

The State Board of Education (SBOE) adopts new §113.29, concerning foundations of economics. The new section is adopted with changes to the proposed text as published in the May 15, 2026 issue of the *Texas Register* (51 TexReg 3210) and will be republished. The adopted new Texas Essential Knowledge and Skills (TEKS) establish a new one-credit economics course that may be used to satisfy revised social studies graduation requirements under House Bill (HB) 27, 89th Texas Legislature, Regular Session, 2025.

REASONED JUSTIFICATION: In accordance with statutory requirements that the SBOE identify by rule the essential knowledge and skills of each subject in the required curriculum, the SBOE follows a board-approved cycle to review and revise the essential knowledge and skills for each subject.

The TEKS for social studies and economics were originally adopted effective September 1, 1998. The Kindergarten-Grade 12 social studies TEKS and the TEKS for economics were revised effective August 23, 2010. In 2015, the SBOE adopted revisions to the TEKS for certain Advanced Placement (AP) and International Baccalaureate (IB) social studies courses to require that students demonstrate proficiency in the TEKS for the corresponding AP and IB courses, in addition to the AP or IB course requirements. In 2018, the SBOE approved streamlining revisions to the social studies TEKS for Kindergarten-Grade 8 and four high school social studies courses (United States History Studies, World History Studies, World Geography, and United States Government). The SBOE also streamlined the TEKS for Economics with Emphasis on the Free Enterprise System and Its Benefits and consolidated the TEKS for economics into Chapter 113. In April 2020, the SBOE approved proposed revisions to Chapter 113, Subchapter D, to update references to course numbers and titles to reflect the revisions to the social studies TEKS.

In 2021, SB 1063, 87th Texas Legislature, Regular Session, amended TEC, §28.025, to add a one-half credit course in personal financial literacy and economics as an option to meet the one-half credit graduation requirement for economics under the Foundation High School Program. SB 1063 required that the SBOE adopt TEKS for the personal financial literacy and economics course and that the required curriculum for the course allocate two-thirds of the instructional time to personal financial literacy and one-third of instructional time to economics. At its June 2022 meeting, the SBOE adopted TEKS for the new course, §113.76, Personal Financial Literacy and Economics, and the rule became effective August 1, 2022.

In 2021, the 87th Texas Legislature passed HB 4509, Regular Session, and SB 3, Second Called Session, to require the teaching of informed patriotism and the founding documents of the United States and require the SBOE to adopt essential knowledge and skills for social studies that develop each student's civic knowledge, including an understanding of the fundamental moral, political, and intellectual foundations of the United States government. The SBOE approved proposed amendments to Chapter 113, Subchapters A-C, to update the standards for Kindergarten-Grade 8 and five high school courses (Economics with Emphasis on the Free Enterprise System and Its Benefits, United States History Studies Since 1877, World History Studies, World Geography Studies, and United States Government) to align with SB 3 requirements.

In October 2024, the chairman of the SBOE established an ad hoc committee on social studies standards. The committee was charged with evaluating Texas's current social studies learning standards, researching best practices in history and civics education, and providing recommendations for developing exemplary state standards to ensure that Texas students receive a high-quality social studies education that prepares them for informed citizenship.

The goal of the committee was to provide clear, actionable recommendations for developing social studies curriculum standards that will position Texas as a national leader in history and civics education. The standards should equip students with essential knowledge of world, United States, and Texas history; geography; and civic institutions while fostering the skills and dispositions needed for engaged citizenship in a diverse democratic republic.

In 2025, the 89th Texas Legislature, Regular Session, passed HB 27, which revised the high school social studies graduation requirement for students who enter Grade 9 in the 2026-2027 school year and thereafter. Under HB 27, students must successfully complete a one-half credit personal financial literacy course instead of the one-half credit economics course or one-half economics and personal financial literacy and economics course to satisfy the economics requirement under the Foundation High School Program. Additionally, the bill permits students in this cohort to select the third social studies credit required for graduation from one credit in economics, world geography, or world history. As a result, the bill requires the approval of a one-credit economics course for this

cohort while the current one-half economics course offerings remain in place for students not subject to HB 27. The bill also added new TEC, §28.025(b-24), requiring the SBOE to allow a student to comply with the personal financial literacy requirement by successfully completing an AP course that contains substantively similar and rigorous academic content.

HB 824, 89th Texas Legislature, Regular Session, 2025, added TEC, §28.002(h-3), to require the SBOE to adopt essential knowledge and skills for the government component of the social studies curriculum that address specific topics to develop each student's civic knowledge, including the role of government officials, the voting process, the eligibility requirements to run for elected office, Robert's Rules of Order, and the elected officials who represent the student.

Additionally, SB 24, 89th Texas Legislature, Regular Session, 2025, added TEC, §28.002(h-11), to require the SBOE to adopt social studies TEKS for Grades 4-12 that develop each student's understanding of communist regimes and ideologies and that provide age and developmentally appropriate instruction and information on the topic.

During the April 10, 2025 Ad Hoc Committee on Social Studies meeting, a public hearing on recommendations for a framework to guide the organization of the TEKS for social studies, including the identification of core content topics that students should know in United States history, Texas history, world history, geography, and civics in Kindergarten-Grade 12, was conducted. Texas Education Agency (TEA) staff presented an update on the status and progress of the Social Studies Ad Hoc Committee's charges, and the Committee of the Full Board (COFB) heard public testimony at the June 2025 meeting. A survey to collect input on key topics, strand titles, course sequencing/layering, and effective practices to inform the social studies TEKS revision was distributed in August 2025.

