

505-3-.113 FINANCIAL LITERACY ENDORSEMENT PROGRAM

Nature of Amendment(s):

Substantive
 Clarification
 Further Definition

Discussion:

It is proposed that a new rule with a new title be INITIATED titled, FINANCIAL LITERACY ENDORSEMENT PROGRAM, to provide standards and requirements for endorsement programs that will prepare secondary teachers (6-12) to teach financial literacy to students in eleventh (11th) and twelfth (12th) grades, per the requirements set forth in Senate Bill 220, passed in the 2022 legislative session.

(1) Purpose. This rule states field-specific content standards for approving programs that prepare individuals to teach financial literacy in grades 6-12 and supplements requirements in GaPSC Rule [505-3-.01, REQUIREMENTS AND STANDARDS FOR APPROVING EDUCATOR PREPARATION PROVIDERS AND EDUCATOR PREPARATION PROGRAMS](#).

(2) Requirements.

- (a) A GaPSC-approved educator preparation provider may seek state approval to offer this field as either a stand-alone endorsement program or as an endorsement program embedded in a GaPSC-approved initial 6-12 preparation program or an advanced (degree-only) preparation program. In addition to meeting all applicable approval requirements and standards, embedded endorsement programs must meet requirements specified in paragraph (e) 4. (ix) of GaPSC Rule [505-3-.01, REQUIREMENTS AND STANDARDS FOR APPROVING EDUCATOR PREPARATION PROVIDERS AND EDUCATOR PREPARATION PROGRAMS](#).
- (b) To receive approval, a GaPSC-approved educator preparation provider shall offer a preparation program as described in program planning forms, catalogs, and syllabi, based on the following standards adapted from the Voluntary National Content Standards in Economics (2021) and Personal Finance Standards (2021) from the Council for Economic Education.
 - 1. Fundamentals of Economic Decision Making.
 - (i) The program shall prepare candidates to analyze how scarcity affects the choices of individual, businesses, and governments as indicated by the following:
 - (I) The program shall prepare candidates who can explain that scarcity is a basic, permanent condition that exists because unlimited wants exceed limited productive resources;
 - (II) The program shall prepare candidates who can compare and contrast strategies for allocating scarce resources such as by price, majority rule, contests, force, sharing, lottery, authority, first-come-first-served, and personal characteristics;
 - (III) The program shall prepare candidates who can define and give examples of productive resources (i.e. factors of production): natural resources (i.e. land), human resources (i.e. labor and human capital), physical capital and entrepreneurship; and

- (IV) The program shall prepare candidates who can apply the concept of opportunity cost (the forgone next best alternative) to personal choices, as well as business and government decisions.
- (ii) The program shall prepare candidates to provide examples of how rational decision-making entails comparing the marginal benefits and the marginal costs of an action as indicated by the following:
 - (I) The program shall prepare candidates who can explain that rational decisions occur when the marginal benefits of an action equal or exceed the marginal costs; and
 - (II) The program shall prepare candidates who can explain that individuals, businesses, and governments respond to positive and negative incentives in predictable ways.
- (iii) The program shall prepare candidates who analyze how economic systems influence the choices of individuals, businesses, and governments as indicated by the following:
 - (I) The program shall prepare candidates who can analyze how command, market and mixed economic systems answer the three basic economic questions (what to produce, how to produce, and for whom to produce) to prioritize various social and economic goals such as freedom, security, equity, growth, efficiency, price stability, full employment, and sustainability; and
 - (II) The program shall prepare candidates who can compare the roles of government in different economic systems with regards to providing public goods and services, redistributing income, protecting property rights, resolving market failures, regulation, and providing consumer protections.
- (iv) The program shall prepare candidates who analyze factors that influence the standard of living of individuals and nations as indicated by the following:
 - (I) The program shall prepare candidates who can explain how investments in human capital (e.g., education, job training, and healthcare) can lead to a higher standard of living;
 - (II) The program shall prepare candidates who can explain how investment in equipment and technology can lead to economic growth;
 - (III) The program shall prepare candidates who can explain how individuals, businesses, and governments benefit from specialization and voluntary, non-fraudulent trade; and
 - (IV) The program shall prepare candidates who can illustrate economic growth using a production possibilities curve.

