

April 12, 2012

Barbara Cargill  
Chair  
State Board of Education  
c/o Texas Education Agency  
1701 N. Congress Avenue  
Austin, Texas 78701

Via email: [rules@tea.state.tx.us](mailto:rules@tea.state.tx.us)

**RE: Proposed Revisions to 19 TAC Chapter 111, Texas Essential Knowledge and Skills for Mathematics, Subchapter A, Elementary, and Subchapter B, Middle School**

Dear Ms. Cargill:

The undersigned organizations welcome the opportunity to provide comments on the proposed curriculum standards for the new statutory requirement that financial literacy be incorporated into the K-8 grade math curriculum. We commend the State Board of Education for approving at first reading the proposed TEKS, which cover many important financial education concepts. A few additional enhancements to the TEKS, including expanding content about the connection between educational attainment and earnings and adding content about financial preparation for postsecondary education, especially saving for college, will help to further strengthen the proposed standards.

The Center for Public Policy Priorities (CPPPP) is a nonpartisan, nonprofit 501 (c)(3) policy institute established in 1985 and committed to improving public policies to better the economic and social conditions of low- and moderate-income Texans. Through OpportunityTexas, CPPPP partners with dozens of entities to promote saving, financial education, and broader economic opportunities for students and families.

The center is joined in these comments by: RAISE Texas, the San Antonio Education Partnership, the Texas Association of Goodwills, Texas Appleseed, the Texas Credit Union Foundation and the Texas Council on Economic Education.

**RAISE Texas** is a statewide network of non-profit organizations, for-profit corporations, and public institutions working to support and expand asset-building activities in Texas, with a particular focus on low- and moderate-income families and areas. Their mission is to advance policies and programs that foster financial success and economic stability for all Texans.

**San Antonio Education Partnership** empowers students with quality educational programs, resources and counseling that will make them confident, knowledgeable and help them finish college and contribute to San Antonio's future.

**Texas Association of Goodwills** is responsive to the needs of people with disabilities and other barriers to employment, and actively promotes their full participation in our communities to maximize personal potential and develop work and life skills, through our training and employment programs. In Texas Goodwill has 15 corporate offices with over 140 locations.

**Texas Applesseed** promotes social and economic justice for all Texans by leveraging the skills and resources of volunteer lawyers and other professionals to identify practical solutions to difficult systemic problems.

**Texas Credit Union Foundation** is a non-profit organization dedicated to progressive professional development of credit union staff and volunteers, financial education programs for youth and adults, and creating valuable resources for Texas credit unions and the communities they serve.

**Texas Council on Economic Education** provides teachers with hands-on lessons and programs that allow students to practice implementing real life economic and financial skills, and thus pave the way to a life of economic security and a Smarter Texas.

### **1. Provide examples of reasons to save (Subchapter A. Section §111.5. Grade 3)**

**Comment:** We recommend including college savings as an example of a reason to save. In subsection (b) (9) (E), we recommend adding “including for college.”

E) list reasons to save (including for college) and explain the benefits of a savings plan;

### **2. Provide examples of savings categories (Subchapter A. Section §111.6. Grade 4)**

**Comment:** We recommend providing an example of a savings category to which a student can allocate her allowance. In subsection (b) (10) (D), we recommend adding “including for college.”

D) describe how to allocate a weekly allowance among spending, saving (including for college), and sharing.

**Rationale for Comments 1 and 2:** It’s important to provide teachers and students with a relevant example of a reason for students to save. In grades 3 and 4, college savings is a relevant savings purpose that students are able to grasp. Introducing college savings to students is also important because college savings has been found to help increase college access.<sup>i</sup> College savings helps families fill the gap between financial aid and college costs and research has found that college savings also helps increase a student’s aspirations about college.<sup>ii</sup>

### **3. Describe the purpose of financial institutions (Subchapter A. Section §111.6. Grade 4)**

**Comment:** We recommend adding the following new subsection (b) (10) (E):

E) describe the basic purpose of financial institutions (including keeping money safe, borrowing money and lending money).

