

§113.26. Personal Financial Literacy (One-Half Credit), Adopted 2026.

(a) Implementation. The provisions of this section shall be implemented by school districts beginning with the 2027-2028 school year.

(b) General requirements. Students shall be awarded one-half credit for successful completion of this course.

(c) Introduction.

(1) Personal Financial Literacy (PFL) will develop citizens who have the knowledge and skills to make sound, informed financial decisions that will allow them to lead financially secure lifestyles and understand personal financial responsibility. The knowledge gained in this course has far-reaching effects for students personally as well as the economy as a whole. When citizens make wise financial decisions, they gain opportunities to invest in themselves, build businesses, consume goods and services in a responsible way, and secure a future without depending on outside assistance. The economy benefits from the optimal use of resources, increased

(2) The primary purpose of Texas and American social studies is to educate students to become proud, responsible, and patriotic citizens who respect the dignity and rights of their fellow citizens, who love their country, and who cherish liberties and laws. Over the course of multiple grades:

(A) students understand how to emulate the preservation of liberty as citizens who value the idea of virtue under the Constitution;

(B) students understand that a constitutional republic is a representative form of government whose elected leaders derive their authority from the consent of the governed and are sworn to uphold the Constitution; and

(C) students understand the benefits of the United States free enterprise system, also referenced as capitalism or the free market system. This system, predicated on strong property rights, emphasizes the individual exercise of economic decisions without government interference, allowing people the opportunity to prosper.

(3) Student expectations are organized around key topics, identified as knowledge and skills statements. Within each key topic, expectations address concepts as they relate to these topics chronologically. Where key topics are thematic rather than chronological, incorporate these thematic concepts into stories and history to create schema for understanding.

(4) Student expectations within each knowledge and skills key topic address the statutory requirements listed in paragraph (6) of this subsection while also making continual connections across those key topics and grade levels. Student expectations are organized chronologically through recurring strands coded at the end of each student expectation. Strands include:

- (A) History (World, United States, and Texas), coded with H;
- (B) Government and Civics, coded with G/Civ;
- (C) Geography and Culture, coded with Geo/C;
- (D) Economics, coded with E; and
- (E) Social Studies Skills, based on disciplinary thinking skills, coded with S.

(5) Social studies skills are incorporated into the teaching of social studies content. Students use social studies practices to demonstrate understanding and apply reasoning to the study of people, places, issues, and events. A greater depth of understanding of complex content material is attained when social studies content and disciplinary thinking skills are taught together.

(6) Student expectations embed relevant statutory requirements, including:

- (A) Texas Education Code (TEC), §28.002(a)(1)(D)--Social Studies, consisting of Texas, United States, and world history; government; economics, with emphasis on the free enterprise system and its benefits; and geography;
- (B) TEC, §28.002(a)(2)(G)--Religious Literature, including the Hebrew Scriptures (Old Testament) and New Testament, and its impact on history and literature;
- (C) TEC, §28.002(h)--Informed American Patriotism, Texas History, and the Free Enterprise System;
- (D) TEC, §28.002(h-1)(1)-(3)--Knowledge of Civics;
- (E) TEC, §28.002(h-1)(4)--Founding documents and primary sources of the United States;
- (F) TEC, §28.002(h-2)(1)-(3) and (h-3)--Knowledge of Civics;
- (G) TEC, §28.002(h-11) and (h-12)--Understanding of Communist Regimes and Ideologies (for Grades 4 and higher);
- (H) TEC, §28.0022--Certain instructional requirements and prohibitions; consumption, and strong local businesses.
- (I) TEC, §29.907--Celebrate Freedom Week;
- (J) TEC, §29.9071--Texas Military Heroes Day; and
- (K) TEC, §29.9072--Holocaust Remembrance Week.