At the September 2025 meeting, the SBOE approved the social studies framework course sequence and strands for Kindergarten-Grade 8. The SBOE designated content advisors for the social studies TEKS review, and an application to serve on social studies TEKS review work groups was posted on the TEA website in October 2025. A discussion item regarding content advisor recommendations for key topics to be included in the social studies TEKS framework was presented to the COFB at the November 2025 meeting. The content advisors were also directed to address instructional requirements from HB 27, HB 824, and SB 24 in their recommendations. At the January 2026 meeting, the SBOE approved key topics and subtopics to be included in the new TEKS for social studies. Work group meetings were convened in February 2026 to develop draft recommendations for the new social studies TEKS. As part of the SBOE's process for the review and revision of the TEKS, education service centers (ESCs) collected feedback from educators in their regions on the work group drafts and submitted the feedback to TEA.

The SBOE held a public hearing and discussed the proposed new TEKS for social studies at a special called meeting in February 2026. In March 2026, TEA convened additional work groups to address the feedback from the SBOE and ESC focus groups to finalize their recommendations. At the April 2026 meeting, the SBOE held a public hearing on the proposed new TEKS. At the meeting, the SBOE removed §113.26, Personal Financial Literacy (One-Half Credit), Adopted 2026, from the proposal and directed staff to post both the proposed new course as presented in the April agenda and an alternative version presented during the meeting on the TEA website for informal public feedback. At that time, the SBOE also approved the remaining proposed new rules in 19 TAC Chapter 113, Subchapters A-D, for first reading and filing authorization. Proposed new 19 TAC Chapter 113, Subchapters A-D, were presented to the SBOE for second reading and final adoption at the June 2026 meeting. At that time, the SBOE approved §§113.1-113.6, 113.21-113.23, 113.29, and 113.32-113.39 for adoption. One course, §113.29, Foundations of Economics (One Credit), Adopted 2026, was approved with an effective date of 20 days after filing as adopted with the Texas Register.

The following changes were made since published as proposed.

Subsection (a) in §113.29 and §§113.32-113.39 related to implementation was updated to the 2033-2034 school year.

Subsection (c)(5) in §§113.29, 113.32, and 113.33 was amended by updating the paragraph to read, "Social studies instruction should emphasize the acquisition of historical, geographic, economic, and civic knowledge while using

social studies skills to strengthen understanding of significant people, places, events, ideas, and institutions. Where appropriate, skills should include."

Section 113.29(d)(1) was amended by inserting the phrase "the history and theories of" after the word "understands."

New §113.29(d)(1)(C) was added to read, "compare mercantilism and economic nationalism using primary and secondary sources (H, G/Civ, E, S)."

Proposed §113.29(d)(2) related to mercantilism and economic nationalism was deleted.

Proposed §113.29(d)(3) and subparagraphs (A) and (C) related to classical economics were deleted, and subparagraphs (B) and (D) were re-lettered under subsection (d)(1).

Section 113.29(d)(2)(A) was amended to read, "explain how socialism is a step towards communism according to Marx (H, G/Civ, E, S)."

Section 113.29(d)(3) was amended by inserting the phrase "the ideas of limited government in" after the word "understands."

Section 113.29(d)(3)(A) was amended by replacing the verb "describe" with the verb "define."

Section 113.29(d)(3)(B) was amended to read, "explain that Friedrich Hayek emphasized individual choice, decentralized decision-making, and limited government intervention in the economy (H, E)."

New §113.29(d)(3)(C) was added to read, "explain that Milton Friedman supported free-market economics through competition, consumer choice, and limited government involvement in the economy (H, E)."

Section 113.29(d)(4) was amended to read, "Scarcity and Opportunity Cost (Micro). The student understands how scarcity influences economic decisions and the role of factors of production in the creation of goods and services."

New §113.29(d)(4)(A) was added to read, "define economic opportunity (E)."

New §113.29(d)(4)(B) was added to read, "explain scarcity in terms of opportunity cost (E)."

Proposed §113.29(d)(4)(B) related to types of capital was deleted.

Section 113.29(d)(4)(D) was amended by striking the word "the."

Section 113.29(d)(4)(E) was amended by inserting the phrase "and define services" after the word "capital."

Proposed §113.29(d)(4)(E) related to defining services was deleted.

Proposed §113.29(d)(5)(A) related to opportunity cost and tradeoffs was deleted and replaced by, "explain how choices involve tradeoffs and result in opportunity cost in decision-making (E, S)."

Proposed §113.29(d)(5)(B) related to defining services was deleted and replaced by, "explain how societies answer the fundamental economic question of what to produce when faced with scarcity and tradeoffs (G/Civ, E, S)."

New §113.29(d)(5)(C) was added to read, "explain how societies answer the fundamental economic question of how to produce when faced with scarcity and tradeoffs (G/Civ, E, S)."

Proposed §113.29(d)(5)(D) related to geographic relationships was deleted.

New §113.29(d)(5)(D) was added to read, "explain how societies answer the fundamental economic question of for whom to produce when faced with scarcity and tradeoffs (G/Civ, E, S)."