**Rationale:** Students need to understand the basics of financial institutions in earlier years to lay a strong foundation for subsequent personal financial literacy standards in later grades.

### **4. Include information about how to pay for college (Subchapter B. Section §111.26. Grade 6)**

**Comment:** Add the following curriculum standard to subsection (b) (14):

G) explain various methods to pay for college (including through savings, grants and scholarships, student loans, and work-study) and;

**Rationale:** It's important to educate students about how to pay for college. Research has found that uncertainty over financing college decreases a student's likelihood of college enrollment. Additionally, research shows that families tend to overestimate college costs, leading some to think it's out of reach.

**5. Repeat the connection between human capital and income in multiple grades (Subchapter B. Section §111.26. Grade 6)**

**Comment:** Add the following curriculum standard to subsection (b) (14):

H) compare the annual salary of various occupations requiring various levels of postsecondary education or vocational training and calculate the effects of various annual salaries on lifetime income.

**Rationale:** Currently, the proposed K-8 grade financial literacy TEKS only mention the connection between human capital and income in third grade. This important concept should be repeated in another grade because curriculum is most effective when it's spiraled. Additionally, income plays a key role in family financial stability and it's important to emphasize the strong positive relationship between educational attainment and income in these standards.

**6. Provide examples of savings categories (Subchapter B. Section §111.27. Grade 7)**

**Comment:** We recommend providing examples of planned savings categories for a personal budget. In subsection (b) (15) (B), we recommend adding "including for college, retirement, and an emergency fund." We also recommend adding the language for subsection (b) (15) (D) "calculate percentages for major household expense categories" to subsection (b) (15) (B), which flows better than having it as a separate standard.

B) interpret the percentages and components of a personal budget, including income, planned savings (including for college, retirement, and an emergency fund), taxes, and fixed and variable expenses;

**Rationale:** It's important to provide teachers with examples of planned savings categories. Math teachers are new to teaching financial education, and providing more clarity will make it easier for them to teach the standards and ensure that important savings concepts are covered. College, retirement and emergency fund savings are recognized in the financial education field as important planned savings categories.<sup>iii</sup>

**7. Educate students about the minimum household budget a Texas family needs to meet their basic needs (Subchapter B. Section §111.27. Grade 7)**

**Comment:** Students should develop an understanding for the minimum household budget a family or individual needs in order to meet basic needs. We recommend adding the original language for subsection (b) 15 (D) "calculate percentages for major household expense categories" to subsection (b) 15 (B), which flows better than having it as a separate standard, and replacing subsection (b) 15 (D) with

D) calculate percentages for major expense categories Use an on-line family budget estimator to determine the minimum household budget and average hourly wage needed for a family to meet its basic needs in the student's city or another large city nearby<sup>iv</sup>;

**Rationale:** When students create a personal budget, it's important to have an understanding of the average costs for major household budget categories in their community or a nearby community and what the minimum household budget is for a typical Texas family to meet its basic needs. Understanding this

basic household budget will help students develop an understanding for the minimum salary or wage they would need to seek to be able to meet their basic needs.

### **8. Provide example of easy access loans (Subchapter B. Section §111.28. Grade 8)**

**Comment:** In subsection (b) (12) (B) we recommend providing payday loans as an example of an easy access loan.

B) calculate the total cost of repaying a loan (including credit cards and easy access loans such as payday loans) under various rates of interest and over different periods using an online calculator;

**Rationale:** Payday loans are a commonly used type of easy access loan.<sup>v</sup> A payday loan is also a more recognized term than an easy access loan, and thus it's important to include it as an example of an easy access loan.

### **9. Provide concrete savings examples for students (Subchapter B. Section §111.28. Grade 8)**

**Comment:** In subsection (b) (12) (C) we recommend adding “including money saved for college and retirement” and removing the term “exponentially.”

