Chapter 130. Texas Essential Knowledge and Skills for Career and Technical Education

Subchapter F. Finance

Statutory Authority: The provisions of this Subchapter F issued under the Texas Education Code, §§7.102(c)(4), 28.002, 28.0022, and 28.025, unless otherwise noted.

§130.161. Implementation of Texas Essential Knowledge and Skills for Finance.

The provisions of this subchapter shall be implemented by school districts beginning with the 2010-2011 school year.

Source: The provisions of this §130.161 adopted to be effective August 23, 2010, 34 TexReg 5925.

§130.162. Money Matters (One-Half to One Credit).

(a) General requirements. This course is recommended for students in Grades 9-12. Recommended prerequisite: Principles of Business, Marketing, and Finance.

(b) Introduction. Students will investigate global economics with emphasis on the free enterprise system and its impact on consumers and businesses. Students apply critical-thinking skills to analyze financial options based on current and projected economic factors. Students will gain knowledge and skills necessary to set long-term financial goals based on those options. Students will determine methods of achieving long-term financial goals through investment, tax planning, asset allocation, risk management, retirement planning, and estate planning.

(c) Knowledge and skills.

(1) The student uses career planning concepts, tools, and strategies to explore, obtain, and develop a career in the area of financial planning. The student is expected to:

(A) discuss the nature and benefits of financial planning;
(B) discuss the role of ethics and personal responsibility in financial planning; and
(C) compare and contrast roles, responsibilities, licensing and certification programs for careers related to managing and analyzing personal and corporate financial portfolios, including financial planner, financial manager, financial analyst, controller, risk manager, cash manager, treasurer, and chief financial officer.

(2) The student demonstrates an understanding of the fundamental principles of money. The student is expected to:

(A) explain forms of financial exchange, including cash, credit, debit, and electronic funds transfer;
(B) compare and contrast various types of currency, including paper money, coins, banknotes, government bonds, and treasury notes;
(C) identify functions of money, including medium of exchange, unit of measure, and store of value;
(D) describe sources of income, including wages and salaries, interest, rent, dividends, capital gains, and transfer payments;
(E) explain the time value of money;
(F) discuss the purposes and importance of credit; and
(G) explain legal responsibilities associated with financial exchanges.

(3) The student describes economic systems. The student is expected to:

(A) compare the types of economic systems and market structures;
(B) explain the concept of private enterprise, including sole proprietorships, partnerships, and corporations;

(C) identify and analyze the impact of economic concepts in historical documents, including the United States Constitution;

(D) identify factors affecting profit, revenue, and expenses;

(E) determine factors affecting business risk;

(F) explain the concept of competition;

(G) describe market structures; and

(H) understand the rights and responsibilities of consumers within various economic systems.

(4) The student explains the impact of government on business activities within a free enterprise system. The student is expected to:

(A) determine the relationship between government and business;

(B) describe the nature of taxes;

(C) discuss the nature of monetary policy;

(D) discuss the supply and demand for money;

(E) explain the role of the Federal Reserve System;

(F) explain the concept of fiscal policies; and

(G) describe the effects of fiscal and monetary policies.

(5) The student discusses economic concepts impacting finance. The student is expected to:

(A) distinguish between economic goods and services;

(B) analyze the impact of technological innovations on the marketing and distribution of goods and services;

(C) explain the concept of economic resources;

(D) describe the concepts of economics and economic activities;

(E) determine economic utilities created by business activities;

(F) explain the relationship between supply and demand; and

(G) describe the functions of prices in markets.

(6) The student describes economic indicators impacting financial decision making. The student is expected to:

(A) describe the concept of price stability as an economic measure;

(B) discuss the measure of consumer spending as an economic indicator;

(C) discuss the impact of a nation's unemployment rates;

(D) explain the concept of Gross Domestic Product;

(E) describe the economic impact of inflation on business;

(F) explain unemployment and inflation tradeoffs;

(G) explain the economic impact of interest rate fluctuations; and

(H) determine the impact of business cycles on business activities.

(7) The student determines the impact of global/international trade on business decision making. The student is expected to:
(A) explain the nature of global trade;
(B) describe the determinants of exchange rates and their effects on the domestic economy;
(C) discuss the impact of cultural and social environments on global trade; and
(D) explain labor issues associated with global trade.

(8) The student employs sociological knowledge to facilitate finance activities. The student is expected to:

(A) analyze and interpret complex societal issues, events, and problems;
(B) analyze and evaluate the validity of information and statistics from primary and secondary sources for bias, propaganda, point of view, and frame of reference;
(C) reach reasoned conclusions;
(D) examine social beliefs, ethics, influences, and behavior;
(E) analyze group dynamics; and
(F) assess human behavior, including the impact of technological innovations or communication.

(9) The student applies psychological knowledge to facilitate finance activities. The student is expected to:

(A) recognize factors influencing perception;
(B) identify sources of attitude formation;
(C) assess methods used to evaluate attitudes;
(D) identify social and cultural strata;
(E) determine behavioral effects of social and cultural strata;
(F) analyze effects of others on individual behavior;
(G) predict likelihood of conformity and obedience;
(H) determine significance of aggression;
(I) recognize factors affecting personality;
(J) evaluate the nature of change over a lifetime;
(K) identify sources of stress;
(L) detail reactions to stress;
(M) employ strategies for dealing with stress;
(N) investigate factors affecting motivation;
(O) analyze cues to basic drives and motives; and
(P) analyze the development of motives.

(10) The student analyzes personal financial needs and goals based on current and projected economic factors. The student is expected to:

(A) explain the nature of financial needs, including college, retirement, wills, and insurance;
(B) set personal financial goals; and
(C) justify how those personal financial goals are realistic within the current and projected economy.

(11) The student manages personal finances to achieve financial goals. The student is expected to:
(A) develop a budget based on personal financial goals;
(B) explain the benefits of saving and investing;
(C) explain the nature of tax liabilities;
(D) interpret a pay stub;
(E) read and reconcile bank statements;
(F) maintain financial records;
(G) demonstrate the wise use of credit;
(H) validate a credit history;
(I) protect against identity theft; and
(J) prepare personal income tax forms, including the 1040E.

12. The student describes the use of financial service providers. The student is expected to:
(A) describe types of financial service providers; and
(B) discuss considerations in selecting a financial service provider.

13. The student compares and contrasts investment strategies. The student is expected to:
(A) explain types of investments and illustrate an example of the responsible purchase, use, or disposal of personal and business property;
(B) explain the nature of capital investment; and
(C) establish investment goals and objectives.

14. The student identifies potential business threats and opportunities to protect a business's financial well-being. The student is expected to:
(A) describe the concept of insurance;
(B) simulate obtaining insurance coverage;
(C) simulate settling insurance losses;
(D) identify speculative business risks; and
(E) explain the nature of risk management.

15. The student simulates the obtaining of business credit and controlling its use. The student is expected to:
(A) explain the purposes and importance of obtaining business credit;
(B) analyze critical banking relationships;
(C) make critical decisions regarding acceptance of bank cards;
(D) determine financing needed for business operations;
(E) identify risks associated with obtaining business credit;
(F) explain sources of financial assistance;
(G) explain loan evaluation criteria used by lending institutions; and
(H) simulate completing a loan application package.

