

First Regular Session
Seventy-third General Assembly
STATE OF COLORADO

REVISED

*This Version Includes All Amendments Adopted
on Second Reading in the Second House*

LLS NO. 21-0103.01 Brita Darling x2241

HOUSE BILL 21-1200

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101

CONCERNING FINANCIAL LITERACY STANDARDS FOR PUBLIC SCHOOLS,

102

AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

The bill directs the state board of education (state board) to review, during a recurring interval specified in the bill, standards relating to the knowledge and skills that a student should acquire in school to ensure that the financial literacy standards for ninth through twelfth grade include an understanding of the costs associated with obtaining a postsecondary degree or credential and how to budget for and manage the payment for

SENATE
2nd Reading Unamended
May 18, 2021

HOUSE
3rd Reading Unamended
April 26, 2021

HOUSE
Amended 2nd Reading
April 23, 2021

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

those costs, including managing student loan debt and accessing student aid through completion of the free application for federal student aid (FAFSA) and the Colorado application for state financial aid (CASFA); understanding credit cards and credit card debt; understanding homeownership and mortgages; and understanding retirement plans, including investments and retirement benefits.

The bill adds to the resources contained in the existing financial literacy resource bank created and maintained by the state board specific references relating to assessing the affordability of higher education and how to budget and pay for higher education, as well as how to manage student loan debt; understanding the purpose of and how to access and complete the FAFSA or CASFA; understanding credit cards and credit card debt; understanding the home buying process, including home loans and managing mortgage debt; and understanding retirement plans, including investments and retirement benefits.

Under current law, school districts are encouraged to adopt a financial literacy curriculum and to make completion of a course in financial literacy a graduation requirement. The bill adds assessing the affordability of higher education and how to budget and pay for higher education, as well as how to manage student loan debt, to the suggested financial literacy curriculum, as well as familiarizing students with the process and required forms to apply for financial aid, grants, and scholarships, including the FAFSA and CASFA.

Further, the bill requires school districts and charter schools, as part of the process of establishing the individual career and academic plan for a student in grades 9 through 12, to inform the student and the student's parents of the importance of completing the FAFSA and CASFA and to provide help in completing the forms, if requested.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 finds and declares that:

4 (a) Colorado students today face a far different financial world
5 than their parents and grandparents did. Fortunately, strong financial
6 literacy standards can better prepare students for the future. Financial
7 literacy education can provide students with better tools to navigate
8 paying for higher education, accessing apprenticeships and trade schools,
9 wisely managing credit card debt, planning for future home purchases,

1 and successfully planning for retirement.

2 (b) In Colorado, more than 743,000 people have student loan debt,
3 with an average debt burden of more than \$38,000. Statewide, Coloradans
4 carry \$28.6 billion in student debt and currently owe approximately \$9.1
5 billion in private student loan debt. By assisting Colorado students and
6 their families with planning for the affordable attainment of higher
7 education, we can help reduce a portion of this burden over time.

8 (c) The federal free application for student aid, known as FAFSA,
9 determines a student's eligibility for financial aid in postsecondary
10 education. Improving FAFSA completion is key to improving college
11 attendance rates. High school seniors who complete the FAFSA are 84%
12 more likely to immediately enroll in postsecondary education.

13 (d) United States consumers owe \$893 billion in credit card debt.
14 About 41% of households carry revolving debt, and the poorest
15 households have the highest total debt burden. Teaching students how to
16 manage credit card debt can help them throughout their lives.

17 (e) The benefits of owning a home in the United States include
18 creating wealth for homeowners that in turn can benefit families for
19 generations, reducing economic risk by protecting families from rising
20 rent prices, increasing homeowners' psychological health, and offering
21 greater stability for homeowners' children. Providing students with the
22 financial tools to plan for a future home purchase can yield generational
23 benefits.

24 (f) Nearly half of all families in the United States have no
25 retirement assets. Even among those families who are nearing retirement,
26 four out of ten have no retirement assets. Middle-class, working-age
27 families whose incomes are at the fiftieth percentile have, on average,

1 only \$5,000 saved in retirement accounts. Most African-American and
2 Latinx families have no retirement savings. Finally, older workers are
3 working longer and delaying their retirement. By providing students with
4 information on saving for retirement early in life, they can begin building
5 the assets they need to be comfortable when they grow old.

