

BILL ANALYSIS

Senate Research Center
79R5663 HLT-D

S.B. 498
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Education
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As Filed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Some Texas residents face financial hardship as a result of excessive credit card debt, bankruptcy, and an inability to make sound financial decisions about credit and savings matters. Most financial institutions are for-profit entities that must determine the viability and security of potential borrowers before any lending can occur. In assessing a borrower's creditworthiness, the fiduciary soundness and savvy of that borrower is paramount. Given the importance of this soundness, increasing the knowledge and skills of the borrower greatly increases his ability to access credit and build capital.

Without the necessary knowledge and skills, Texans will not be able to improve their creditworthiness and may face financial strains as a result of the lack of access to credit. By developing a foundation for teaching Texans, both adults and young people, to make prudent personal financial decisions, the state will better prepare people to be active and successful members of the economy.

As proposed, S.B. 498 directs the Office of Consumer Credit Commissioner, the State Securities Board, and the Texas Education Agency to collaborate to develop a financial literacy education program for adults and children, and work with public institutions of higher education and the Department of Information Resources to make the program available to the public. Further, S.B. 498 encourages local school districts to adopt the curriculum as part of the fundamental lessons taught in local schools.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Title 5, Finance Code, by adding Chapter 397, as follows:

CHAPTER 397. CONSUMER EDUCATION PROGRAMS

SUBCHAPTER A. FINANCIAL LITERACY EDUCATION PROGRAM

Sec. 397.001. DEFINITION. Defines "institution of higher education."

Sec. 397.002. DUTY OF CERTAIN AGENCIES TO CREATE A FINANCIAL LITERACY EDUCATION PROGRAM. Requires the Office of Consumer Credit Commissioner, the State Securities Board, and the Texas Education Agency to collaborate to develop a financial literacy education program (program) for adults and children. Requires the agencies to develop materials for the use of students at appropriate grade levels and for the public.

Sec. 397.003. CONTENT OF THE FINANCIAL LITERACY EDUCATION PROGRAM. Requires the program to focus on teaching adults and children to make informed financial decisions. Requires the agencies specified in Section 397.002 to develop educational material addressing certain consumer financial issues.

Sec. 397.004. DUTY TO CREATE FINANCIAL LITERACY MATERIAL RELATED TO FINANCIAL AID FOR HIGHER EDUCATION. Requires the agencies developing the program and the Texas Higher Education Coordinating Board to collaborate to develop financial literacy material concerning financial aid for higher education and provide these material to financial aid officers at institutions of higher education. Requires financial aid officers at public institutions of higher education to use these materials to educate students about financial aid options and debt management.

Sec. 397.005. AVAILABILITY OF FINANCIAL LITERACY MATERIALS ON THE INTERNET. Requires the agencies developing the program to work with the Department of Information Resources to make the financial literacy materials available on the internet through the TexasOnline government portal or any successor to that portal.

Sec. 397.006. INCORPORATION OF FINANCIAL LITERACY EDUCATION PROGRAM INTO PUBLIC SCHOOL CURRICULUM. Provides that each local school district is encouraged to incorporate the program into its regular school curriculum for all grade levels.

Sec. 397.007. FUNDING FOR FINANCIAL LITERACY EDUCATION PROGRAM. Requires the agencies developing the program to fund the program in collaboration with and through sponsorship by businesses and through federal programs, private or public agents, or other sources.

SECTION 2. Requires the Office of Consumer Credit Commissioner, the State Securities Board, and the Texas Education Agency jointly, no later than December 1, 2007, to submit a written report to the legislature on the results of the financial literacy education program and the agencies' recommendations for promoting adult financial literacy in the state.

SECTION 3. Effective date: September 1, 2005.