16. The student demonstrates an understanding of methods to manage financial resources to ensure solvency. The student is expected to:
(A) describe the nature of budgets;
(B) explain the nature of operating budgets;
(C) describe the nature of cost-benefit analysis;
(D) determine relationships among total revenue, marginal revenue, output, and profit;
(E) simulate developing a company department budget;
(F) forecast sales;
(G) calculate financial ratios;
(H) interpret financial statements;
(I) describe types of financial statement analysis, including ratio analysis and trend analysis; and
(J) identify problems within financial statements.

(17) The student understands the importance of financial markets in business. The student is expected to:
(A) describe the role of financial institutions; and
(B) explain types of financial markets, including money markets, securities markets, property market, and market for risk transfer.

(18) The student develops an understanding of the nature of asset values. The student is expected to:
(A) describe factors that affect the value of an asset, including cash flow, growth rate, timing, inflation interest rate, opportunity cost, risk, and required return; and
(B) read and interpret the value of an asset.

(19) The student uses sources of securities information to make informed financial decisions. The student is expected to:
(A) describe sources of securities information, charts, and graphs; and
(B) read and interpret securities tables.

(20) The student simulates using debt and equity capital to raise funds for business growth. The student is expected to:
(A) describe the financial needs of a business at different stages of development;
(B) discuss factors to consider in choosing between debt and equity capital; and
(C) explain the significance of capital structure.

Source: The provisions of this §130.162 adopted to be effective August 23, 2010, 34 TexReg 5925.

§130.163. Banking and Financial Services (One-Half to One Credit).

(a) General requirements. This course is recommended for students in Grades 10-12. Recommended prerequisite: Principles of Business, Marketing, and Finance.

(b) Introduction. Students develop knowledge and skills in the economical, financial, technological, international, social, and ethical aspects of banking to become competent consumers, employees, and entrepreneurs. Students incorporate a broad base of knowledge that includes the operations, sales, and management of banking institutions to gain a complete understanding of how banks function within society.

(c) Knowledge and skills.

(1) The student evaluates the role of banking in the modern economy. The student is expected to:
(A) outline the evolution of money and banking in the United States economy;
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(B) explain the operation of the Federal Reserve Bank and its role in the economy;
(C) outline and analyze the history and the impact of the use of the gold or silver standard in monetary policy;
(D) compare and contrast the types of financial institutions such as commercial banks, savings and loan associations, credit unions, investment banks, and financial services companies;
(E) discuss the role of the World Bank Group in international financial assistance; and
(F) explain the nature of government agencies that provide financing to businesses such as Export-Import Bank of the United States and Small Business Administration.

(2) The student acquires knowledge of banking processes and services. The student is expected to:

(A) describe the nature of banking processes;
(B) describe the types of banking services;
(C) discuss retail bank products and services;
(D) explain business bank products and services;
(E) describe basic teller performance standards;
(F) discuss the nature of loan products; and
(G) discuss trust services available to customers.

(3) The student describes the roles and responsibilities in banking services, including educational requirements. The student is expected to:

(A) explain the role and responsibilities of administrative careers in banking services; and
(B) describe the role and responsibilities of executive and managerial careers in banking services.

(4) The student determines client needs and wants and responds through planned, personalized communication to influence purchase decision and enhance future business opportunities in banking services. The student is expected to:

(A) describe the importance of selling in the banking industry;
(B) demonstrate cross-selling bank products and services;
(C) demonstrate the relationship-selling process;
(D) explain the process of opening a new account;
(E) conduct mock calls on small business clients;
(F) interpret loan terms for a client;
(G) describe the nature of event-based selling; and
(H) plan a sales campaign.

(5) The student monitors, plans, and controls the day-to-day activities within a banking organization in order to ensure secure operations. The student is expected to:

(A) describe how bank security programs minimize the chance for loss, including procedures for the secure handling of cash and checks; detecting and reporting counterfeit currency; implementing bank security programs and business continuity plans; and preventing crimes to which a bank could fall victim such as fraud, robbery, and phishing;
(B) discuss the role of the Federal Reserve System in banking operations and cash-handling procedures;
perform daily cash processing activities such as processing damaged and mutilated currency and coin, ordering and depositing currency, depositing checks, handling differences in cash received and deposited, and transporting cash;

underwrite loan applications to determine credit worthiness of customers, including the loan application generating process, credit analysis, and factors affecting loan pricing and structuring;

discuss real estate lending and servicing, including the involvement of financial institutions in the real estate industry and functions and responsibilities of the loan servicing departments; and

discuss the nature of problem loan management.

The student describes laws and regulations used to manage business operations and transactions in the banking services industry. The student is expected to:

explain the elements of a compliance program;

discuss functional areas of a compliance audit;

develop a compliance program to protect the company well-being;

discuss federal regulations of lending and operations functions in banking services, including the ethical and social aspects of those regulations;

discuss E-compliance issues in banking services;

discuss the responsibilities of regulatory agencies that oversee the banking industry;

describe the process for implementing regulatory changes; and

describe provisions of bankruptcy law.

The student creates and maintains positive, ongoing relationships with banking customers in order to enhance the organization's image. The student is expected to:

foster positive relationships with customers to enhance company image;

discuss the importance of meeting and exceeding customer expectations;

describe the relationships that institutions providing banking services have with their communities; and

manage a profitable investment portfolio to build customer relationships, including selection of customers for portfolios using established criteria that support the institution's business goals.

The student maintains, monitors, controls, and plans the use of financial resources to enhance banking performance. The student is expected to:

describe the manner in which banks generate profit and explain measures banks take to ensure profitability; and

use financial formulas commonly used in banking to aid in the growth and stability of banking services, including key ratios and terms in banking, banking calculations such as interest and annual percentage rate, capital adequacy, asset quality, management administration, earnings, liquidity, and sensitivity to market risk.

The student uses tools, strategies, and systems to operate banking equipment. The student is expected to:

use banking technology to increase workplace efficiency and effectiveness such as fill and empty automatic teller machines and process numeric data; and

discuss the impact of technology on the banking industry.
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Source: The provisions of this §130.163 adopted to be effective August 23, 2010, 34 TexReg 5925.

§130.164. Securities and Investments (One-Half to One Credit).

(a) General requirements. This course is recommended for students in Grades 10-12. Recommended prerequisite: Principles of Business, Marketing, and Finance.

(b) Introduction. Students will describe and abide by laws and regulations in order to manage business operations and transactions in the securities industry; access, process, maintain, evaluate, and disseminate information to assist in making decisions common to the securities industry; and monitor, plan, and control day-to-day securities organization activities to ensure continued business functioning. Students will use career planning concepts, tools, and strategies to explore, obtain, and develop a career in the securities industry. Students will determine client needs and wants and respond through planned, personalized communication to influence purchase decisions and enhance future securities sales opportunities.

(c) Knowledge and skills.

(1) The student describes and abides by laws and regulations in order to manage business operations and transactions in the securities and investments industry. The student is expected to:

(A) explain regulation of the securities and investments industry, including:
   (i) legal and ethical considerations in buying and selling securities;
   (ii) state regulation of the securities and investments industry;
   (iii) the role of the National Association of Securities Dealers in the regulation of securities and investments;
   (iv) regulation of extensions of credit in the securities industry;
   (v) the nature of the Securities Investor Protection Corporation;
   (vi) taxation issues that impact securities and investments; and
   (vii) the nature of the Chartered Financial Analysts Institute Code of Ethics and Professional Conduct;

(B) describe fundamental concepts of real estate law, including:
   (i) state licensure laws for the real estate industry;
   (ii) laws pertaining to the conveyance of real estate;
   (iii) the impact of local zoning regulations on the real estate industry; and
   (iv) the nature of a real estate sales contract; and

(C) explain the nature and scope of real estate titling, including:
   (i) methods of transferring real estate titles;
   (ii) reasons for title work;
   (iii) the nature of title insurance; and
   (iv) types of real estate property titling such as sole ownership, joint tenancy with right of survivorship, and tenancy in common.