6 **SECTION 2.** In Colorado Revised Statutes, 22-7-1005, **add** (2.8)
7 as follows:

8 **22-7-1005. Preschool through elementary and secondary**
9 **education - aligned standards - adoption - revisions.** (2.8) PURSUANT
10 TO THE SCHEDULE OF REVISIONS SET FORTH IN SUBSECTION (6)(b)(II)(A)
11 OF THIS SECTION, THE STATE BOARD SHALL ENSURE THAT THE NINTH
12 THROUGH TWELFTH GRADE FINANCIAL LITERACY STANDARDS INCLUDE AN
13 UNDERSTANDING OF:

14 (a) (I) THE COSTS ASSOCIATED WITH OBTAINING A
15 POSTSECONDARY DEGREE OR CREDENTIAL IN COLORADO AND OUT OF
16 STATE, INCLUDING BUT NOT LIMITED TO TUITION AND FEES, ROOM AND
17 BOARD, AND OTHER COSTS;

18 (II) HOW TO ASSESS THE AFFORDABILITY OF AND BUDGET FOR
19 DIFFERENT OPTIONS FOR OBTAINING A POSTSECONDARY DEGREE OR
20 CREDENTIAL;

21 (III) THE WAYS IN WHICH STUDENTS PAY FOR HIGHER EDUCATION,
22 INCLUDING BUT NOT LIMITED TO USING FUNDS FROM SAVINGS ACCOUNTS
23 AND OBTAINING STUDENT LOANS, GRANTS, OR SCHOLARSHIPS;

24 (IV) TYPES OF STUDENT LOAN PROGRAMS AND TYPES OF STUDENT
25 LOAN DEBT, INCLUDING PUBLIC AND PRIVATE LOANS;

26 (V) THE PURPOSE OF THE FREE APPLICATION FOR FEDERAL
27 STUDENT AID, OR FAFSA, OR A SUCCESSOR FORM, TO ACCESS FEDERAL

1 STUDENT AID; ITS USE IN DETERMINING A STUDENT'S ELIGIBILITY FOR
2 FEDERAL, STATE, AND PRIVATE FINANCIAL AID, INCLUDING GRANTS,
3 SCHOLARSHIPS, AND WORK STUDY, WHICH ARE FORMS OF FINANCIAL AID
4 THAT DO NOT NEED TO BE REPAYED BY THE STUDENT; HOW TO ACCESS THE
5 FAFSA ELECTRONICALLY OR IN ANOTHER FORMAT; AND WHERE TO
6 ACCESS HELP FROM THE STUDENT'S SCHOOL OR FROM OTHER SOURCES IN
7 COMPLETING THE FAFSA;

8 (VI) THE PURPOSE OF THE COLORADO APPLICATION FOR STATE
9 FINANCIAL AID, OR CASFA, OR A SUCCESSOR FORM, TO ACCESS STATE
10 STUDENT AID; ITS USE BY STUDENTS WHO ARE NOT ELIGIBLE FOR
11 FINANCIAL AID PURSUANT TO TITLE IV, PART B OF THE FEDERAL "HIGHER
12 EDUCATION ACT OF 1965", AS AMENDED, OR AN EQUIVALENT STATEWIDE
13 FINANCIAL AID APPLICATION THAT USES FAFSA METHODOLOGY TO
14 DETERMINE STUDENT FINANCIAL NEED AND ELIGIBILITY FOR STATE
15 FINANCIAL AID PROGRAMS; HOW TO ACCESS THE CASFA ELECTRONICALLY
16 OR IN ANOTHER FORMAT; AND WHERE TO ACCESS HELP FROM THE
17 STUDENT'S SCHOOL OR FROM OTHER SOURCES IN COMPLETING THE
18 CASFA.

