

AMENDED IN ASSEMBLY MARCH 11, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 166

Introduced by Assembly Member Roger Hernández
(Coauthors: Assembly Members Ian Calderon, Mullin, and Ting)

January 23, 2013

An act to add Section 51220.7 to the Education Code, relating to pupil instruction.

LEGISLATIVE COUNSEL'S DIGEST

AB 166, as amended, Roger Hernández. Pupil instruction: economics: personal finances.

Existing law requires a school district, as part of its adopted course of study for grades 7 to 12, inclusive, to offer courses in specified areas of study, including, among others, social sciences, drawing upon the disciplines of anthropology, economics, geography, history, political science, psychology, and sociology.

This bill would require the instruction provided in economics to include instruction related to personal finances, *including, but not limited to, budgeting and managing credit, student loans, and debt*, thereby imposing a state-mandated local program. The bill would require the State Department of Education to develop a personal finances curriculum in the next cycle in which the ~~mathematics and history-social science curricula frameworks are~~ *curriculum framework is* adopted.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state,

reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.
 State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 *SECTION 1. The Legislature finds and declares all of the*
- 2 *following:*
- 3 *(a) California does not have an official statewide policy or*
- 4 *educational plan for the teaching of financial literacy.*
- 5 *(b) According to the 2011 Consumer Financial Literacy Survey*
- 6 *Final Report of the National Foundation for Credit Counseling,*
- 7 *one in three adults in the United States reported that they had no*
- 8 *savings.*
- 9 *(c) Two in five adults give themselves a grade of C, D, or F on*
- 10 *their knowledge of personal finance.*
- 11 *(d) Ninety-three percent of Americans indicated in a 2010 Visa*
- 12 *survey that they believe all high school students should be required*
- 13 *to take a class in financial literacy.*
- 14 *(e) A biennial survey by Jump\$tart Coalition for Personal*
- 15 *Financial Literacy, conducted from 1997 to 2008, inclusive,*
- 16 *showed that financial literacy of high school seniors had fallen*
- 17 *from 57 percent in 1997 to a record low of 48 percent in 2008.*
- 18 *(f) A 2011 Junior Achievement and Allstate Foundation survey*
- 19 *revealed nearly 50 percent of American teenagers are unsure how*
- 20 *to use a credit card effectively, yet 24 percent believe high school*
- 21 *or younger is when they should get their first credit card.*
- 22 *(g) According to a 2011 Capitol One survey of the students*
- 23 *planning to take out student loans, 44 percent of the students said*
- 24 *that they have either not discussed with their parents how student*
- 25 *loans work, or they have had a brief conversation with little detail.*
- 26 *(h) Financial literacy education is an essential component of*
- 27 *preparing individuals to manage money, credit, and debt, and of*
- 28 *becoming responsible workers, heads of households, investors,*
- 29 *entrepreneurs, business leaders, and citizens.*
- 30 *(i) The teaching of financial literacy skills empowers young*
- 31 *Californians with the tools they need to enter a globally competitive*
- 32 *workforce.*

1 (j) *In recognition of the importance of teaching financial*
2 *literacy, 46 states report having personal finance standards in*
3 *various forms, while 13 of those states include personal finance*
4 *instruction as part of their graduation requirement.*

5 (k) *At this crucial economic time, it is imperative that California*
6 *encourage the provision of financial literacy instruction for all*
7 *students.*

8 **SECTION 1.**

9 *SEC. 2.* Section 51220.7 is added to the Education Code, to
10 read:

11 51220.7. (a) The instruction provided in economics pursuant
12 to subdivision (b) of Section 51220 shall include instruction related
13 to personal finances, *including, but not limited to, budgeting and*
14 *managing credit, student loans, and debt.*

15 (b) The department shall develop a personal finances curriculum
16 in the next cycle in which the ~~mathematics and history-social~~
17 ~~science curricula frameworks are~~ *curriculum framework is* adopted.

18 ~~SEC. 2.~~

19 *SEC. 3.* If the Commission on State Mandates determines that
20 this act contains costs mandated by the state, reimbursement to
21 local agencies and school districts for those costs shall be made
22 pursuant to Part 7 (commencing with Section 17500) of Division
23 4 of Title 2 of the Government Code.