2. Personal Finance.

- (i) The program shall prepare candidates who analyze major life decisions using economics-based decision-making skills as indicated by the following:
 - (I) The program shall prepare candidates who can apply a rational decision-making model to evaluate the costs and benefits of post-high school life

- choices (i.e., college, technical school, military enlistment, workforce participation, or other option);
- (II) The program shall prepare candidates who can evaluate costs and benefits of various ways to pay for post-high school life including scholarships, the HOPE scholarship, employment, work-study programs, loans, grants, savings, prior investments, and other options;
 - (III) The program shall prepare candidates who can identify necessary documents needed to complete forms like the FAFSA or scholarship applications;
 - (IV) The program shall prepare candidates who can apply a rational decision-making model to evaluate other major life choices like employment opportunities, renting a home vs. buying, selecting a mortgage, and buying a car; and
 - (V) The program shall prepare candidates who can describe how individual financial decisions can help create generational wealth.
- (ii) The program shall prepare candidates who analyze income as a scarce resource that can be allocated effectively through budgeting as indicated by the following:
- (I) The program shall prepare candidates who can compare different types of income including hourly wages, salary, tips, independent contractor services (Form 1099), dividends, and capital gains;
 - (II) The program shall prepare candidates who can review and complete a sample federal individual income tax form 1040;
 - (III) The program shall prepare candidates who can describe the basic components of a paystub including gross pay, net pay, and common deductions (i.e. federal and state income tax, Federal Insurance Contributions Act (FICA which includes Social Security and Medicare), and elective deductions like 401K, insurance and tax-deferred savings);
 - (IV) The program shall prepare candidates who can analyze the basic components of a personal budget including income, expenses (fixed and variable), and the importance of short-term and long-term savings;
 - (V) The program shall prepare candidates who can explain how to reconcile a checking account, either online or on paper, including how to account for transactions that have not been posted (i.e. checks, weekend debit card transactions, or monthly auto-pay transactions) and how this helps avoid overdraft fees; and
 - (VI) Describe how to determine a person's net worth.
- (iii) The program shall prepare candidates who explain how the financial system channels funds from savers to investors as indicated by the following:
- (I) The program shall prepare candidates who can explain the roles/functions of money as a medium of exchange, store of value, and unit of account/standard of value;

- (II) The program shall prepare candidates who can compare services offered by different financial institutions, including banks, credit unions, payday lenders, and title pawn lenders;
 - (III) The program shall prepare candidates who can compare and contrast cash, debit cards, credit cards, prepaid cards and mobile payment apps in terms of how they work, acceptability, and the costs and benefits associated with each;
 - (IV) The program shall prepare candidates who can evaluate the risk and return of a variety of savings and investment options, including: savings accounts, certificates of deposit, retirement accounts (i.e. Roth IRA, 401K, 403b), stocks, bonds, 529 accounts, and mutual funds and explain the importance of diversification when investing; and
 - (V) The program shall prepare candidates who can describe the role of speculative investments (i.e. cryptocurrency and historical examples like buying on margin in the 1920's).
- (iv) The program shall prepare candidates who can explain how interest rates affect various consumer decisions as indicated by the following:
- (I) The program shall prepare candidates who can compare interest rates on loans and credit cards from different institutions including banks, credit unions, pay-day loan facilities, and title-pawn companies;
 - (II) The program shall prepare candidates who can define annual percentage rate and describe how different interest rates can affect monthly payments on loans;
 - (III) The program shall prepare candidates who can use an online amortization tool to show how payments on a fixed loan like a mortgage are applied to interest and principal;
 - (IV) The program shall prepare candidates who can explain the difference between simple and compound interest and the difference between fixed and variable interest; and
 - (V) Define nominal and real returns and explain how inflation affects interest-earning savings and investment accounts.
- (v) The program shall prepare candidates who explain can how changes in taxation can have an impact on an individual's spending and saving choices as indicated by the following:
- (I) The program shall prepare candidates who can describe income, sales, property, capital gains, and estate taxes in the U.S.; and
 - (II) The program shall prepare candidates who can describe the difference between progressive, regressive, and proportional taxes.
- (vi) The program shall prepare candidates who can evaluate the costs and benefits of using credit as indicated by the following:
- (I) The program shall prepare candidates who can differentiate between and explain how to access one's credit report and credit score;