(2) The student maintains, monitors, controls and plans the use of financial resources in order to perform key duties in the securities and investments industry. The student describes investment analysis and selection processes. The student is expected to:

(A) describe types of investment objectives;

(B) consider the nature of investment risk;

(C) express the nature of diversification strategies;
(D) understand factors to consider when selecting investments;
(E) relate information that can be obtained from financial statements and annual reports;
(F) communicate the nature of a mutual fund prospectus;
(G) describe fundamental analysis used in making investment decisions;
(H) relate the nature of technical analysis;
(I) verbalize strategies for selecting investments;
(J) identify performance measurements for venture capital; and
(K) describe investment analysis and selection theory, including the Modern Portfolio Theory, Capital Asset Pricing Model, and the Arbitrage Pricing Theory.

(3) The student selects investments for clients. The student is expected to:
(A) interpret financial ratios significant to investors;
(B) calculate stock-related values such as the value of a constant growth stock, the expected value of future dividends, and expected rate of return;
(C) calculate bond-related values such as the price of a bond given its yield to maturity, the coupon interest payment for a bond, and the effects of interest rates on the price of a bond;
(D) assess securities' fundamentals;
(E) select investments based on fundamental analysis;
(F) appraise property to determine its value;
(G) understand the real estate valuation process;
(H) conduct a real estate appraisal;
(I) create a written real estate appraisal report using standard writing conventions; and
(J) appraise investment property.

(4) The student monitors, plans, and controls day-to-day securities and investments operations to ensure continued business functioning. The student is expected to:
(A) implement securities and investments operations activities;
(B) discuss the functions of operations in departments' securities and investments;
(C) perform the buy and sell functions of a brokerage clerk;
(D) post transaction data to accounting ledgers and certificate records;
(E) schedule the delivery of customer securities; and
(F) calculate commissions.

(5) The student uses career planning concepts, tools, and strategies to explore, obtain, and develop a securities and investments career. The student is expected to describe careers in securities and investments.

(6) The student explores securities and investments licensing and certification programs. The student is expected to:
(A) explore educational requirements;
(B) compare and contrast the Series 6 and Series 7 licensing exams required to sell securities and other financial products;
(C) explain professional designations in the securities and investments industry such as Certified Fund Specialist, Charted Financial Analyst, Board Certified in Asset Allocation, Board Certified in Securities, Certified Senior Consultant, and Certified Financial Planner;

(D) demonstrate an understanding of:
   (i) the environments in which securities and investments services are offered, including securities sales agents, securities and investment firms, and securities markets;
   (ii) causes of stock price fluctuations;
   (iii) the relationship between bond prices and yields;
   (iv) the role of investment banking in the primary marketplace; and
   (v) the nature of margin accounts, short sales, market timing, and international strategies;

(E) describe the roles, responsibilities, and education requirements for careers in the real estate industry, including real estate sales agents, real estate appraisers, title company personnel, real estate entrepreneurs, and property managers;

(F) describe real estate sales functions such as listing of property, methods of advertising, showing property, and closing and settlement; and

(G) assist property owners in the sale of their real estate, including determining a list price, showing instructions, goals of holding an open house, and scheduling a tour or showing exclusively for real estate agents.

(7) The student determines client needs and wants and responds through planned, personalized communication to influence purchase decisions and enhance future securities and investments opportunities. The student is expected to explain securities and investments products and their benefits, including the nature of stocks, dividends, stock splits, options strategies, hedge funds, futures, bonds, mutual funds, venture capital, real estate and retirement investment plans, and education savings plans and the rights of stockholders and mutual fund shareholders.

(8) The student describes a complete securities and investments sale. The student is expected to:

(A) conduct lectures, seminars, and forums to attract potential clients;
(B) schedule appointments with prospective clients;
(C) conduct mock client interviews;
(D) gather information on the client's finances and investment goals;
(E) organize information on the client's finances and investment goals;
(F) synthesize information on the client's finances and investment goals;
(G) use statistical and probabilistic skills for planning, investigating, collecting, analyzing, and interpreting data;
(H) determine investment strategies for meeting the client's investment goals;
(I) develop a written investment recommendation for the client using standard writing conventions;
(J) design and present sales presentation materials;
(K) present written investment recommendation to the client using standard writing conventions;
(L) convert objections into selling points;
(M) close the securities and investment sale;
(N) complete the order ticket according to the client's instructions;
(O) enter the order;
(P) follow up on the completion of the transaction; and
(Q) monitor the client's portfolio.

Source: The provisions of this §130.164 adopted to be effective August 23, 2010, 34 TexReg 5925.

§130.165. Insurance Operations (One-Half to One Credit).

(a) General requirements. This course is recommended for students in Grades 10-12. Recommended prerequisite: Principles of Business, Marketing, and Finance.

(b) Introduction. Students will describe and abide by laws and regulations in order to manage business operations and transactions in the insurance industry; access, process, maintain, evaluate, and disseminate information to assist in making decisions common to the insurance industry; and monitor, plan, and control day-to-day insurance organization activities to ensure continued business functioning. Students will use career planning concepts, tools, and strategies to explore, obtain, and develop a career in insurance. Students will employ underwriting techniques and strategies to gather, access, and evaluate the risk posed by potential insurance clients. Students will determine client needs and wants and respond through planned, personalized communication to influence purchase decisions and enhance future insurance business opportunities.

(c) Knowledge and skills.

(1) The student communicates an appreciation of the insurance industry and its role in society. The student is expected to:

(A) describe the nature of the insurance industry, including liability insurance and automobile insurance coverage;
(B) discuss components of homeowners' insurance;
(C) explain components of flood and earthquake insurance;
(D) identify components of commercial property insurance;
(E) explain the nature of commercial liability insurance;
(F) describe the nature of title insurance;
(G) define the nature of health insurance and long-term care insurance;
(H) compare and contrast the nature of Medicare and Medicaid;
(I) discuss the nature of unemployment insurance;
(J) identify the nature of worker's compensation insurance;
(K) describe the nature of disability insurance;
(L) explain the nature of life insurance;
(M) summarize the role of life insurance in investment and estate planning;
(N) discuss the manner in which insurance companies generate income;
(O) explain the use of state risk pool programs; and
(P) discuss trends in the insurance industry such as hacker insurance and identity theft insurance.

(2) The student describes careers in insurance. The student is expected to:

(A) explore education, licensing, and certification requirements; and
(B) discuss the role and responsibilities of an underwriter, insurance sales representative, actuary, claims personnel, and a loss control specialist.

(3) The student defines regulations that ensure compliance adherence to insurance industry regulations. The student is expected to:
(A) communicate the ethical and social responsibilities in the field of insurance;
(B) discuss federal and state regulations governing the insurance industry;
(C) explain the significance of the Consolidated Omnibus Budget Reconciliation Act; and
(D) discuss Title I of the Health Insurance Portability and Accountability Act.