19 (VII) REPAYMENT OF STUDENT LOANS AND THE REQUIREMENT TO
20 REPAY STUDENT LOANS, EVEN IF THE STUDENT DOES NOT COMPLETE THE
21 CREDENTIAL, AND THE CONSEQUENCES OF DEFAULTING ON STUDENT
22 LOANS;

23 (VIII) STATE AND FEDERAL PROGRAMS THAT MAY BE AVAILABLE
24 TO MANAGE STUDENT LOAN DEBT; AND

25 (IX) POTENTIAL CAREER EARNINGS, INCLUDING STARTING SALARY
26 BY FIELD AND LEVEL OF DEGREE OR CREDENTIAL;

27 (b) COMMON METHODS FOR SAVING FOR RETIREMENT, INCLUDING

1 LONG-TERM INVESTMENTS, TAX-DEFERRED ACCOUNTS, PENSIONS, AND
2 GOVERNMENT RETIREMENT BENEFITS;

3 (c) CREDIT CARDS AND MANAGING CREDIT CARD DEBT; AND
4 (d) HOMEOWNERSHIP AND MORTGAGES.

5 **SECTION 3.** In Colorado Revised Statutes, 22-2-127, **amend** (1);
6 and **add** (2.5) as follows:

7 **22-2-127. Financial literacy - resource bank - technical
8 assistance - definitions.** (1) As used in this section, UNLESS THE
9 CONTEXT OTHERWISE REQUIRES:

10 (a) "COLORADO APPLICATION FOR STATE FINANCIAL AID" OR
11 "CASFA" MEANS THE APPLICATION TO DETERMINE STUDENT FINANCIAL
12 NEED AND ELIGIBILITY FOR STATE FINANCIAL AID PROGRAMS USING
13 FEDERAL FAFSA METHODOLOGY, OR ANY SUCCESSOR FORM.

14 (b) "Financial literacy" means knowledge of personal finances that
15 is sufficient to enable a person to manage savings, investment, and
16 checking accounts; to design and maintain a household budget; to manage
17 personal debt; to understand consumer credit and finance; to manage
18 personal credit options; TO ASSESS THE AFFORDABILITY OF AND HOW TO
19 BUDGET FOR POSTSECONDARY EDUCATION; TO UNDERSTAND THE PURPOSE
20 OF AND HOW TO ACCESS AND COMPLETE THE FAFSA OR CASFA TO
21 ACCESS STUDENT FINANCIAL AID; TO UNDERSTAND THE HOME BUYING
22 PROCESS, INCLUDING HOME LOANS AND MANAGING MORTGAGE DEBT; and
23 to understand and select ~~among~~ FROM short-term and long-term
24 investment options.

25 (c) "FREE APPLICATION FOR FEDERAL STUDENT AID" OR "FAFSA"
26 MEANS THE FEDERAL APPLICATION USED TO DETERMINE STUDENT
27 FINANCIAL NEED AND ELIGIBILITY FOR FEDERAL STUDENT AID PROGRAMS,

1 OR ANY SUCCESSOR FORM.

2 (2.5) IN ADDITION TO THE MATERIALS INCLUDED IN THE RESOURCE
3 BANK PURSUANT TO SUBSECTION (2) OF THIS SECTION, THE RESOURCE
4 BANK MUST ALSO INCLUDE INFORMATION CONCERNING FINANCIAL AID
5 PLANNING FOR POSTSECONDARY EDUCATION EXPENSES; INFORMATION
6 CONCERNING THE BENEFITS OF COMPLETING AND SUBMITTING THE
7 FAFSA, OR, FOR STUDENTS WHO ARE NOT ELIGIBLE FOR FINANCIAL AID
8 PURSUANT TO TITLE IV, PART B OF THE FEDERAL "HIGHER EDUCATION
9 ACT OF 1965", AS AMENDED, THE CASFA; AND ELECTRONIC LINKS TO THE
10 FAFSA AND CASFA AND INSTRUCTIONS FOR COMPLETING THE FAFSA
11 AND CASFA.

12 **SECTION 4.** In Colorado Revised Statutes, 22-32-135, **amend**
13 (1) introductory portion, (1)(d), (1)(e), (2), and (3) as follows:

14 **22-32-135. Financial literacy curriculum - definition.** (1) The
15 general assembly **hereby** finds that:

16 (d) **Recent** Studies of consumer finances by the federal reserve
17 board show that, at the end of ~~the third quarter of 1999~~ 2020, household
18 debt in the United States totaled over ~~six trillion three hundred billion~~
19 ~~FOURTEEN AND ONE-HALF TRILLION~~ dollars. ~~Almost one trillion four~~
20 ~~hundred billion dollars of this debt was consumer credit debt, while four~~
21 ~~trillion four hundred billion dollars consisted of mortgage debt.~~ OVER ONE
22 AND ONE-HALF TRILLION DOLLARS OF THIS DEBT IS STUDENT DEBT, OVER
23 EIGHT HUNDRED BILLION DOLLARS IS CREDIT CARD DEBT, AND OVER TEN
24 TRILLION DOLLARS IS MORTGAGE DEBT.