- (II) The program shall prepare candidates who can describe the basic components of a credit score including payment history, debt to income ratio, amount owed, length of credit history, types of credit used, amount of available credit, and recent credit applications;
 - (III) The program shall prepare candidates who can analyze and evaluate a sample loan application for credit worthiness and the ability to receive favorable interest rates;
 - (IV) The program shall prepare candidates who can explain the difference between revolving credit and installment credit; and
 - (V) The program shall prepare candidates who can explain causes of personal bankruptcy and describe consequences of declaring bankruptcy.
- (vii) The program shall prepare candidates who can analyze how insurance and other risk-management strategies protect against financial loss as indicated by the following:
- (I) The program shall prepare candidates who can explain why people buy insurance;
 - (II) The program shall prepare candidates who can describe various types of insurance such as automobile, health, life (whole and term), disability, renters, flood and property;
 - (III) The program shall prepare candidates who can explain the costs and benefits associated with different types of insurance, including deductibles, premiums, coverage limits shared liability, and asset protection; and
 - (IV) The program shall prepare candidates who can define insurability and explain why insurance rates can vary.
- (viii) The program shall prepare candidates who can describe how the earnings of workers are determined in the marketplace as indicated by the following:
- (I) The program shall prepare candidates who can identify skills that are required to be successful in the workplace, including positive work ethic, punctuality, time management, teamwork, and communication skills;
 - (II) The program shall prepare candidates who can describe the impact a person's social media footprint can have on their career and finances; and
 - (III) The program shall prepare candidates who can evaluate job and career options and explain the significance of investment in education, training, and skill development as it relates to future earnings.
- (ix) The program shall prepare candidates who can explain ways consumers are protected by rules and regulations as indicated by the following:
- (I) The program shall prepare candidates who can describe how government agencies offer protection in banking, investments, borrowing, and buying goods and services;

- (II) The program shall prepare candidates who can compare different methods for lodging consumer complaints (e.g., Better Business Bureau, online methods, and direct contact with business); and
 - (III) The program shall prepare candidates who can explain the primary purpose of important consumer legislation (i.e., the Truth in Lending Act, Fair Debt Collection Practices Act, Fair Credit Reporting Act, the Equal Housing Act, and the Dodd-Frank Act).
- (x) The program shall prepare candidates who can explain sources of and protection against identity theft as indicated by the following:
- (I) The program shall prepare candidates who can describe common ways identity theft happens including dumpster diving, skimming, phishing, stealing, and data breaches;
 - (II) The program shall prepare candidates who can describe ways to protect yourself from identity theft including shredding important documents, not opening attachments to unknown emails, not revealing personal information over the phone or email, using secure networks, regularly monitoring your credit report, changing passwords on accounts, and carefully managing social media;
 - (III) The program shall prepare candidates who can describe steps that should be taken if a person is the victim of identity theft including getting replacement credit cards, freezing credit histories, alerting appropriate officials, and changing passwords; and
 - (IV) The program shall prepare candidates who can describe the basic characteristics of investment scams such as Ponzi schemes, pump and dumps, and “advance fee” scams and how to avoid them.

