

**First Regular Session
Seventy-third General Assembly
STATE OF COLORADO**

INTRODUCED

LLS NO. 21-0103.01 Brita Darling x2241

HOUSE BILL 21-1200

HOUSE SPONSORSHIP

Kipp and Rich,

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Bridges and Lundeen,

House Committees
Education

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A BILL FOR AN ACT

101 **CONCERNING FINANCIAL LITERACY STANDARDS FOR PUBLIC SCHOOLS.**

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 those costs, including managing student loan debt and accessing student aid through completion of the free application for federal student aid

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.

(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,
10 and successfully planning for retirement.

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

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

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

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

23 (f) Nearly half of all families in the United States have no
24 retirement assets. Even among those families who are nearing retirement,
25 four out of ten have no retirement assets. Middle-class, working-age
26 families whose incomes are at the fiftieth percentile have, on average,
27 only \$5,000 saved in retirement accounts. Most African-American and

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

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

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

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

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

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

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

25 (V) THE PURPOSE OF THE FREE APPLICATION FOR FEDERAL
26 STUDENT AID, OR FAFSA, OR A SUCCESSOR FORM, TO ACCESS FEDERAL
27 STUDENT AID; ITS USE IN DETERMINING A STUDENT'S ELIGIBILITY FOR

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

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

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

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

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

26 (b) COMMON METHODS FOR SAVING FOR RETIREMENT, INCLUDING
27 LONG-TERM INVESTMENTS, TAX-DEFERRED ACCOUNTS, PENSIONS, AND

1 GOVERNMENT RETIREMENT BENEFITS;

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

3 (d) HOMEOWNERSHIP AND MORTGAGES.

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

6 **22-2-127. Financial literacy - resource bank - technical**
7 **assistance - definitions.** (1) As used in this section, UNLESS THE
8 CONTEXT OTHERWISE REQUIRES:

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

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

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

1 (2.5) IN ADDITION TO THE MATERIALS INCLUDED IN THE RESOURCE
2 BANK PURSUANT TO SUBSECTION (2) OF THIS SECTION, THE RESOURCE
3 BANK MUST ALSO INCLUDE INFORMATION CONCERNING FINANCIAL AID
4 PLANNING FOR POSTSECONDARY EDUCATION EXPENSES; INFORMATION
5 CONCERNING THE BENEFITS OF COMPLETING AND SUBMITTING THE
6 FAFSA, OR, FOR STUDENTS WHO ARE NOT ELIGIBLE FOR FINANCIAL AID
7 PURSUANT TO TITLE IV, PART B OF THE FEDERAL "HIGHER EDUCATION
8 ACT OF 1965", AS AMENDED, THE CASFA; AND ELECTRONIC LINKS TO THE
9 FAFSA AND CASFA AND INSTRUCTIONS FOR COMPLETING THE FAFSA
10 AND CASFA.

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

13 **22-32-135. Financial literacy curriculum - definition.** (1) The
14 general assembly ~~hereby~~ finds that:

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

24 (e) With the ~~recent~~ growth in consumer debt and the apparently
25 low level of education and understanding with regard to personal
26 finances, it is imperative that the public schools of the state provide
27 students with a thorough, high-quality curriculum of financial literacy to

1 enable students to understand and master personal finance skills,
2 including, at a minimum, managing bank accounts; household budgeting;
3 understanding and managing personal debt, INCLUDING CREDIT CARD
4 DEBT AND STUDENT LOAN DEBT; and managing personal savings,
5 RETIREMENT SAVINGS, HOMEOWNERSHIP, and investment INVESTMENTS.

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

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

1 provisions on personal finance, including personal budgeting; credit; debt
2 management; STUDENT LOAN BORROWING AND FINANCIAL AID;
3 HOMEOWNERSHIP; RETIREMENT, INCLUDING LONG-TERM INVESTMENTS,
4 TAX-DEFERRED ACCOUNTS, PENSIONS, AND GOVERNMENT RETIREMENT
5 BENEFITS; and similar personal finance topics.

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

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

21 **22-2-136. Additional duty - state board - individual career and**
22 **academic plans - standards - rules.** (1) On or before February 1, 2010,
23 the state board shall promulgate rules pursuant to the "State
24 Administrative Procedure Act", article 4 of title 24, ~~C.R.S.~~, to establish
25 standards for individual career and academic plans for students enrolled
26 in the public schools in the state. An individual career and academic plan
27 ~~shall~~ MUST be designed to assist a student and ~~his or her~~ THE STUDENT'S

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

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

13 **22-30.5-525. Individual career and academic plans.** (1) Each
14 institute charter school shall assist each student and ~~his or her~~ THE
15 STUDENT'S parent or legal guardian to develop and maintain the student's
16 individual career and academic plan, referred to in this section as an
17 "ICAP", no later than the beginning of ninth grade but may assist the
18 student and ~~his or her~~ THE STUDENT'S parent or legal guardian to develop
19 and maintain the student's ICAP in any grade prior to ninth grade. In
20 assisting a student and his or her parent or legal guardian in creating and
21 maintaining the ICAP, the institute charter school shall, at a minimum,
22 discuss with the student and parent or legal guardian the various career
23 pathways created pursuant to section 24-46.3-104 and the types of
24 certificates and jobs to which each pathway leads and discuss the skills
25 and educational opportunities available through military enlistment. In
26 discussing military enlistment with a student and ~~his or her~~ THE
27 STUDENT'S parent, each institute charter school is encouraged to provide

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

11 **SECTION 7. Act subject to petition - effective date.** This act
12 takes effect at 12:01 a.m. on the day following the expiration of the
13 ninety-day period after final adjournment of the general assembly; except
14 that, if a referendum petition is filed pursuant to section 1 (3) of article V
15 of the state constitution against this act or an item, section, or part of this
16 act within such period, then the act, item, section, or part will not take
17 effect unless approved by the people at the general election to be held in
18 November 2022 and, in such case, will take effect on the date of the
19 official declaration of the vote thereon by the governor.