(4) The student explains legal concepts pertinent to the insurance industry. The student is expected to:
(A) discuss fundamental legal principles that pertain to insurance such as indemnity, insurable interest, subrogation, and utmost good faith; and
(B) describe the nature of insurance contracts.

(5) The student analyzes the risk posed by potential clients in order to make insurance approval and denial decisions. The student is expected to:
(A) explain the importance of actuarial science in the insurance industry;
(B) discuss the nature of credit-based insurance scores; and
(C) underwrite an insurance policy.

(6) The student uses information technology tools when underwriting an insurance policy. The student is expected to:
(A) simulate computer smart systems and applications to assist in the underwriting process; and
(B) use the Internet to determine a potential client's risk.

(7) The student acquires necessary information and uses investigative techniques to identify and investigate insurance fraud. The student is expected to:
(A) conduct a database search to obtain background information on claimants and witnesses;
(B) discuss the nature of insurance fraud;
(C) investigate suspected insurance fraud;
(D) conduct surveillance work; and
(E) identify and research a case study involving possible insurance fraud, including:
   (i) formulating questions to analyze the issue;
   (ii) gathering relevant sources;
   (iii) evaluating the validity and reliability of those sources;
   (iv) determining and verbalizing applicable laws and regulations;
   (v) gathering data supporting evidence; and
   (vi) creating a clear and coherent oral and written presentation, including the use of correct grammar, spelling, punctuation, and citation of resource materials.

(8) The student manages agency and company policies to protect the insurance company's financial well-being. The student is expected to:
(A) notify clients in writing when policy is cancelled using writing conventions appropriate to this purpose; and
(9) The student gathers, organizes, and synthesizes information to process a claim to fulfill and communicate the company's legal obligation to the client. The student is expected to:
(A) discuss the nature of insurance claims;
(B) process an insurance claim;
(C) interview claimant and witnesses;
(D) inspect property damage;
(E) compile a claim report;
(F) negotiate with claimant; and
(G) settle the insurance claim.

(10) The student evaluates existing client insurance and risk-management needs. The student is expected to:
(A) evaluate a client's insurance needs; and
(B) recommend coverage upgrades to clients, where appropriate.

(11) The student simulates an insurance sale. The student is expected to:
(A) identify prospective clients;
(B) schedule appointments with prospective clients;
(C) interview a client;
(D) determine the client's insurance needs;
(E) prepare sales presentation materials;
(F) present an insurance recommendation to the client;
(G) close the insurance sale;
(H) handle any objections; and
(I) process the insurance documentation.

Source: The provisions of this §130.165 adopted to be effective August 23, 2010, 34 TexReg 5925.

§130.166. Accounting I (One Credit).

(a) General requirements. This course is recommended for students in Grades 10-12. Recommended prerequisite: Principles of Business, Marketing, and Finance.

(b) Introduction. Students investigate the field of accounting, including how it is impacted by industry standards as well as economic, financial, technological, international, social, legal, and ethical factors. Students reflect on this knowledge as they engage in the process of recording, classifying, summarizing, analyzing, and communicating accounting information. Students formulate and interpret financial information for use in management decision making.

(c) Knowledge and skills.

(1) The student communicates an understanding of the accounting industry. The student is expected to:
(A) describe the purpose of accounting and financial reporting; and
(B) discuss its impact on industry.

(2) The student uses career planning concepts, tools, and strategies to explore accounting careers. The student is expected to:
(A) describe Generally Accepted Accounting Principles such as the purpose and use;

(B) discuss the significance of responsibility in accounting such as ethical and social responsibility and careers in accounting;

(C) explore careers in accounting, including education requirements, roles, and responsibilities of certified public accountants, general ledger accountants, management accountants, auditors, government accountants, international accountants, forensic accountants, and senior management in accounting; and

(D) identify accounting licensing and certification programs, including professional designations for accountants such as certified public accountant and certified management accountant.

(3) The student uses equations, graphical representations, accounting tools, strategies, and systems in real-world situations to maintain, monitor, control, and plan the use of financial resources. The student will communicate how accounting procedures affect financial statements. The student is expected to:

(A) classify, record, and summarize financial data;

(B) discuss the accounting cycle;

(C) demonstrate the effects of transactions on the accounting equation;

(D) prepare a chart of accounts;

(E) use T accounts;

(F) record transactions in a general journal;

(G) post journal entries to general ledger accounts;

(H) prepare a trial balance;

(I) journalize and post adjusting and closing entries;

(J) prepare a post-closing trial balance;

(K) prepare work sheets;

(L) discuss the nature of annual reports;

(M) discuss the use of financial ratios in accounting;

(N) determine business liquidity;

(O) calculate business profitability;

(P) prepare income statements;

(Q) prepare a statement of equity and retained earnings; and

(R) prepare balance sheets.

(4) The student maintains cash controls. The student is expected to:

(A) explain cash control procedures such as signature cards, deposit slips, internal and external controls, and cash clearing;

(B) prove cash;

(C) journalize and post entries to establish and replenish petty cash;

(D) journalize and post entries related to banking activities;

(E) explain the benefits of electronic funds transfer; and

(F) prepare bank deposits, purchase requisitions, purchase orders, sales slips, and invoices.
(5) The student performs accounting functions specific for a merchandising business. The student is expected to explain the nature of special journals and recording transactions in special journals.

(6) The student performs accounts payable functions. The student is expected to:
   (A) maintain a vendor file;
   (B) analyze purchase transactions;
   (C) post to an accounts payable subsidiary ledger;
   (D) process invoices for payment and accounts payable; and
   (E) prepare an accounts payable schedule.

(7) The student performs accounts receivable functions. The student is expected to:
   (A) explain the nature of accounts receivable;
   (B) maintain a customer file for accounts receivable;
   (C) analyze sales transactions;
   (D) post to an accounts receivable subsidiary ledger;
   (E) process sales orders, invoices, returns, and allowances;
   (F) process customer payments;
   (G) process uncollectible accounts;
   (H) prepare an accounts receivable schedule; and
   (I) determine uncollectible accounts receivable.

(8) The student maintains inventory records to track the location, quantity, and value of current assets. The student is expected to:
   (A) record inventory usage;
   (B) process invoice of inventory;
   (C) process results of inventory and adjustments; and
   (D) determine the cost of inventory.

(9) The student completes payroll procedures to calculate, record, and distribute payroll earnings. The student is expected to:
   (A) interpret time cards to calculate hours worked;
   (B) maintain employee earnings records;
   (C) calculate employee earnings such as gross earnings and net pay;
   (D) calculate employee-paid withholdings;
   (E) prepare a payroll register;
   (F) record the payroll in the general journal;
   (G) complete payroll tax expense forms; and
   (H) prepare federal, state, and local payroll tax reports.

(10) The student performs specialized accounting procedures to track cash flow. The student is expected to:
    (A) process notes payable and receivable;
    (B) determine the book value of a plant asset;
(C) prepare depreciation schedules;
(D) record the disposition of assets;
(E) account for intangible assets; and
(F) analyze accounting records to make business decisions.