Proposed §113.29(d)(5)(E) related to ways to answer the fundamental economic question of what was deleted.

Section 113.29(d)(5)(E) was amended to read, "describe the concept of marginal analysis (E)."

Proposed §113.29(d)(5)(F) related to ways societies answer the fundamental economic question of how was deleted.

New §113.29(d)(5)(F) was added to read, "graph and explain how a production possibilities curve illustrates inefficiency, full use of resources, and unattainable economic conditions (E)."

Proposed §113.29(d)(5)(G) related to ways societies answer the fundamental economic question of for whom to produce was deleted.

Proposed §113.29(d)(6) related to economic and political freedom was deleted.

Section 113.29(d)(6)(B) was modified by adding the phrase "that shift " after the word "determinants" and striking "of " before the phrase "supply and demand."

Section 113.29(d)(6)(C) was amended to read, "graph supply and demand to illustrate movement along and shifts in supply and demand curves (G/Civ, E, S)."

Section 113.29(d)(6)(D) was amended to read, "explain shortages, surpluses, and equilibrium using supply and demand graphs (G/Civ, E, S)."

New §113.29(d)(6)(E) was added to read, "define Say's Law."

New §113.29(d)(6)(F) was added to read, "define equilibrium price and identify determinants of change to equilibrium price (E, S)."

Section 113.29(d)(7) was amended to read, "Supply, Demand, and Markets (Micro). The student understands how buyers and sellers interact in markets to determine prices, respond to scarcity, and generate profit. The student is expected to."

New §113.29(d)(7)(A) was added to read, "explain the circular flow model (E)."

Proposed §113.29(d)(7)(B) related to defining equilibrium price and identifying determinants of change was deleted.

Proposed §113.29(d)(7)(C) related to the circular flow model was deleted.

New §113.29(d)(7)(E) was added to read, "analyze how price controls, including price floors and price ceilings, can create surpluses or shortages (E)."

New §113.29(d)(7)(F) was added to read, "define profit in a market economy (G/Civ, E)."

Proposed §113.29(d)(8), (8)(A), and (8)(B) related to opportunity in economics were deleted.

Section 113.29(d)(8)(A) was modified by replacing the phrase "economic institutions with the phrase "the role of competition" after the verb "describe."

Section 113.29(d)(8)(B) was modified by adding the phrase "the role of competition in a" after the verb "describe."

Section 113.29(d)(8)(C) was modified by adding the phrase "the role of competition in an" after the verb "describe."

Section 113.29(d)(8)(D) was modified by adding the phrase "the role of competition in" after the verb "describe."

Proposed §113.29(d)(8)(E) related to market process was deleted.

Proposed §113.29(d)(8)(F) related to competition was deleted.

Proposed §113.29(d)(8)(G) related to research methods to synthesize information about business structures was deleted.

Proposed §113.29(d)(10), (10)(A), and (10)(B) related to scarcity, opportunity cost, and interest rates were deleted.

Section 113.29(d)(10) was amended to read, "Microeconomics of Public Policy (Micro). The student understands how government actions influence markets, including public goods and services, competition, regulation, incentives, and taxation. The student is expected to."

Section 113.29(d)(10)(B) was amended to read, "explain factors that influence individuals' use of public goods and services, including cost, access, and benefit to the community (G/Civ, E, S)."

New §113.29(d)(10)(C) was added to read, "describe the purpose of laws and regulations adopted in the United States to promote competition among firms (G/Civ, E, S)."

New §113.29(d)(10)(D) was added to read, "explain how government policies influence wage, including minimum wage, and price controls affect behaviors of individuals and firms (G/Civ, E, S)."

New §113.29(d)(10)(E) was added to read, "explain how moral hazard problem changes behavior and risk taking when firms and individuals are protected by government actions (G/Civ, E)."

New §113.29(d)(10)(F) was added to read, "identify factors that contribute to natural monopolies, including infrastructure costs and economies of scale (Geo/C, E, S)."

Section 113.29(d)(10)(G) was amended to read, "define sales, income, property, and excise (G/Civ, E)."

Proposed §113.29(d)(11) related to scarcity, opportunity cost, and production possibilities was deleted.

Proposed §113.29(d)(11)(B) related to factors that shift production possibilities curve was deleted.

Proposed §113.29(d)(11)(C) related to creating a production possibilities curve was deleted.

Section 113.29(d)(11)(D) was amended to read, "identify opportunity cost in using commodity, representative, and fiat monies (E)."

New §113.29(d)(12)(A)-(J) related to national statistics, economic measurement (macro), and evaluating the economy were added.

Proposed §113.29(d)(13) related to supply, demand, markets, and understanding of Say's Law was deleted.

Section 113.29(d)(13)(A) was modified by adding the phrase ", goals, and tools" after the phrase "describe the purpose."

Section 113.29(d)(13)(B) was amended to read, "define monetary policy and explain price stability (E)."

New §113.29(d)(13)(D) was added to read, "define full employment (E)."

New §113.29(d)(14)(E) was added to read, "describe supply-side economics (E)."

Section 113.29(d)(14)(F) was amended to read, "explain how Keynesian economics uses fiscal policy to stabilize the economy through aggregate demand (H, E)."