3. Microeconomics.

- (i) The program shall prepare candidates who can describe how households and businesses are interdependent and interact through flows of goods, services, resources, and money as indicated by the following:
 - (I) The program shall prepare candidates who can explain, using a circular flow diagram, the real flow of goods and services, resources, and money through the product market and the resource (factor) market.
- (ii) The program shall prepare candidates who can explain how the law of demand, the law of supply, and prices work to determine production and distribution in a market economy as indicated by the following:
 - (I) The program shall prepare candidates who can define the law of supply and the law of demand;
 - (II) The program shall prepare candidates who can describe various determinants (shifters) of supply and demand and illustrate on a graph how they can change equilibrium price and quantity; and

- (III) The program shall prepare candidates who can explain and illustrate on a graph how prices set too high (e.g., price floors) create surpluses, and prices set too low (e.g., price ceilings) create shortages.
 - (xi) The program shall prepare candidates who can explain the organization and role of business and analyze the four types of market structures in the U.S. economy as indicated by the following:
 - (I) The program shall prepare candidates who can compare and contrast three forms of business organization—sole proprietorship, partnership, and corporation with regards to number of owners, liability, lifespan, decision-making, and taxation; and
 - (II) The program shall prepare candidates who can identify the basic characteristics of monopoly, oligopoly, monopolistic competition, and pure (perfect) competition with regards to number of sellers, barriers to entry, price control, and product differentiation.
4. Macroeconomics.
- (i) The program shall prepare candidates who can explain the methods by which economic activity is measured as indicated by the following:
 - (I) The program shall prepare candidates who can describe key economic outcomes and how they are measured including economic growth using Gross Domestic Product (GDP) and real GDP; price stability using the Consumer Price Index (CPI); and full employment using the unemployment rate;
 - (II) The program shall prepare candidates who can explain the differences between seasonal, structural, cyclical, and frictional unemployment; and
 - (III) The program shall prepare candidates who can describe the stages of the business cycle and its relation to economic measurement, including: peak, contraction, trough, recovery/expansion as well as recession.
 - (ii) The program shall prepare candidates who can explain the role and functions of the Federal Reserve System as indicated by the following:
 - (I) The program shall prepare candidates who can describe the organization of the Federal Reserve System (12 Districts, Federal Open Market Committee [FOMC], and Board of Governors);
 - (II) The program shall prepare candidates who can describe the Federal Reserve Bank's roles in payment processing, bank supervision, and monetary policy including the dual mandate of price stability and full employment; and
 - (III) The program shall prepare candidates who can describe how the Federal Reserve uses various tools of monetary policy to target the federal funds rate and how this rate influences other interest rates in the economy.
 - (iii) The program shall prepare candidates who can analyze how the government uses fiscal policy and its effects on national debt as indicated by the following:

- (I) The program shall prepare candidates who can explain the effect on the economy of the government's taxing and spending decisions in promoting price stability, full employment, and economic growth; and
- (II) The program shall prepare candidates who can explain how government budget deficits or surpluses impact national debt.

5. International.

- (i) The program shall prepare candidates who can explain the benefits of international trade and the role of trade barriers as indicated by the following:
 - (I) The program shall prepare candidates who can explain how nations benefit when they specialize in producing goods and services in which they have a comparative advantage;
 - (II) The program shall prepare candidates who can explain how trade barriers create costs and benefits to consumers and producers over time; and
 - (III) The program shall prepare candidates who can analyze Georgia's role in the international economy (i.e. the ports of Savannah and Brunswick, the Northeast inland port, the presence of multinational corporations in the state, and the impact of trade on the state's economy).
- (ii) The program shall prepare candidates who can analyze how changes in exchange rates can have an impact on groups in the United States and in other countries as indicated by the following:
 - (I) The program shall prepare candidates who can describe factors that cause changes in exchange rates; and
 - (II) Explain how appreciation and depreciation of currency affects net exports and benefits some groups and hurts others.

Authority O.C.G.A. § 20-2-200