The student performs specialized accounting functions to a corporation. The student is expected to:

(A) discuss the nature of a consolidated financial statement;
(B) communicate methods to account for the issuance of stock;
(C) analyze the articles of incorporation needed to start a corporation;
(D) compute the number of shares of common stock to be issued on the conversion of convertible preferred stock;
(E) compute dividends payable on stock;
(F) prepare a balance sheet for a corporation;
(G) complete a work sheet for a corporation;
(H) prepare an income statement for a corporation;
(I) prepare a statement of equity and retained earnings for a corporation;
(J) understand that internal accounting controls exist to ensure the proper recording of financial transactions; and
(K) identify and perform tax accounting functions such as recordkeeping procedures and the nature of corporate tax accounting.

The student describes and abides by laws and regulations in order to manage business operations and transactions in accounting. The student is expected to:

(A) describe regulation of accounting, including:
   (i) identify and analyze historical events that led to the regulation of accounting such as the fall of Enron; WorldCom; Tyco International, Ltd.; Adelphia Communications; and Arthur Andersen;
   (ii) describe the impact of the Sarbanes-Oxley Act of 2002 on internal controls and financial reporting;
   (iii) describe the role of the Securities and Exchange Commission in regulating the accounting industry; and
   (iv) discuss state regulation of the accounting industry; and

(B) identify and research a case study involving a historically significant compliance or regulatory issue that led to the formation of regulatory agencies or laws, including:
   (i) formulate questions to analyze the issue;
   (ii) gather relevant sources;
   (iii) evaluate the validity and reliability of those sources; and
   (iv) determine and verbalize which laws and regulations apply.

The student accesses, processes, maintains, evaluates, and disseminates financial information to assist business decision making. The student is expected to:

(A) use accounting technology, including discussing the use of data mining and integrating technology into accounting; and
(B) create a clear and coherent oral presentation that includes the use of correct grammar, spelling, punctuation, and citation of resource materials.

Source: The provisions of this §130.166 adopted to be effective August 23, 2010, 34 TexReg 5925.

§130.167. Accounting II (One Credit).

(a) General requirements. This course is recommended for students in Grades 11-12. Prerequisite: Accounting I.

(b) Introduction. Students continue the investigation of the field of accounting, including how it is impacted by industry standards as well as economic, financial, technological, international, social, legal, and ethical factors. Students reflect on this knowledge as they engage in various managerial and cost accounting activities. Students formulate and interpret financial information for use in management decision making.

(c) Knowledge and skills.

(1) The student uses equations, graphical representations, accounting tools, strategies, and systems in real-world situations to maintain, monitor, control, and plan the use of financial resources. The student is expected to communicate how accounting procedures affect financial statements.

(2) The student performs accounting functions specific to a corporation. The student is expected to:

(A) discuss the nature of a consolidated financial statement;
(B) communicate methods to account for the issuance of stock;
(C) analyze the articles of incorporation needed to start a corporation;
(D) compute the number of shares of common stock to be issued on the conversion of convertible preferred stock;
(E) compute dividends payable on stock;
(F) understand that internal accounting controls exist to ensure the proper recording of financial transactions;
(G) complete a work sheet for a corporation;
(H) generate an income statement for a corporation;
(I) develop a statement of equity for a corporation;
(J) produce a balance sheet for a corporation;
(K) formulate a cash flow statement; and
(L) perform accounting functions specific to corporate tax accounting, including discussing the nature of corporate tax accounting and applying record-keeping procedures for corporate tax accounting.

(3) The student applies related accounting procedures to the purchase and sale of bonds.

(4) The student discusses and performs accounting functions in a financial statement analysis. The student is expected to:

(A) explain the nature of annual reports;
(B) discuss the use of financial ratios in accounting;
(C) determine business liquidity; and
(D) calculate business profitability.

(5) The student describes and employs fundamental managerial accounting concepts. The student is expected to:
(A) explain the nature of managerial cost accounting such as activities, costs, and cost drivers;
(B) conduct cost-volume-profit analysis;
(C) identify cost accounting systems such as job order costing, process costing, activity-based costing, and project costing;
(D) calculate the cost of goods sold;
(E) compute overhead rates;
(F) apply overhead to jobs;
(G) illustrate the nature of cost accounting decision making;
(H) discuss the nature of cost accounting budgets;
(I) explain the use of variance analysis for cost accounting;
(J) discuss the nature of cost allocation;
(K) develop standard variable costs for a product;
(L) calculate variances;
(M) conduct variance analysis;
(N) perform cost allocation functions; and
(O) prepare cost of production reports.

(6) The student prepares budget reports to make business decisions. The student is expected to:
(A) process preliminary budget detail;
(B) prepare budget reports; and
(C) determine relevant cost and revenue data for decision-making purposes.

(7) The student describes and abides by laws and regulations in order to manage business operations and transactions in accounting. The student is expected to:
(A) describe and discuss regulation of accounting, including:
    (i) the impact of the Sarbanes-Oxley Act of 2002 on accounting;
    (ii) the role of the Securities and Exchange Commission in regulating the accounting industry; and
    (iii) the state regulation of the accounting industry; and
(B) identify and research a case study involving a currently unresolved fraud, compliance, or regulatory issue or possible scenario, including:
    (i) formulate questions to analyze the issue;
    (ii) gather relevant sources;
    (iii) evaluate the validity and reliability of those sources;
    (iv) determine and verbalize which laws and regulations apply;
    (v) gather data supporting evidence of fraud or non-compliance with regulations; and
    (vi) create a clear and coherent presentation, including the use of correct grammar, spelling, punctuation, and citation of resource materials.

(8) The student accesses, processes, maintains, and evaluates, and disseminates financial information to assist business decision making. The student is expected to:
§130.167. Financial Analysis (One Credit).

(a) General requirements. This course is recommended for students in Grades 11-12. Prerequisite: Accounting I.

(b) Introduction. Students apply technical skills to develop knowledge and skills in the economical, financial, technological, international, social, and ethical aspects of business to become competent consumers, employees, and entrepreneurs. Students develop analytical skills by actively evaluating financial results of multiple businesses, interpreting results for stakeholders, and presenting strategic recommendations for performance improvement.

(c) Knowledge and skills.

(1) The student analyzes accounting systems to examine their contribution to the fiscal stability of businesses. The student is expected to:

(A) describe the nature and scope of accounting; and

(B) implement accounting procedures for tracking money flow and determining financial status through the preparation of financial statements.

(2) The student describes tools, strategies, and systems used to maintain, monitor, control, and plan the use of financial resources.

(3) The student demonstrates mathematics knowledge and skills required to pursue the full range of postsecondary education and career opportunities. The student is expected to:

(A) demonstrate knowledge of arithmetic operation such as addition, subtraction, multiplication, and division;

(B) demonstrate use of relational expressions such as equal to, not equal to, greater than, less than;

(C) apply data and measurements to solve a problem;

(D) analyze mathematical problem statements for missing and irrelevant data;

(E) construct charts, tables, and graphs from functions and data; and

(F) analyze data when interpreting operational documents.

(4) The student manages financial resources to ensure solvency. The student is expected to:

(A) describe the nature of budgets;

(B) explain the nature of operating budgets;

(C) determine relationships among total revenue, marginal revenue, output, and profit;

(D) calculate financial ratios;

(E) interpret financial statements;

(F) describe types of financial statement analyses such as ratio analysis and trend analysis; and

(G) identify problems and issues with financial statements.

(5) The student calculates business ratios to evaluate company performance. The student is expected to:

(A) discuss using accounting technology such as the use of data mining and integrating technology into accounting; and

(B) create a clear and coherent oral and written presentation that includes the use of correct grammar, spelling, punctuation, and citation of resource materials.