Proposed §113.29(d)(15) related to supply, demand, markets and understanding prices was deleted.

Proposed §113.29(d)(15)(B) related to analyzing price controls was deleted.

New §113.29(d)(15)(B) was added to read, "determine the relationship between productivity and the economy (E, S)."

Proposed §113.29(d)(16) related to supply, demand, markets, and understanding profit was deleted.

New §113.29(d)(18) was added to read, "Benefits of the Free Enterprise System. The student understands that benefits of the free enterprise system. The student is expected to."

New §113.29(d)(18)(F) was added to read, "describe the effects of intellectual property protections (G/Civ, E, S)."

New §113.29(d)(18)(I) was added to read, "evaluate the costs of government policies (G/Civ, E)."

Proposed §113.29(d)(19) related to decision and game theory was deleted.

Proposed §113.29(d)(19)(B) related to short-run, one-off game was deleted.

Proposed §113.29(d)(19)(C) related to Prisoner's Dilemma game was deleted.

Proposed §113.29(d)(19)(D) related to long-run games was deleted.

Proposed §113.29(d)(21) related to microeconomics of public policy and understanding competition was deleted.

Proposed §113.29(d)(22) related to microeconomics of public policy and understanding government controls was deleted.

Proposed §113.29(d)(23) related to microeconomics of public policy and understanding of moral hazards was deleted.

Proposed §113.29(d)(24) related to microeconomics of public policy and understanding of monopolies was deleted.

Proposed §113.29(d)(25) related to microeconomics of public policy and understanding taxation was deleted.

Proposed §113.29(d)(25)(B) related to income tax was deleted.

Proposed §113.29(d)(25)(C) related to property tax was deleted.

Proposed §113.29(d)(25)(D) related to excise tax was deleted.

Proposed §113.29(d)(26) related to microeconomics of public policy and understanding subsidiary was deleted.

Proposed §113.29(d)(29) related to money and monetary policy and understanding price stability was deleted.

Proposed §113.29(d)(29)(B) related to the Federal Reserve was deleted.

Proposed §113.29(d)(30) related to money and monetary policy (macro) and understanding full employment was deleted.

Proposed §113.29(d)(30)(A) related to full employment was deleted.

Proposed §113.29(d)(31) related to money and monetary policy (macro) and understanding monetary tools used by the Federal Reserve was deleted.

Proposed §113.29(d)(33) related to fiscal policy (macro) and understanding changes in federal spending and taxation was deleted.

Proposed §113.29(d)(33)(B) related to budget deficit and debt was deleted.

Proposed §113.29(d)(33)(D) related to national debt and fiscal policy was deleted.

Proposed §113.29(d)(34) related to fiscal policy (macro) and understanding modern approaches was deleted.

Proposed §113.29(d)(34)(B) related to supply-side economics was deleted.

Proposed §113.29(d)(35)(A)-(I) related to national statistics and economic measurement (macro) and understanding evaluating the economy were deleted.

Proposed §113.29(d)(36) related to national statistics and economic measurement (macro) and understanding factors included was deleted.

Proposed §113.29(d)(37)(I) related to the relationship between productivity and the economy was deleted.

Proposed §113.29(d)(38)(B) related to economic principles to analyze government decision-making was deleted.

Proposed §113.29(d)(40) related to benefits of the free enterprise system and understanding voluntary exchange was deleted.

Proposed §113.29(d)(41) related to benefits of the free enterprise system and understanding benefits of the free enterprise system was deleted.

Proposed §113.29(d)(41)(B) related to effects of intellectual property protections was deleted.

Proposed §113.29(d)(41)(E) related to costs of government policies was deleted.

Proposed §113.29(d)(41)(H) related to patterns of continuity and change in free enterprise versus command economies was deleted.

The SBOE approved the new section for first reading and filing authorization at its April 10, 2026 meeting and for second reading and final adoption at its June 26, 2026 meeting.

In accordance with TEC, §7.102(f), the SBOE approved the new section for adoption by a vote of two-thirds of its members to specify an effective date earlier than the beginning of the 2027-2028 school year. The earlier effective date will enable school systems to begin preparing for implementation of the new TEKS. The effective date is 20 days after filing as adopted with the Texas Register.

SUMMARY OF COMMENTS AND RESPONSES: The public comment period on the proposal began May 15, 2026, and ended at 5:00 p.m. on June 15, 2026. The SBOE also provided an opportunity for registered oral and written comments at its June 2026 meeting in accordance with the SBOE board operating policies and procedures. Following is a summary of public comments received and corresponding responses.

Comment. Eight teachers, 3 administrators, 3 parents, 11 community members, and two college representatives stated that more balanced instruction on economic systems and financial-literacy content. The commenters noted that standards should avoid one-sided affirmation of a single economic system and should instead help students compare strengths, limitations, tradeoffs, and historical outcomes. The commenters identified practical economic knowledge as important for understanding policy, work, and the modern economy. The commenters indicated that economic concepts should be presented with neutral language and historical complexity rather than as one-sided affirmation of a single system. The commenters requested standards that support analysis of evidence, competing perspectives, and practical economic knowledge.

Response. As a result of public comment, the SBOE took action to adopt the proposed new Kindergarten-Grade 8 and certain high school social studies TEKS, as amended, with consideration for strengthening economic and

financial literacy instruction based on feedback from numerous experts, educators, and stakeholders to extend the economics content within a one-year course with specific content focus on both micro- and macro-economics.