(7) There is no effective study of social studies without review of primary sources. In certain circumstances, specific primary sources are named in the Texas Essential Knowledge and Skills (TEKS), but instructional materials should include additional primary sources relevant to

subjects identified in the TEKS. Primary sources are embedded as appropriate within the context of the study of history. Additional primary source material, including written documents, visual sources, audio and audio-visual sources, oral sources, and artifacts are encouraged. Primary source material should be used where appropriate and must be used when identified in a student expectation. In early grades, before students have requisite reading skills to read directly from copies of primary sources, the primary source materials should be included as a visual aid.

(8) To support the teaching of essential knowledge and skills, the use of a variety of rich material is encouraged. Where appropriate, local topics should be included to create relevance.

Motivating resources are available from museums, historical sites, presidential libraries, local and state civic offices, and preservation societies.

(9) The list of places, events, and people in this course curriculum is not considered exhaustive. Additional examples aligned with statutes listed in paragraph (6) of this subsection can be incorporated as time permits. Statements that contain the word "including" reference content that must be mastered.

(d) Knowledge and skills.

(1) Fundamental Concepts of Economics Related to PFL. The student understands fundamental concepts of economics related to personal financial literacy. The student is expected to:

(A) explain how scarcity drives market prices, including gasoline, groceries, and home energy sources (E);

(B) explain supply and demand relationships, including supply curves, demand curves, and market equilibrium (E);

(C) explain how opportunity costs impact financial choices, including decisions between purchasing new or used vehicles and attending college or immediately entering the workforce (E);

(D) describe characteristics of free enterprise, including private property, freedom of choice, profit incentive, competition, limited government, and voluntary exchange (E);

(E) describe how appreciation and depreciation affect asset values, including residential housing, commercial properties, motor vehicles, currency, and stocks (E); and

(F) explain how historical or religious texts have influenced American financial systems (H, E).

(2) Earning Income. The student understands that income is earned through the exchange of work and services. The student is expected to:

- (A) identify sources of income, including wages, salaries, rental income, bonuses, interest, dividends, and profits (E);
- (B) describe how federal, state, and local taxes reduce disposable income (E);
- (C) explain how employee benefits, including health insurance, retirement plans, and paid leave, are a form of compensation (E);
- (D) describe the role of the Free Application for Federal Student Aid (FAFSA) in securing grants, scholarships, and student loans (E);
- (E) explain how having a parent in the military influences FAFSA applications;
- (F) describe the relationship between postsecondary education and future income earnings (E);
- (G) evaluate the opportunity costs for postsecondary career pathways (E);
- (H) determine how personal interests and skills align with potential careers that support a desired standard of living based on income potential using research practices (E, S);
- (I) compare earning potential in different labor markets by investigating geographic patterns and economic events (Geo/C, E, S);
- (J) differentiate between gross, net, and taxable income (E); and
- (K) describe characteristics of federal and state tax codes, including required income reporting, tax credits, and tax deductions (G/Civ, E).

(3) Spending and Planning. The student understands that financial decision-making impacts budgets, helping people achieve financial goals by allocating income to spending and savings accounts. The student is expected to:

- (A) develop short-term and long-term financial goals that are specific, measurable, attainable, realistic, and time based (E);
- (B) develop a balanced budget that accounts for income, fixed and variable expenses, and savings using budgeting tools, including spreadsheets, digital apps, or digital platforms (E, S);
- (C) describe the importance of tracking income and expenses to maintain financial records (E);
- (D) compare a variety of financial exchange options, including cash, check, debit cards, credit cards, electronic transfers, and digital payments (E);
- (E) analyze how short-term financial decisions influence personal budgets and long-term financial goals (E);

(F) compare the cost of living in different geographic locations while considering social, economic, and political influences (Geo/C, E, S);

(G) describe the role of inflation on an economy, including price fluctuations on durable goods, nondurable goods, and groceries (E);

(H) describe how pre-purchase research is a strategy to maximize spending power (E, S);

(I) analyze how marketing strategies, including social media marketing and traditional forms of advertising, influence financial decisions by considering the audience and purpose of the advertisement (Geo/C, E, S);

(J) compare the opportunity costs of renting versus buying a home by examining rental agreements and mortgage contracts, including adjustable-rate and fixed-rate mortgages (E); and

(K) compare the opportunity costs of renting versus buying a motor vehicle by examining lease agreements and purchase contracts (E).