Source: The provisions of this §130.167 adopted to be effective August 23, 2010, 34 TexReg 5925.
(A) discuss the use of financial ratios in business finance; and
(B) use multiple ratios to evaluate company performance, including income, profitability,
operating performance, liquidity, working capital, bankruptcy prediction, long-term
analysis, coverage, debt, cash flow indicator, investment valuation, and discuss the use of
benchmarks when analyzing ratios.

(6) The student analyzes a financial statement. The student is expected to:
(A) discuss the analysis of a company's financial situation using its financial statements;
(B) describe external forces affecting a company's value;
(C) explain how value is created for a company;
(D) analyze a company financial situation;
(E) understand and interpret financial statement notes; and
(F) evaluate results from aspect of management, creditors, and investors.

(7) The student employs critical-thinking skills independently and in teams to solve problems and
make decisions. The student is expected to:
(A) identify common tasks that require employees to use problem-solving skills;
(B) analyze elements of a problem to develop creative solutions;
(C) create and evaluate ideas, proposals, and solutions to problems;
(D) generate new and creative ideas to solve problems by brainstorming possible solutions;
(E) critically analyze information to determine value to the problem-solving task;
(F) guide individuals through the process of recognizing concerns and making informed
decisions; and
(G) identify and evaluate alternatives using a variety of problem-solving and critical-thinking
skills.

Source: The provisions of this §130.168 adopted to be effective August 23, 2010, 34 TexReg 5925.

§130.169. Statistics and Risk Management (One Credit).
(a) General requirements. This course is recommended for students in Grades 11-12. This course may meet the
requirements for the fourth mathematics credit. Recommended prerequisites: Accounting I and Algebra II.
(b) Introduction. Students will use a variety of graphical and numerical techniques to analyze patterns and
departures from patterns to identify and manage risk that could impact an organization. Students will use
probability as a tool for anticipating and forecasting data within business models to make decisions.
Students will determine the appropriateness of methods used to collect data to ensure conclusions are valid.
(c) Knowledge and skills.
(1) The student uses career planning concepts, tools, and strategies to explore a career in the area of
risk management. The student is expected to:
(A) compare and contrast the fundamentals of risk management, including the nature and
benefits of risk management;
(B) discuss the role of ethics and responsibility in risk management; and
(C) compare and contrast roles, responsibilities, licensing, and certification programs of
careers related to managing and analyzing personal and corporate financial portfolios,
including financial planner, financial manager, financial analyst, controller, risk manager,
cash manager, treasurer, and chief financial officer.
The student plans, monitors, and controls day-to-day activities to enable continued functioning in finance. The student is expected to:

(A) analyze the operations role and function in finance such as:
   (i) explain the nature of operations;
   (ii) discuss the role of ethics in operations; and
   (iii) describe use of technology in operations;

(B) implement purchasing activities in finance such as:
   (i) explain the nature and scope of purchasing;
   (ii) place orders or reorders;
   (iii) maintain inventory of supplies;
   (iv) manage the bid process in purchasing;
   (v) select vendors; and
   (vi) evaluate vendor's performance;

(C) describe and explain the production role and function, including the concept of production and production activities; and

(D) identify and implement quality-control processes in finance, including:
   (i) quality-control measures;
   (ii) quality-control methods at work;
   (iii) crucial elements of a quality culture;
   (iv) the role of management in achievement of quality; and
   (v) efficient operating systems.

The student analyzes accounting systems to examine fiscal stability of businesses. The student is expected to:

(A) describe the nature and scope of accounting; and

(B) implement accounting procedures for tracking money flow and determining financial status such as the nature of cash flow statements, balance sheets, and income statements.

The student maintains, monitors, controls, and plans the use of financial resources to ensure business stability. The student is expected to:

(A) describe fundamental financial concepts involved in the management of corporate finances, including the nature of depreciation, and cash flows;

(B) analyze the need for efficient capital markets in corporate finance;

(C) explore the capital budgeting process;

(D) perform calculations necessary for capital budget decision making, including:
   (i) calculating the initial investment associated with a proposed capital expenditure;
   (ii) determining operating cash inflows; and
   (iii) determining terminal cash flow;

(E) conduct cash-flow analysis to select an acceptable capital expenditure, including:
   (i) interpreting the nature of relevant cash flow-analysis;
   (ii) explaining the nature of the payback period;
(iii) calculating the payback period;
(iv) calculating the net present value;
(v) explaining the relationship between the internal rate of return and net present value;
(vi) calculating the net present value; and
(vii) calculating the internal rate of return;

(F) explain the role of financial planning in corporate finance, including the financial planning process, short-term operating, and long-term strategic planning;

(G) conduct cash planning, including:
   (i) explaining the use of cash budgets;
   (ii) coping with uncertainty in cash budgets;
   (iii) preparing a cash budget; and
   (iv) evaluating a cash budget;

(H) conduct profit planning, including:
   (i) formulating the use of pro forma statements in profit planning;
   (ii) developing a pro forma income statement; and
   (iii) preparing a pro forma balance sheet;

(I) define and describe the nature of short-term financial management;

(J) explain the role of valuation in making appropriate financial decisions for a company, including:
   (i) discussing the role of project valuation in capital allocation decisions;
   (ii) comparing methods for valuing flexibility; and
   (iii) discussing the valuation implications in business finance;

(K) use capital market securities to secure financing for a company, including, but not limited to:
   (i) analyzing methods to determine the best financing option for a company;
   (ii) analyzing the nature of corporate bonds;
   (iii) analyzing and determining the cost of long-term debt;
   (iv) describing the issuance of stock from a corporation;
   (v) comparing and contrasting preferred stock and common stock; and
   (vi) calculating the cost of preferred stock and common stock;

(L) explain the role of dividends in corporate finance, including forms of dividends and reinvestment plans;

(M) describe the effect of a firm's dividend decisions on its external financing requirements;

(N) illustrate the residual theory of dividends;

(O) describe the impact of dividends on the value of the firm;

(P) explain the nature of a dividend policy;

(Q) explain factors to consider when deciding on the form of dividend distribution; and

(R) analyze ownership change transactions, including:
(i) comparing mergers and acquisitions;
(ii) explaining the nature of hostile takeovers;
(iii) discussing issues that arise from mergers and acquisitions;
(iv) explaining methods for evaluating potential merger/acquisition targets;
(v) evaluating potential merger and acquisition targets; and
(vi) analyzing the nature of restructurings.

(5) The student employs risk-management strategies and techniques in corporate finance to minimize business loss. The student is expected to:

(A) manage risk to protect business stability, including:
   (i) analyzing the relationship between risk management and business finance;
   (ii) discussing the nature of risk measurement;
   (iii) measuring risk;
   (iv) explaining the nature of interest rate risk;
   (v) managing interest rate risk;
   (vi) explaining approaches to financial risk management;
   (vii) discussing the use of derivatives in financial risk management;
   (viii) evaluating the risks of derivatives;
   (ix) explaining reasons to integrate risk management into business operations;
   (x) identifying business risks; and
   (xi) integrating risk management into business operations; and

(B) explain enterprise risk management, including:
   (i) analyzing the nature of enterprise risk management; and
   (ii) using accounting tools, strategies, and systems to maintain, monitor, control, and plan the use of financial resources.