Comment. Three teachers, five parents, and one community member stated that standards are accurate, balanced, objective, comprehensive, and inclusive. The commenters explained that social studies education should provide fair and truthful instruction in history, geography, government, economics, culture, and civic responsibility. The commenters noted that students benefit from multiple perspectives, evidence-based learning, academic neutrality, and representation of diverse experiences. The commenters described that balanced standards should prepare students to understand Texas, the United States, and the world in a diverse society. The commenters identified accuracy and inclusion as necessary for student trust, engagement, and rigorous learning. The commenters indicated that social studies education should provide a fact-based understanding of history, government, economics, geography, and civic responsibility. The commenters requested revisions that preserve academic rigor, inclusivity, and factual accuracy.

Response. As a result of public comment, the SBOE took action to adopt the proposed new Kindergarten-Grade 8 and certain high school social studies TEKS, as amended, with consideration for academic rigor, varied perspectives, and factual accuracy based on feedback from numerous experts, educators, and stakeholder groups.

Comment. One teacher questioned the relevance of including the concepts of virtue, courage, and justice within the economics course standards. The commenter expressed concern that these concepts appear more closely aligned with government or civics instruction and asked whether they had been placed in the economics standards in error.

Response. The SBOE disagrees with the commenter's proposal to revise §113.29(d)(1)(B) by removing references to virtue, courage, and justice from the economics course based on TEC, §28.002, which authorizes the SBOE to establish the essential knowledge and skills for economics and other social studies courses. The SBOE maintains that economic systems do not operate independently of the social, political, and civic principles that shape individual and collective decision-making.

Comment. One parent commented that the standard in §113.29(d)(3)(A) is unnecessary because the content is already adequately addressed by the standards in §113.29(d)(3)(B)-(D). The commenter suggested that the standard is redundant and could be removed without diminishing student understanding of the topic.

Response. As a result of public comment, §113.29(d)(3)(A) was deleted.

Comment. One administrator stated specific instances of superficial content in §113.29(d)(41)(E).

Response. As a result of public comment, §113.29(d)(41)(E) was deleted.

Comment. One administrator stated that §113.29(d)(41)(E) should explicitly include the concept of tradeoffs as a core part of economic reasoning. The commenter proposed revising the standard to require students to evaluate the costs and benefits of government policies and explain the tradeoffs involved in policy decisions. The commenter explained that tradeoffs are a foundational concept in economics and that their inclusion strengthens analytical thinking. The commenter requested revising §113.29(d)(41)(E) to ensure students understand how policy decisions involve balancing competing priorities and outcomes.

Response. As a result of public comment, the SBOE took action to delete §113.29(d)(41)(E) from the proposed social studies TEKS, as amended, with consideration of tradeoffs as a core part of economic reasoning based on feedback from numerous experts, educators, and stakeholder groups.

STATUTORY AUTHORITY. The new section is adopted under Texas Education Code (TEC), §7.102(c)(4), which requires the State Board of Education (SBOE) to establish curriculum and graduation requirements; TEC, §28.002(a), which identifies the subjects of the required curriculum; TEC, §28.002(c), which requires the SBOE to identify by rule the essential knowledge and skills of each subject in the required curriculum that all students should be able to demonstrate and that will be used in evaluating instructional materials and addressed on the state assessment instruments; TEC, §28.002(h-3), as added by House Bill (HB) 824, 89th Texas Legislature, Regular Session, 2025, which requires the SBOE to adopt essential knowledge and skills for the government component of

the social studies curriculum that address specific topics to develop each student's civic knowledge; TEC, §28.002(h-11), as added by Senate Bill 24, 89th Texas Legislature, Regular Session, 2025, which requires the SBOE to adopt TEKS for Grades 4-12 social studies, as appropriate, that develop each student's understanding of communist regimes and ideologies; TEC, §28.025(a), which requires the SBOE to determine by rule the curriculum requirements for the foundation high school graduation program that are consistent with the required curriculum under TEC, §28.002; and TEC, §28.025(b-24), as added by HB 27, 89th Texas Legislature, Regular Session, 2025, which requires the SBOE to allow a student to comply with the curriculum requirement for a one-half credit in personal financial literacy by successfully completing an advanced placement course designated by the SBOE as containing substantively similar and rigorous academic content.

CROSS REFERENCE TO STATUTE. The new section implements Texas Education Code, §§7.102(c)(4); 28.002(a); (c); (h-3), as added by HB 824, 89th Texas Legislature, Regular Session, 2025; and (h-11) as added by SB 24, 89th Texas Legislature, Regular Session, 2025; and 28.025(a); and (b-24), as added by HB 27, 89th Texas Legislature, Regular Session, 2025.

<rule>

§113.29. Foundations of Economics (One Credit), Adopted 2026.

