

CHAPTER 284

EDUCATION - PUBLIC SCHOOLS

HOUSE BILL 21-1200

BY REPRESENTATIVE(S) Kipp and Rich, Amabile, Bacon, Bernett, Bird, Caraveo, Cutter, Duran, Exum, Hooton, Jodeh, Kennedy, Lontine, McCluskie, McLachlan, Michaelson Jenet, Mullica, Ortiz, Ricks, Titone, Valdez A., Valdez D., Woodrow, Young;
also SENATOR(S) Bridges and Lundeen, Buckner, Cooke, Danielson, Fenberg, Fields, Gardner, Ginal, Gonzales, Hansen, Hisey, Holbert, Jaquez Lewis, Kirkmeyer, Kolker, Lee, Liston, Moreno, Pettersen, Priola, Rankin, Rodriguez, Scott, Simpson, Smallwood, Sonnenberg, Winter, Woodward, Garcia.

AN ACT**CONCERNING FINANCIAL LITERACY STANDARDS FOR PUBLIC SCHOOLS, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.**

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

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

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

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

(c) The federal free application for student aid, known as FAFSA, determines a student's eligibility for financial aid in postsecondary education. Improving FAFSA completion is key to improving college attendance rates. High school seniors who

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complete the FAFSA are 84% more likely to immediately enroll in postsecondary education.

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

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

(f) Nearly half of all families in the United States have no retirement assets. Even among those families who are nearing retirement, four out of ten have no retirement assets. Middle-class, working-age families whose incomes are at the fiftieth percentile have, on average, only \$5,000 saved in retirement accounts. Most African-American and Latinx families have no retirement savings. Finally, older workers are working longer and delaying their retirement. By providing students with information on saving for retirement early in life, they can begin building the assets they need to be comfortable when they grow old.

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

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

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

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

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

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

(V) THE PURPOSE OF THE FREE APPLICATION FOR FEDERAL STUDENT AID, OR FAFSA, OR A SUCCESSOR FORM, TO ACCESS FEDERAL STUDENT AID; ITS USE IN DETERMINING A STUDENT'S ELIGIBILITY FOR FEDERAL, STATE, AND PRIVATE FINANCIAL AID, INCLUDING GRANTS, SCHOLARSHIPS, AND WORK STUDY, WHICH ARE FORMS OF FINANCIAL AID THAT DO NOT NEED TO BE REPAYED BY THE STUDENT; HOW

TO ACCESS THE FAFSA ELECTRONICALLY OR IN ANOTHER FORMAT; AND WHERE TO ACCESS HELP FROM THE STUDENT'S SCHOOL OR FROM OTHER SOURCES IN COMPLETING THE FAFSA;

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

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

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

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

(b) COMMON METHODS FOR SAVING FOR RETIREMENT, INCLUDING LONG-TERM INVESTMENTS, TAX-DEFERRED ACCOUNTS, PENSIONS, AND GOVERNMENT RETIREMENT BENEFITS;

(c) CREDIT CARDS AND MANAGING CREDIT CARD DEBT; AND

(d) HOMEOWNERSHIP AND MORTGAGES.

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

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

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

(b) "Financial literacy" means knowledge of personal finances that is sufficient to enable a person to manage savings, investment, and checking accounts; to design and maintain a household budget; to manage personal debt; to understand consumer credit and finance; to manage personal credit options; TO ASSESS THE AFFORDABILITY OF AND HOW TO BUDGET FOR POSTSECONDARY EDUCATION; TO UNDERSTAND THE PURPOSE OF AND HOW TO ACCESS AND COMPLETE THE FAFSA OR CASFA TO ACCESS STUDENT FINANCIAL AID; TO UNDERSTAND THE HOME BUYING

PROCESS, INCLUDING HOME LOANS AND MANAGING MORTGAGE DEBT; and to understand and select ~~among~~ FROM short-term and long-term investment options.

(c) "FREE APPLICATION FOR FEDERAL STUDENT AID" OR "FAFSA" MEANS THE FEDERAL APPLICATION USED TO DETERMINE STUDENT FINANCIAL NEED AND ELIGIBILITY FOR FEDERAL STUDENT AID PROGRAMS, OR ANY SUCCESSOR FORM.

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

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

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

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

(e) With the ~~recent~~ growth in consumer debt and the apparently low level of education and understanding with regard to personal finances, it is imperative that the public schools of the state provide students with a thorough, high-quality curriculum of financial literacy to enable students to understand and master personal finance skills, including, at a minimum, managing bank accounts; household budgeting; understanding and managing personal debt, INCLUDING CREDIT CARD DEBT AND STUDENT LOAN DEBT; and managing personal savings, RETIREMENT SAVINGS, HOMEOWNERSHIP, and ~~investment~~ INVESTMENTS.