(6) The student accesses, processes, maintains, evaluates, and disseminates financial information to assist business decision making. The student is expected to:

(A) communicate the value of statistical information in a variety of business disciplines and environments;
(B) assess statistical information portrayed in media, work, and educational environments;
(C) generate a spreadsheet to collect, collate, organize, and analyze quantitative data;
(D) use spreadsheets and graphical techniques to present data in a manner that is understood by and meaningful to colleagues and clients;
(E) analyze data presented in frequency distributions, histograms, and ogives;
(F) construct and use descriptive indices;
(G) apply the common rules of probability to evaluate business alternatives;
(H) construct and interpret a confidence interval estimate for a single population mean using standard normal distribution;
(I) establish and interpret a confidence interval estimate for a single population proportion;
(J) carry out an appropriate hypothesis test on a single population mean or proportion;

(a) General requirements. This course is recommended for students in Grades 10-12. Prerequisite: Algebra I. This course satisfies a high school mathematics graduation requirement. Students shall be awarded one credit for successful completion of this course.

(b) Introduction.

(1) Career and technical education instruction provides content aligned with challenging academic standards and relevant technical knowledge and skills for students to further their education and succeed in current or emerging professions.

(2) The Finance Career Cluster focuses on planning, services for financial and investment planning, banking, insurance, and business financial management.

(3) Financial Mathematics is a course about personal money management. Students will apply critical-thinking skills to analyze personal financial decisions based on current and projected economic factors.

(4) Financial Mathematics will integrate career and postsecondary education planning into financial decision making.

(5) The mathematical process standards describe ways in which students are expected to engage in the content. The placement of the process standards at the beginning of the knowledge and skills listed for each grade and course is intentional. The process standards weave the other knowledge and skills together so that students may be successful problem solvers and use mathematics efficiently and effectively in daily life. The process standards are integrated at every grade level and course. When possible, students will apply mathematics to problems arising in everyday life, society, and the workplace. Students will use a problem-solving model that incorporates analyzing given information, formulating a plan or strategy, determining a solution, justifying the solution, and evaluating the problem-solving process and the reasonableness of the solution. Students will select appropriate tools such as real objects, manipulatives, paper and pencil, and technology and techniques such as mental math, estimation, and number sense to solve problems. Students will effectively communicate mathematical ideas, reasoning, and their implications using multiple representations such as symbols, diagrams, graphs, and language. Students will use mathematical relationships to generate solutions and make connections and predictions. Students will analyze mathematical relationships to connect and communicate mathematical ideas. Students will display, explain, or justify mathematical ideas and arguments using precise mathematical language in written or oral communication.

(6) Students are encouraged to participate in extended learning experiences such as career and technical student organizations and other leadership or extracurricular organizations.

(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) The student demonstrates professional standards/employability skills as required by business and industry. The student is expected to:

(A) demonstrate an understanding of appropriate communication with customers, employers, and coworkers through verbal, nonverbal, or digital means;
(B) demonstrate an understanding of the use of business etiquette;

(C) demonstrate an understanding of appropriate customer service such as building customer relationships and resolving customer complaints; and

(D) demonstrate an understanding of ethical and legal issues in business.

(2) The student uses mathematical processes to acquire and demonstrate mathematical understanding. The student is expected to:

(A) apply mathematics to problems arising in everyday life, society, and the workplace;

(B) use a problem-solving model that incorporates analyzing given information, formulating a plan or strategy, determining a solution, justifying the solution, and evaluating the problem-solving process and the reasonableness of the solution;

(C) select tools, including real objects, manipulatives, paper and pencil, and technology as appropriate, and techniques, including mental math, estimation, and number sense as appropriate, to solve problems;

(D) communicate mathematical ideas, reasoning, and their implications using multiple representations, including symbols, diagrams, graphs, and language as appropriate;

(E) create and use representations to organize, record, and communicate mathematical ideas;

(F) analyze mathematical relationships to connect and communicate mathematical ideas; and

(G) display, explain, and justify mathematical ideas and arguments using precise mathematical language in written or oral communication.

(3) The student applies mathematical process standards to demonstrate an understanding of employment earnings. The student is expected to:

(A) identify sources of income, including wages and salaries, interest, rent, dividends, and capital gains;

(B) compare common employee benefits such as health insurance, sick leave, and retirement plans;

(C) differentiate among and calculate gross, net, and taxable income;

(D) analyze and interpret payroll deductions, including federal taxes, state taxes, and city taxes, using current tax rates;

(E) examine and evaluate the reasons for federal income taxation, Social Security taxation, and Medicare taxation, including earnings limitations as applicable;

(F) calculate net pay;

(G) compare and contrast between independent contractor earnings and employee earnings, including tax requirements, tax forms (W-2, W-4, 1099, and Form 941), and benefit requirements;

(H) calculate the various earnings as affected by the laws related to minimum wage, overtime, income from tips, exempt and non-exempt status, and contract and employee status;

(I) calculate the impact of paying with after-tax dollars versus pre-tax dollars for items such as medicine, services, and investments;

(J) analyze and interpret total compensation, including payroll, Federal Insurance Contribution Act (FICA) tax, employer cost of benefits, employers' matching costs for FICA and Medicare, and employer match in savings plans, to explain how compensation is more than what is reflected in a paycheck;
(K) compare total compensation as a self-employed or independent contractor with total compensation as an employee; and

(L) analyze how economic and other conditions can affect income and career opportunities and the need for lifelong training and education.

(4) The student applies mathematical process standards to demonstrate an understanding of the various federal taxes. The student is expected to:

(A) calculate federal income taxes owed or refunded, including the completion of a 1040EZ and 1040, using current rates;

(B) calculate capital gains tax using current rates;

(C) calculate self-employment or independent contractor taxes using current rates;

(D) define and locate sources for current rates for estate and inheritance taxes;

(E) analyze gift and estate taxes using current rates;

(F) calculate tax on interest income and use regression methods available through technology to analyze data and interpret the results by tax bracket;

(G) calculate personal exemptions;

(H) calculate itemized deductions and compare to standard deductions;

(I) calculate deductible charitable contributions;

(J) understand filing status as it applies to X, Y, and Z tax schedules;

(K) compare marginal tax rates to effective income tax rates and the misuse of these terms in advertising;

(L) describe the relationships among education tax credit, student loan interest, dependency and filing status, and income tax liability; and

(M) research and locate options for tax return preparation such as software programs and tax preparation providers.

(5) The student applies mathematical process standards to demonstrate an understanding of the various financial institutions and accounts. The student is expected to:

(A) demonstrate an understanding of various forms of financial exchange, including cash, checks, credit cards, debit cards, and electronic funds transfers;

(B) identify and explain the advantages and disadvantages of interest-bearing accounts such as savings accounts, checking accounts, certificates of deposits, and money market accounts;

(C) calculate the time value of money, with or without technology, using exponential and rational functions that include graphs, tables, and algebraic methods related to simple and compound interest;

(D) analyze various representations of exponential functions with respect to compound interest situations and use the rule of 72 to determine the number of years it will take for savings to double in value;

(E) analyze a bank statement for accuracy;

(F) compare financial services offered in the community; and

(G) identify the sources of funds such as savings, earnings, or debt to be used to purchase consumable and nonconsumable goods.