- (a) Implementation. The provisions of this section shall be implemented by school districts beginning with the 2033-2034 school year.
- (b) General requirements. This course is recommended for students in Grades 11 and 12. Students shall be awarded one credit for successful completion of this course. Students may not be awarded credit for both this course and the Economics with Emphasis on the Free Enterprise System and Its Benefits course adopted under this subchapter.
- (c) Introduction.
 - (1) Foundations of Economics is the culmination of the economic content and concepts studied from Kindergarten through required secondary courses. Beginning with the history of economic thought, the focus is on microeconomic principles concerning production, consumption, and distribution of goods and services (the problem of scarcity) in the United States and a comparison with those in other countries around the world. Students analyze the interaction of supply, demand, and price. Students will investigate the macroeconomic concepts of specialization and trade, economic growth, key economic measurements, and monetary and fiscal policy. Students will study the roles of the Federal Reserve System and other financial institutions, government, and businesses in a free enterprise system. Types of business ownership and market structures are discussed. Students apply critical-thinking skills using economic concepts to evaluate the costs and benefits of economic issues.
 - (2) The primary purpose of Texas and American social studies is to educate students to become responsible, self-governing citizens who respect the rights of their fellow citizens and who cherish liberties and laws. Over the course of multiple grades:
 - (A) students understand how to emulate the preservation of liberty as citizens who value the idea of civic virtue under the Constitution;
 - (B) students understand that a constitutional republic is a representative form of government whose elected leaders derive their authority from the consent of the governed and are sworn to uphold the Constitution. Students also understand that the United States was formed as a federal republic, a union of sovereign states, with a general government formed for limited purposes; and
 - (C) students understand the benefits of the United States free enterprise system, also referred to as capitalism or the free market system. This system, predicated on limited government and strong property rights, emphasizes the individual exercise of economic decisions without government interference, allowing people the opportunity to prosper.

- (3) Student expectations are organized around key topics, identified as knowledge and skills statements. Within each key topic, expectations address concepts as they relate to these topics chronologically. Where key topics are thematic rather than chronological, incorporate these thematic concepts into stories and history to create schema for understanding.
- (4) Student expectations within each knowledge and skills key topic address the statutory requirements listed in paragraph (6) of this subsection while also making continual connections across those key topics and grade levels. Student expectations are organized chronologically through recurring strands coded at the end of each student expectation. Strands include:
 - (A) History (World, United States, and Texas), coded with H;
 - (B) Government and Civics, coded with G/Civ;
 - (C) Geography and Culture, coded with Geo/C;
 - (D) Economics, coded with E; and
 - (E) Social Studies Skills, based on disciplinary thinking skills, coded with S.
- (5) Social studies instruction should emphasize the acquisition of historical, geographic, economic, and civic knowledge while using social studies skills to strengthen understanding of significant people, places, events, ideas, and institutions. Where appropriate, skills should include:
 - (A) analyze economic data, including graphs, charts, and statistical models, to identify patterns, draw conclusions, and make evidence-based predictions about economic trends (E, S);
 - (B) construct and defend an evidence-based economic argument and use reasoning to connect evidence to the claim (E, S);
 - (C) engage in civil discourse about economics topics, including those with multiple perspectives (G/Civ, E, S); and
 - (D) evaluate the reliability, bias, and perspective of economic sources to determine their validity in supporting an economic argument (E, S).
- (6) Student expectations embed relevant statutory requirements, including:
 - (A) Texas Education Code (TEC), §28.002(a)(1)(D)--Social Studies, consisting of Texas, United States, and world history; government; economics, with emphasis on the free enterprise system and its benefits; and geography;
 - (B) TEC, §28.002(a)(2)(G)--Religious Literature, including the Hebrew Scriptures (Old Testament) and New Testament, and its impact on history and literature;
 - (C) TEC, §28.002(h)--Informed American Patriotism, Texas History, and the Free Enterprise System;
 - (D) TEC, §28.002(h-1)(1)-(3), (h-2)(1)-(3), and (h-3)--Knowledge of Civics;
 - (E) TEC, §28.002(h-1)(4)--Founding documents and primary sources of the United States;
 - (F) TEC, §28.002(h-11) and (h-12)--Understanding of Communist Regimes and Ideologies (for Grades 4 and higher);
 - (G) TEC, §28.0022--Certain instructional requirements and prohibitions;
 - (H) TEC, §29.907--Celebrate Freedom Week;
 - (I) TEC, §29.9071--Texas Military Heroes Day; and
 - (J) TEC, §29.9072--Holocaust Remembrance Week.
- (7) There is no effective study of social studies without review of primary sources. In certain circumstances, specific primary sources are named in the Texas Essential Knowledge and Skills (TEKS), but instructional materials should include additional primary sources relevant to subjects

identified in the TEKS. Primary sources are embedded as appropriate within the context of the study of history. Additional primary source material, including written documents, visual sources, audio and audio-visual sources, oral sources, and artifacts are encouraged. Primary source material should be used where appropriate and must be used when identified in a student expectation. In early grades, before students have requisite reading skills to read directly from copies of primary sources, the primary source materials should be included as a visual aid.