C) explain how small amounts of money invested regularly (including money saved for college and retirement) over time grows ~~exponentially~~;

**Rationale:** It's important to provide teachers with concrete savings examples and to get students thinking about retirement savings, particularly because many Americans do not have adequate retirement savings. A study by the Employee Benefit Research Organization found that 60 percent of workers report that the total value of their household's savings and investments is less than \$25,000.<sup>vi</sup>

### **10. Educate students about creating a college savings plan (Subchapter B. Section §111.28. Grade 8)**

**Comment:** In subsection (b) (12), add the following curriculum standard about devising a college savings plan:

F) Use the web-based State Net Price Calculator to estimate the cost of a 2-year and 4-year college education, including potential family contributions, and devise a periodic savings plan for accumulating the money needed to contribute to the total cost of attendance for at least the 1<sup>st</sup> year of college.

**Rational:** It's important to educate students about the cost of college and saving for college. Research shows that families tend to overestimate college costs, leading some to think it's out of reach. The official web-based State Net Price Calculator provides students with an estimate for the amount of money their family will need to contribute to their college education, factoring in an estimate for grant aid. It's important to introduce students and their families to this helpful tool, which they can use to establish a rough target for how much they should save for college. It's also important to educate students about the importance of college savings. In Texas, nearly half of students at four-year public institutions have some level of unmet need -- the gap between the total cost of attendance and the total aid available to the student.<sup>vii</sup> To fill this financial gap, students need to rely on savings, work or obtain higher-cost private loans. For students and their families to be able to save a meaningful amount to help close this gap, they need to begin saving years before a student attends college. This standard will help students think about creating a plan to do so. It's also important to get students to think about college saving because many families with students are not saving for college, particularly low- and moderate-income families. In

Texas, while over half of Texas children live in households making less than \$50,000, they make up only 8% of enrollees in Texas' 529 prepaid college savings plan.<sup>viii</sup> Additionally, according to Sallie Mae's 2010 report, *How America Saves for College*, nationally only three-fifths of parents of college-bound children have saved for their child's college education and only 37 percent of parents with incomes under \$35,000 have saved for their children's education.

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<sup>i</sup> Clancy, Margaret, Terry Lassar and Krista Taake, "Saving for College: A Policy Primer," The Center for Social Development, Washington University, St. Louis. 2010.

<sup>ii</sup> Beverly, Sondra and William Elliott III, "The Role of Savings and Wealth in Reducing 'Wilt' between Expectations and College Attendance," The Center for Social Development, Washington University, St. Louis. 2010.

<sup>iii</sup> "The Basic Economic Security Tables: United States Methodology and Supplemental Data," Wider Opportunities for Women, 2010.

<sup>iv</sup> Examples of on-line family budget estimators include the Center for Public Policy Priorities' 2007 Family Budget Estimator, <http://www.cppp.org/fbe/>, and Wider Economic Opportunities for Women's 2011 Basic Economic Security Tables, <http://www.basiceconomicsecurity.org/>.

<sup>v</sup> Baddour, Ann, "Reshaping the Future of Small-Dollar Lending in Texas: Alternatives to High-Cost Payday and Auto Title Loans," Texas Appleseed, January 2012.

<sup>vi</sup> "The 2012 Retirement Confidence Survey: Job Insecurity, Debt Weigh on Retirement Confidence, Savings," Employee Benefit Research Institute, March 2012.

<sup>vii</sup> Helmcamp, Leslie, "Financial Readiness to Pay for College," Center for Public Policy Priorities, June 2012.

<sup>viii</sup> Powerpoint presentation presented by Don Baylor, Jr., "Building a Strong Middle Class: The Role of College Savings Accounts," Raise Texas CSA Learning Forum, Federal Reserve Bank of Dallas, November 1, 2011.