25 (e) With the **recent** growth in consumer debt and the apparently
26 low level of education and understanding with regard to personal
27 finances, it is imperative that the public schools of the state provide

1 students with a thorough, high-quality curriculum of financial literacy to
2 enable students to understand and master personal finance skills,
3 including, at a minimum, managing bank accounts; household budgeting;
4 understanding and managing personal debt, INCLUDING CREDIT CARD
5 DEBT AND STUDENT LOAN DEBT; and managing personal savings,
6 RETIREMENT SAVINGS, HOMEOWNERSHIP, and ~~investment~~ INVESTMENTS.

7 (2) As used in this section, "financial literacy" means knowledge
8 of personal finances that is sufficient to enable a person to manage
9 savings, investment, and checking accounts; to design and maintain a
10 household budget; TO ASSESS THE AFFORDABILITY OF AND HOW TO
11 BUDGET FOR POSTSECONDARY EDUCATION; TO UNDERSTAND THE PURPOSE
12 OF AND HOW TO ACCESS AND COMPLETE THE FREE APPLICATION FOR
13 FEDERAL STUDENT AID AND THE COLORADO APPLICATION FOR STATE
14 FINANCIAL AID, OR SUCCESSOR FORMS FOR ACCESSING FEDERAL AND
15 STATE FINANCIAL AID; to manage personal debt, including student loan
16 debt; to understand consumer credit and finance; to manage personal
17 credit options, ~~and~~ INCLUDING CREDIT CARDS; to understand and select
18 FROM among short-term and long-term investment options; TO
19 UNDERSTAND THE HOME BUYING PROCESS, INCLUDING HOME LOANS AND
20 MANAGING MORTGAGE DEBT; AND TO UNDERSTAND RETIREMENT PLANS,
21 TAX-DEFERRED ACCOUNTS, PENSIONS, AND GOVERNMENT RETIREMENT
22 BENEFITS.

23 (3) (a) Each school district board of education is strongly
24 encouraged to adopt ~~as part of its district curriculum~~ courses pertaining
25 to financial literacy to be taught in grade-appropriate courses at the
26 elementary, middle, junior high, and high school grade levels. When
27 selecting mathematics and economics textbooks, each school district is

1 strongly encouraged to select those texts that include substantive
2 provisions on personal finance, including personal budgeting; credit; debt
3 management; STUDENT LOAN BORROWING AND FINANCIAL AID;
4 HOMEOWNERSHIP; RETIREMENT, INCLUDING LONG-TERM INVESTMENTS,
5 TAX-DEFERRED ACCOUNTS, PENSIONS, AND GOVERNMENT RETIREMENT
6 BENEFITS; and similar personal finance topics.

7 (b) THE CURRICULUM DESCRIBED IN SUBSECTION (3)(a) OF THIS
8 SECTION MUST ALSO INCLUDE CONTENT RELATING TO HOW TO ASSESS THE
9 AFFORDABILITY OF AND BUDGET FOR DIFFERENT OPTIONS FOR OBTAINING
10 A POSTSECONDARY DEGREE OR CREDENTIAL AND HOW TO PAY FOR HIGHER
11 EDUCATION. THE CURRICULUM SHOULD FAMILIARIZE STUDENTS WITH THE
12 PROCESS AND NECESSARY FORMS FOR APPLYING FOR FEDERAL AND STATE
13 FINANCIAL AID, STUDENT LOANS, SCHOLARSHIPS, AND GRANT PROGRAMS,
14 INCLUDING ACCESSING AND COMPLETING EITHER THE FREE APPLICATION
15 FOR FEDERAL STUDENT AID OR THE COLORADO APPLICATION FOR STATE
16 FINANCIAL AID, OR SUCCESSOR FORMS TO ACCESS FEDERAL AND STATE
17 FINANCIAL AID, AND SHOULD ENSURE THAT STUDENTS HAVE AN
18 AWARENESS OF FEDERAL AND STATE PROGRAMS THAT MAY BE AVAILABLE
19 TO MANAGE STUDENT LOAN DEBT.