- (8) To support the teaching of essential knowledge and skills, the use of a variety of rich material is encouraged. Where appropriate, local topics should be included to create relevance. Motivating resources are available from museums, historical sites, presidential libraries, local and state civic offices, and preservation societies.
 - (9) The list of places, events, and people in this course curriculum is not considered exhaustive. Additional examples aligned with statutes listed in paragraph (6) of this subsection can be incorporated as time permits. Statements that contain the word "including" reference content that must be mastered.
- (d) Knowledge and skills.
- (1) History of Economic Thought. The student understands the history and theories of economics. The student is expected to:
 - (A) define economics (E);
 - (B) identify the relationship between virtue, including trust, courage, and justice, and individual economic endeavors in historical and religious texts, including the Torah and the Old Testament (H, E, S);
 - (C) compare mercantilism and economic nationalism using primary and secondary sources (H, G/Civ, E, S);
 - (D) explain the principles of free enterprise described in "An Inquiry into the Nature and Causes of the Wealth of Nations" by Adam Smith, including competition, division of labor, and limited government involvement in the economy (H, G/Civ, E, S); and
 - (E) explain how individual character traits, including responsibility and work ethic, were believed to contribute to economic success in classical economic thought (H, G/Civ, E, S).
 - (2) History of Economic Thought. The student understands the economics of socialism and communism. The student is expected to:
 - (A) explain how socialism is a step towards communism according to Marx (H, G/Civ, E, S);
 - (B) compare the role of individual effort and personal responsibility in the American free enterprise system with government or collective control in socialism and communism (H, G/Civ, E); and
 - (C) contrast virtue, character, and individual economic endeavors central to the American free enterprise system with socialism and communism (H, G/Civ, E, S).
 - (3) History of Economic Thought. The student understands the ideas of limited government in neoclassical economics. The student is expected to:
 - (A) define neoclassical economics (E);
 - (B) explain that Friedrich Hayek emphasized individual choice, decentralized decision-making, and limited government intervention in the economy (H, E); and
 - (C) explain that Milton Friedman supported free-market economics through competition, consumer choice, and limited government involvement in the economy (H, E).

- (4) Scarcity and Opportunity Cost (Micro). The student understands how scarcity influences economic decisions and the role of factors of production in the creation of goods and services. The student is expected to:
- (A) define economic opportunity (E);
 - (B) explain scarcity in terms of opportunity cost (E);
 - (C) explain the four factors of production, including land, labor, capital, and entrepreneurs (E);
 - (D) explain how types of capital can produce goods and services (E, S); and
 - (E) define types of goods as durable, non-durable, consumer, and capital, and define services (E).
- (5) Scarcity and Opportunity Cost (Micro). The student understands the role of producers and consumers in scarcity and opportunity costs. The student is expected to:
- (A) explain how choices involve tradeoffs and result in opportunity cost in decision-making (E, S);
 - (B) explain how societies answer the fundamental economic question of what to produce when faced with scarcity and tradeoffs (G/Civ, E, S);
 - (C) explain how societies answer the fundamental economic question of how to produce when faced with scarcity and tradeoffs (G/Civ, E, S);
 - (D) explain how societies answer the fundamental economic question of for whom to produce when faced with scarcity and tradeoffs (G/Civ, E, S);
 - (E) describe the concept of marginal analysis (E); and
 - (F) graph and explain how a production possibilities curve illustrates inefficiency, full use of resources, and unattainable economic conditions (E).
- (6) Supply, Demand, and Markets (Micro). The student understands the principles of supply and demand. The student is expected to:
- (A) define the laws of supply and demand (E);
 - (B) identify the determinants that shift supply and demand (E);
 - (C) graph supply and demand to illustrate movement along and shifts in supply and demand curves (G/Civ, E, S);
 - (D) explain shortages, surpluses, and equilibrium using supply and demand graphs (G/Civ, E, S);
 - (E) define Say's Law (E); and
 - (F) define equilibrium price and identify determinants of change to equilibrium price (E, S).
- (7) Supply, Demand and Markets (Micro). The student understands how buyers and sellers interact in markets to determine prices, respond to scarcity, and generate profit. The student is expected to:
- (A) explain the circular flow model (E);
 - (B) explain the role of buyers and sellers in markets (E);
 - (C) explain how scarcity influences supply, demand, and market prices (E);
 - (D) explain how price elasticity reflects how consumers and producers respond to changes in price (E);
 - (E) analyze how price controls, including price floors and price ceilings, can create surpluses or shortages (E); and

- (F) define profit in a market economy (G/Civ, E).
- (8) Supply, Demand and Markets (Micro). The student understands business structures. The student is expected to:
 - (A) describe the role of competition in market economies (G/Civ, E);
 - (B) describe the role of competition in a monopoly (E);
 - (C) describe the role of competition in an oligopoly (E); and
 - (D) describe the role of competition in pure competition (E).
- (9) Decision and Game Theory (Micro). The student understands the fundamentals of the theory of the firm. The student is expected to:
 - (A) define the theory of the firm (E);
 - (B) define and apply the law of diminishing returns (E); and
 - (C) describe how firms make decisions using game theory (E, S).
- (10) Microeconomics of Public Policy (Micro). The student understands how government actions influence markets, including public goods and services competition, regulation, incentives, and taxation. The student is expected to:
 - (A) identify public goods and services (E);
 - (B) explain factors that influence individuals' use of public goods and services, including cost, access, and benefit to the community (G/Civ, E, S);
 - (C) describe the purpose of laws and regulations adopted in the United States to promote competition among firms (G/Civ, E, S);
 - (D) explain how government policies influence wage, including minimum wage, and price controls affect behaviors of individuals and firms (G/Civ, E, S);
 - (E) explain how the moral hazard problem changes behavior and risk taking when firms and individuals are protected by government action (G/Civ, E);
 - (F) identify factors that contribute to natural monopolies, including infrastructure costs and economies of scale (Geo/C, E, S);
 - (G) define sales, income, property, and excise tax (G/Civ, E); and
 - (H) describe the economic impact of different types of taxation on consumers and firms (G/Civ, E).
- (11) Money and Monetary Policy (Macro). The student understands the functions and attributes of money. The student is expected to:
 - (A) describe the basic functions of money (E);
 - (B) describe the attributes of money (E);
 - (C) compare commodity money, representative money, and fiat money (E, S); and
 - (D) identify opportunity cost in using commodity, representative, and fiat monies (E).
- (12) National Statistics and Economic Measurement (Macro). The student understands what measures are used to evaluate the economy. The student is expected to:
 - (A) explain the factors in the country's overall level of income, employment, and prices (G/Civ, E);
 - (B) identify the components of Gross Domestic Product (GDP) (E, S);
 - (C) identify the types of unemployment as structural, frictional, and cyclical (E);