(2) As used in this section, "financial literacy" means knowledge of personal finances that is sufficient to enable a person to manage savings, investment, and checking accounts; to design and maintain a household budget; TO ASSESS THE AFFORDABILITY OF AND HOW TO BUDGET FOR POSTSECONDARY EDUCATION; TO UNDERSTAND THE PURPOSE OF AND HOW TO ACCESS AND COMPLETE THE FREE APPLICATION FOR FEDERAL STUDENT AID AND THE COLORADO APPLICATION FOR STATE FINANCIAL AID, OR SUCCESSOR FORMS FOR ACCESSING FEDERAL AND STATE FINANCIAL AID; to manage personal debt, including student loan debt; to understand consumer credit and finance; to manage personal credit options, ~~and~~ INCLUDING CREDIT CARDS; to understand and select FROM among short-term and long-term

investment options; TO UNDERSTAND THE HOME BUYING PROCESS, INCLUDING HOME LOANS AND MANAGING MORTGAGE DEBT; AND TO UNDERSTAND RETIREMENT PLANS, TAX-DEFERRED ACCOUNTS, PENSIONS, AND GOVERNMENT RETIREMENT BENEFITS.

(3) (a) Each school district board of education is strongly encouraged to adopt ~~as part of its district curriculum courses~~ pertaining to financial literacy to be taught in grade-appropriate courses at the elementary, middle, junior high, and high school grade levels. When selecting mathematics and economics textbooks, each school district is strongly encouraged to select those texts that include substantive provisions on personal finance, including personal budgeting; credit; debt management; STUDENT LOAN BORROWING AND FINANCIAL AID; HOMEOWNERSHIP; RETIREMENT, INCLUDING LONG-TERM INVESTMENTS, TAX-DEFERRED ACCOUNTS, PENSIONS, AND GOVERNMENT RETIREMENT BENEFITS; and similar personal finance topics.

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

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

22-2-136. Additional duty - state board - individual career and academic plans - standards - rules. (1) On or before February 1, 2010, the state board shall promulgate rules pursuant to the "State Administrative Procedure Act", article 4 of title 24, ~~C.R.S.~~, to establish standards for individual career and academic plans for students enrolled in the public schools in the state. An individual career and academic plan ~~shall~~ MUST be designed to assist a student and ~~his or her~~ THE STUDENT'S parent or legal guardian in exploring the postsecondary career and educational opportunities available to the student, aligning course work and curriculum, applying to postsecondary education institutions, securing financial aid, and ultimately entering the workforce. AS PART OF THE PROCESS OF ESTABLISHING THE INDIVIDUAL CAREER AND ACADEMIC PLAN, THE STUDENT AND THE STUDENT'S PARENTS MUST BE MADE AWARE OF THE IMPORTANCE OF COMPLETING THE FREE APPLICATION FOR FEDERAL STUDENT AID OR THE COLORADO APPLICATION FOR STATE FINANCIAL AID, OR SUCCESSOR FORMS FOR ACCESSING FEDERAL AND STATE FINANCIAL AID, AND BE PROVIDED HELP IN COMPLETING THE FORMS, IF REQUESTED.

SECTION 6. In Colorado Revised Statutes, 22-30.5-525, **amend** (1) as follows:

22-30.5-525. Individual career and academic plans. (1) Each institute charter school shall assist each student and ~~his or her~~ THE STUDENT'S parent or legal guardian to develop and maintain the student's individual career and academic plan,

referred to in this section as an "ICAP", no later than the beginning of ninth grade but may assist the student and ~~his or her~~ THE STUDENT'S parent or legal guardian to develop and maintain the student's ICAP in any grade prior to ninth grade. In assisting a student and his or her parent or legal guardian in creating and maintaining the ICAP, the institute charter school shall, at a minimum, discuss with the student and parent or legal guardian the various career pathways created pursuant to section 24-46.3-104 and the types of certificates and jobs to which each pathway leads and discuss the skills and educational opportunities available through military enlistment. In discussing military enlistment with a student and ~~his or her~~ THE STUDENT'S parent, each institute charter school is encouraged to provide to the student information concerning the military enlistment test. Each student's ICAP must comply with the requirements specified in section 22-2-136 and the rules promulgated by the state board of education pursuant to said section. AS PART OF THE PROCESS OF ESTABLISHING THE INDIVIDUAL CAREER AND ACADEMIC PLAN, THE STUDENT AND THE STUDENT'S PARENTS MUST BE MADE AWARE OF THE IMPORTANCE OF COMPLETING THE FREE APPLICATION FOR FEDERAL STUDENT AID OR THE COLORADO APPLICATION FOR STATE FINANCIAL AID, OR SUCCESSOR FORMS FOR ACCESSING FEDERAL AND STATE FINANCIAL AID, AND BE PROVIDED HELP IN COMPLETING THE FORMS, IF REQUESTED.

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

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

Approved: June 22, 2021