20 **SECTION 5.** In Colorado Revised Statutes, 22-2-136, **amend** (1)
21 as follows:

22 **22-2-136. Additional duty - state board - individual career and
23 academic plans - standards - rules.** (1) On or before February 1, 2010,
24 the state board shall promulgate rules pursuant to the "State
25 Administrative Procedure Act", article 4 of title 24, ~~C.R.S.~~, to establish
26 standards for individual career and academic plans for students enrolled
27 in the public schools in the state. An individual career and academic plan

1 shall MUST be designed to assist a student and ~~his or her~~ THE STUDENT'S
2 parent or legal guardian in exploring the postsecondary career and
3 educational opportunities available to the student, aligning course work
4 and curriculum, applying to postsecondary education institutions,
5 securing financial aid, and ultimately entering the workforce. AS PART OF
6 THE PROCESS OF ESTABLISHING THE INDIVIDUAL CAREER AND ACADEMIC
7 PLAN, THE STUDENT AND THE STUDENT'S PARENTS MUST BE MADE AWARE
8 OF THE IMPORTANCE OF COMPLETING THE FREE APPLICATION FOR FEDERAL
9 STUDENT AID OR THE COLORADO APPLICATION FOR STATE FINANCIAL AID,
10 OR SUCCESSOR FORMS FOR ACCESSING FEDERAL AND STATE FINANCIAL
11 AID, AND BE PROVIDED HELP IN COMPLETING THE FORMS, IF REQUESTED.

12 **SECTION 6.** In Colorado Revised Statutes, 22-30.5-525, **amend**

13 (1) as follows:

14 **22-30.5-525. Individual career and academic plans.** (1) Each
15 institute charter school shall assist each student and ~~his or her~~ THE
16 STUDENT'S parent or legal guardian to develop and maintain the student's
17 individual career and academic plan, referred to in this section as an
18 "ICAP", no later than the beginning of ninth grade but may assist the
19 student and ~~his or her~~ THE STUDENT'S parent or legal guardian to develop
20 and maintain the student's ICAP in any grade prior to ninth grade. In
21 assisting a student and his or her parent or legal guardian in creating and
22 maintaining the ICAP, the institute charter school shall, at a minimum,
23 discuss with the student and parent or legal guardian the various career
24 pathways created pursuant to section 24-46.3-104 and the types of
25 certificates and jobs to which each pathway leads and discuss the skills
26 and educational opportunities available through military enlistment. In
27 discussing military enlistment with a student and ~~his or her~~ THE

1 STUDENT'S parent, each institute charter school is encouraged to provide
2 to the student information concerning the military enlistment test. Each
3 student's ICAP must comply with the requirements specified in section
4 22-2-136 and the rules promulgated by the state board of education
5 pursuant to said section. AS PART OF THE PROCESS OF ESTABLISHING THE
6 INDIVIDUAL CAREER AND ACADEMIC PLAN, THE STUDENT AND THE
7 STUDENT'S PARENTS MUST BE MADE AWARE OF THE IMPORTANCE OF
8 COMPLETING THE FREE APPLICATION FOR FEDERAL STUDENT AID OR THE
9 COLORADO APPLICATION FOR STATE FINANCIAL AID, OR SUCCESSOR FORMS
10 FOR ACCESSING FEDERAL AND STATE FINANCIAL AID, AND BE PROVIDED
11 HELP IN COMPLETING THE FORMS, IF REQUESTED.

12 **SECTION 7. Appropriation.** For the 2021-22 state fiscal year,
13 \$4,888 is appropriated to the department of education. This appropriation
14 is from the general fund and is based on an assumption that the
15 department will require an additional 0.1 FTE. To implement this act, the
16 department may use this appropriation for content specialists.

17 **SECTION 8. Act subject to petition - effective date.** This act
18 takes effect at 12:01 a.m. on the day following the expiration of the
19 ninety-day period after final adjournment of the general assembly; except
20 that, if a referendum petition is filed pursuant to section 1 (3) of article V
21 of the state constitution against this act or an item, section, or part of this
22 act within such period, then the act, item, section, or part will not take
23 effect unless approved by the people at the general election to be held in
24 November 2022 and, in such case, will take effect on the date of the
25 official declaration of the vote thereon by the governor.