- (D) describe inflation and its causes (E);
 - (E) determine the relationship between inflation and Purchasing Power Parity (PPP) (E, S);
 - (F) identify the determinants of aggregate supply and aggregate demand (E);
 - (G) interpret inflationary period, recessionary period, and equilibrium using the aggregate supply and aggregate demand graph (E, S);
 - (H) determine how changes in aggregate supply and aggregate demand impact the economy (E, S);
 - (I) describe how aggregate supply and aggregate demand affect unemployment and underemployment (E, S); and
 - (J) explain imprecision in economic measurement (E).
- (13) Money and Monetary Policy (Macro). The student understands the Federal Reserve System. The student is expected to:
- (A) describe the purpose, goals, and tools of the Federal Reserve System in setting monetary policy (G/Civ, E);
 - (B) define monetary policy and explain price stability (E);
 - (C) explain the role of the Federal Reserve in maintaining full employment (G/Civ, E);
 - (D) define full employment (E);
 - (E) define money supply (E);
 - (F) explain how increases and decreases in the money supply on the economy using a variety of resources can influence inflation, interest rates, and economic growth (G/Civ, E, S); and
 - (G) describe how the Federal Reserve uses monetary policy tools, including open market operations, reserve requirements, and the discount rate, to influence the money supply (G/Civ, E).
- (14) Fiscal Policy (Macro). The student understands government fiscal policy in macroeconomics. The student is expected to:
- (A) explain major revenue and expenditure categories (E);
 - (B) explain the government's role in taxation (G/Civ, E);
 - (C) explain budget deficits and surpluses (G/Civ, E);
 - (D) analyze how budget deficits and surpluses influence the creation of fiscal policy (G/Civ, E, S);
 - (E) describe supply-side economics (E); and
 - (F) explain how Keynesian economics uses fiscal policy to stabilize the economy through aggregate demand (H, E);.
- (15) Business Cycle (Macro). The student understands the business cycle in macroeconomics. The student is expected to:
- (A) label the business cycle model (E, S);
 - (B) determine the relationship between productivity and the economy (E, S);
 - (C) explain the factors in productivity increase (E);
 - (D) explain the factors in worker earnings (E);
 - (E) explain technological advances (E);

- (F) explain entrepreneurship, entrepreneurial ventures and their effects (E);
 - (G) determine the relationship between calculated risk and the economy (E, S);
 - (H) determine the relationship between creative destruction and the economy (E, S); and
 - (I) determine the relationship between centralized capital spending and the economy (G/Civ, E, S).
- (16) Public Choice Theory (Macro). The student understands Public Choice Theory. The student is expected to:
- (A) define public choice theory (G/Civ, E); and
 - (B) describe how government officials act as rational actors (G/Civ, E).
- (17) International Economics and the United States (Macro). The student understands the connection between international economics and the United States. The student is expected to:
- (A) explain the concept of comparative advantage in trade (G/Civ, E, S);
 - (B) explain the advantages and consequences of trade (E, S);
 - (C) determine the effect of trade barriers on trade (G/Civ, E);
 - (D) define the balance of trade (E);
 - (E) evaluate labor productivity trends on trade (E, S); and
 - (F) evaluate the role of exchange rates on trade using economic data (E, S).
- (18) Benefits of the Free Enterprise System. The student understands the benefits of the free enterprise system. The student is expected to:
- (A) evaluate the role of voluntary exchange in free enterprise (E);
 - (B) compare the way in which economic questions are answered by different economic systems, including traditional, market, command, and mixed (G/Civ, Geo/C, E, S);
 - (C) define the competitive nature of free enterprise (E);
 - (D) define consumer sovereignty (E);
 - (E) describe the effect of consumer sovereignty on free enterprise (G/Civ, E, S);
 - (F) describe the effects of intellectual property protections (G/Civ, E, S);
 - (G) compare central planning to the free enterprise system (G/Civ, E);
 - (H) compare the economic development of the United States, Japan, and India to the USSR and China, focusing on free enterprise versus command economies (H, Geo/C, E, S);
 - (I) evaluate the costs of government policies (G/Civ, E); and
 - (J) evaluate why governments use anti-trust policies, anti-fraud regulation, utility regulation, historical preservation, and public and non-excludable goods to override free markets (G/Civ, E, S).