(6) The student applies mathematical process standards to demonstrate an understanding of the various types of credit. The student is expected to:
(A) determine the advantages and disadvantages of credit cards such as cashback rewards, balance transfer, foreign currency, interest rates charged, late payment fees, credit score, and bonus incentives;  
(B) calculate the cost of using credit cards, including various financial fees;  
(C) analyze and compare graphically, with or without technology, the differences in the cost of borrowing such as using a bank loan, a credit union loan, a student loan, and an easy-access loan such as a pay-day loan and an auto title loan;  
(D) analyze the risks for each type of loan;  
(E) evaluate the process for a bank loan or a credit union loan;  
(F) collect and organize data, make and interpret scatterplots, interpret the results, and make critical judgments about loan balances when equal monthly payments are made;  
(G) analyze credit scores and explain the meanings of the scores;  
(H) explain ways a negative credit report can affect a consumer's financial options; and  
(I) analyze a personal credit report.  

(7) The student applies mathematical process standards to demonstrate an understanding of the cost of housing by comparing home purchases and renting. The student is expected to:  
(A) analyze data of mortgage payments with various additional principal payments involving exponential functions using tables, graphs, or algebraic methods;  
(B) create an amortization table using technology to collect and organize data to make decisions and critical judgments about varying the down payment, period of loan, special principal payment, and interest rate for a home loan;  
(C) compare options for saving for a down payment on a home;  
(D) determine costs associated with home ownership, including property taxes; mortgage insurance; homeowner's insurance, including property damage, liability, and flood and earthquake insurances; and closing costs;  
(E) analyze and interpret mortgage tax deductions;  
(F) determine other costs associated with home ownership, including cost of maintenance, repairs, utilities, and association fees;  
(G) determine the appropriate savings needed to maintain home payments in the event of a financial emergency;  
(H) demonstrate an understanding of the consequences to individuals in times of recession and falling home prices such as during the mortgage crisis of 2007-2008 and identify how the financial and personal impact could have been reduced;  
(I) compare the cost of homeownership versus renting, identifying benefits and drawbacks to both homeownership and renting such as the mortgage-related income tax deductions;  
(J) use the multiple listing service to identify and compare housing properties;  
(K) analyze and explain a typical apartment lease such as terms, deposit, occupancy, parking, and cancellation contract policy; and  
(L) compare options for coverage for renter's insurance.  

(8) The student applies mathematical process standards to demonstrate an understanding of the difference between a vehicle purchase and a vehicle lease and costs associated with each. The student is expected to:
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(A) create an amortization table using technology to collect and organize data to make decisions and critical judgments about varying the down payment, period of loan, special principal payment, and interest rates for a vehicle loan;

(B) determine the costs associated with owning and leasing a vehicle, including insurance, maintenance, repairs, and fuel;

(C) compare the total cost of buying and owning a vehicle to leasing a vehicle;

(D) compare the total cost of purchase and maintenance of several possible vehicles;

(E) identify and understand the costs and benefits of maintenance contracts and vehicle warranties;

(F) calculate the funding needed to maintain vehicle payments in the event of a financial emergency; and

(G) research various options for a driver's education course and the benefits of the course and the impact of a moving violation on insurance rates.

(9) The student applies mathematical process standards to demonstrate an understanding of investment options. The student is expected to:

(A) identify the factors involved in the various methods of buying and selling stocks and mutual funds, including load and no-load funds, by evaluating the stock dividend yield, price-earnings ratio, return on investment, earnings per share, and net asset value;

(B) calculate the cost of buying and selling bonds and analyze the investment return from bond yield and bond interest payment;

(C) compare differences among investments, including stocks, bonds, mutual funds, Exchange Traded Funds, and real estate; and

(D) compare the risk and return for a diversified and non-diversified investment portfolio in a student-created portfolio.

(10) The student applies mathematical process standards to demonstrate an understanding of various types of insurance, including life, health, disability, and income insurances, and special protection. The student is expected to:

(A) analyze the costs and benefits of term and permanent (whole) life insurance such as the cost of premiums, dividends, accumulation of cash value, tax treatment of death benefits, and protection from creditors of death benefits and cash values;

(B) estimate the amount of life insurance needed using a needs approach or an earnings multiple approach;

(C) estimate the cost of healthcare coverage, including the cost of health insurance premiums, co-payments, deductibles, and out-of-pocket expenses;

(D) explain the need for disability income insurance and research the cost;

(E) compare the benefits to the costs of special protection coverages such as cancer, pet, vacation, burial, international travel, and purchase protection;

(F) demonstrate an understanding of the actuarial process used to set premiums; and

(G) demonstrate an understanding of insurance company and agent selection and professional designations within the insurance profession.

(11) The student applies mathematical process standards to demonstrate an understanding of retirement plans. The student is expected to:

(A) compare tax advantage retirement plans, including Individual Retirement Accounts (IRAs), Roth IRAs, 401(k) plans, and 403(b) plans, and determine an appropriate investment for retirement;
(B) calculate and graph the exponential function showing the benefits of starting early to invest with continuous contributions;

(C) calculate tax treatment penalty for early withdrawal; and

(D) calculate, using technology, the amount that must be saved annually to achieve financial independence by a desired age.

(12) The student applies mathematical process standards to demonstrate an understanding of a fixed pension, a variable pension, social security, and an annuity. The student is expected to identify an annuity and calculate and display graphically the future value of an annuity.

(13) The student applies mathematical process standards to demonstrate an understanding of wills and trusts for the distribution of assets at death. The student is expected to identify how wills and trusts support the distribution of assets after death.

(14) The student applies mathematical process standards to demonstrate an understanding of charitable giving. The student is expected to demonstrate an understanding of the value and benefits of charitable giving.

(15) The student applies mathematical process standards to demonstrate an understanding of the budgeting process. The student is expected to:

(A) create a comprehensive balanced personal budget, including fixed and variable expenses, college savings, emergency savings, and retirement savings;

(B) identify free resources to assist with maintaining a budget; and

(C) compare different standards of living in the United States, including poverty, minimum wage, living wage, and desired standards of living.

(16) The student applies mathematical process standards to demonstrate an understanding of identity theft. The student is expected to:

(A) define and explain types of identity theft;

(B) create a plan for prevention of identity theft; and

(C) identify suitable methods for reporting identity theft.

(17) The student applies mathematical process standards to demonstrate an understanding for a postsecondary plan. The student is expected to:

(A) understand educational, military, and current job opportunities;

(B) research and align interests and skills with potential careers and postsecondary education to assure a life strategy that will produce employment the student enjoys with a desired standard of living;

(C) calculate the total funding required to complete a desired postsecondary education program;

(D) identify different resources for acquiring funding for education after high school such as personal savings, employment, Free Application for Federal Student Aid (FAFSA), Texas Application for Federal Student Aid, Expected Family Contribution, Pell Grants, work-study programs, student loans, Individual Development Accounts, scholarships such as the Preliminary SAT/National Merit Scholarship Qualifying Test (PSAT/NMSQT®), and internships to reduce the projected cost of education;

(E) identify benefits and potential savings for students investing in themselves such as taking Advanced Placement and dual credit classes;

(F) graph and compare compensation earnings of potential careers and the cost of postsecondary education; and
(G) calculate the Return on Investment from completing a desired postsecondary education program, taking into consideration anticipated earnings for a selected degree and the cost of attending a specific postsecondary program.


Source: The provisions of this §130.180 adopted to be effective August 24, 2015, 40 TexReg 5331.