(C) demonstrate an understanding of the importance of saving early and at a sufficient level to achieve financial security in retirement.

(8) Credit and borrowing. The student understands the use of credit to make purchases. The student is expected to:

(A) compare and contrast sources of credit such as banks, merchants, peer-to-peer, payday loans, and title loans;

(B) compare and contrast types of credit, including revolving and installment credit, and collateralized loans versus unsecured credit; and

(C) evaluate the impact of credit decisions on monthly budget, income statement, and net worth statement.

(9) Credit and borrowing. The student identifies factors that affect credit worthiness. The student is expected to:

(A) discuss how character, capacity, and collateral can adversely or positively impact an individual's credit rating and the ability to obtain credit;

(B) describe how to access and interpret a sample credit report and score;

(C) describe the importance of monitoring credit reports regularly and addressing mistakes;

(D) identify factors that could lead to bankruptcy such as medical expenses, job loss, divorce, or a failed business; and

(E) appraise the impact of borrowing decisions on credit score, including consequences of poor credit management and bankruptcy.

(10) Credit and borrowing. The student evaluates a decision to use credit. The student is expected to:

(A) examine the components of the cost of borrowing, including annual percentage rate (APR), fixed versus variable interest, length of term, grace period, and additional fees such as late payment, cash advance, and prepayment penalties;

(B) explain strategies to reduce total cost of borrowing such as making a higher down payment and additional principal payments; and

(C) differentiate between the use and cost of debit and credit cards.

(11) Insuring and protecting. The student recognizes financial risks faced by individuals and families and identifies strategies for handling these risks. The student is expected to:

(A) identify risk as potential loss of assets or earning potential; and

(B) apply risk management strategies, including avoiding, reducing, retaining, and transferring risk.

(12) Insuring and protecting. The student identifies the costs and benefits of insurance for transferring risk. The student is expected to:

(A) define insurance terminology, including premiums, deductibles, co-pays, and policy limits;

(B) explain the costs and benefits of different types and sources of health insurance such as individual health plans, employer-provided health plans, and government-provided health plans;

(C) explain the costs and benefits of disability and long-term care insurance;

(D) explain the costs and benefits of life insurance, including term insurance and whole life insurance;

(E) explain the costs and benefits of property insurance, including homeowner's and renter's insurance;

(F) explain the costs and benefits of automobile insurance and factors that impact the price of insurance, including the type of vehicle, age and sex of driver, driving record, deductible, and geographic location; and

(G) explain the costs and benefits of supplemental types of insurance such as extended warranties, mortgage protection life insurance, accidental death and dismemberment life insurance, car loan payoff coverage, debt cancellation coverage, and credit life coverage.

(13) Insuring and protecting. The student understands how to identify and protect themselves from frauds, schemes, and scams. The student is expected to:

(A) identify ways to protect personal information and reduce risk of identity theft;

(B) recognize common schemes and scams such as investment, pyramid, phishing, check cashing, and home renovation scams; and

(C) demonstrate an understanding of how to use consumer protection agencies such as the Better Business Bureau, Consumer Financial Protection Board, or the Texas State Securities Board to research and report fraud.

(14) Insuring and protecting. The student understands the legal instruments available for estate planning. The student is expected to:

(A) explain the importance of guardianship of minor children, wills, and beneficiary designation; and

(B) explain the importance of a power of attorney, living will, and medical directive.

(15) College and postsecondary education and training. The student recognizes the costs and benefits of various types of college, postsecondary education, and training. The student is expected to:

(A) analyze the relationship between education and training and earnings;

(B) identify types of costs associated with college, postsecondary education, and training;

(C) compare costs among postsecondary education and training institutions such as public universities, private universities, certification programs, and community colleges; and

(D) analyze the quality of education investment using measures such as academic reputation, selectivity and rigor in a chosen area of study, average starting salary of students graduating in chosen field, and likelihood of student graduation.

(16) College and postsecondary education and training. The student understands various options for paying for college, postsecondary education, and training. The student is expected to:

(A) understand how, why, and when to complete grant and scholarship applications and the Free Application for Federal Student Aid (FAFSA) provided by the U.S. Department of Education;

(B) research various sources of funds for postsecondary education and training, including student loans, grants and scholarships, and other sources such as work-study and military programs; and

(C) analyze the advantages and disadvantages of various sources of funds for postsecondary education and training, including student loans, grants and scholarships, and other sources such as work-study and military programs.