(4) Savings and Investing. The student understands that saving and investing are essential components of building wealth considering a variety of factors that influence financial growth, security, and long-term independence. The student is expected to:

(A) compare savings options, including bank savings accounts, money market accounts, education savings plans, and certificates of deposit (E);

(B) compare investing options, including stocks, bonds, mutual funds, and digital assets (E);

(C) compare pre-tax retirement options, including Investment Retirement Accounts and traditional 401(k) plans, or pension plans with post-tax retirement options, including Roth Investment Retirement Accounts, or Roth 401Ks(E);

(D) explain the role social security plays in federal taxes and retirement benefits (G/Civ, E);

(E) calculate interest using the rule of 72 (E, S);

(F) explain how compounding interest contributes to financial growth (E);

(G) evaluate personal risk tolerance using market conditions, including inflation, market volatility, and interest rates (E);

(H) explain how the regulation of financial institutions, including the Federal Deposit Insurance Corporation, contributes to financial security and protects solvency (H, E);

(I) compare health savings accounts and flexible spending accounts (E); and

(J) compare the opportunity costs of hiring a professional financial planner and independent investment (E).

(5) Credit and Debt. The student understands the costs and benefits of borrowing and lending and how they impact financial health. The student is expected to:

(A) compare revolving credit and installment credit, considering interest rates, fees, and repayment schedules (E);

(B) compare relative interest rates for collateralized loans and unsecured credit (E);

(C) describe the factors in credit reports that impact credit scores, including payment history, penalties, debt-to-income ratio, number of accounts, and length of credit history (E);

(D) identify sources of credit, including banks, peer-to-peer lenders, payday loans, and title loans (E);

(E) describe how creditworthiness factors, including collateral, debt-to-income ratio, and payment history, impact access to different types of credit (E);

(F) explain how payday loans can create a cycle of debt, including predatory lending and installment plans (E);

(G) analyze how borrowing decisions can lead to debt problems, including bankruptcy (E); and

(H) evaluate truth-in-lending disclosures to determine when risk from borrowing is acceptable (E).

(6) Risk Management and Insurance. The student understands that managing risk through saving, insurance, fraud prevention, and legal protections helps safeguard against potential loss and ensure long-term financial wellbeing. The student is expected to:

(A) define insurance terms, including premium, deductible, co-pay, and policy limits (E);

(B) explain why disaster-based insurance vary by geographic location for different types of insurance, including flood insurance, fire insurance, wind insurance, and hail insurance (Geo/C, E);

(C) explain how personal risk insurance rates are impacted by risk factors, including personal risk level, coverage amounts, deductibles, and policy limits (E);

(D) describe how unemployment insurance and disability insurance support long-term financial wellbeing (E);

(E) identify strategies to reduce insurance fraud, consumer fraud, and identity theft (E);

(F) explain the importance of estate planning, including wills, beneficiaries, powers of attorney, and medical directives (E);

(G) explain the role of consumer protection agencies in fraud prevention (E); and

(H) explain how an emergency savings fund works together with insurance as part of ensuring long-term financial wellbeing (E).

(7) Entrepreneurship and Business Structures. The student understands that entrepreneurship and business structures in a free enterprise system provide opportunities for individuals to create businesses, assume risk, earn profit, and contribute to economic growth. The student is expected to:

(A) analyze the risks and rewards of starting, owning, and franchising a business by developing a business plan that includes calculating revenue and profit for a business venture (E, S);

(B) explain how entrepreneurs respond to supply-and-demand trends and unmet needs when starting a new business (E);

(C) describe taxes related to owning a business, including self-employment tax, income tax, corporate income, payroll tax, excise tax, commercial property tax, franchise tax (E);

(D) explain how entrepreneurs use job creation and innovation to contribute to economic growth (E);

(E) compare costs and benefits of gig employment, including taxing and insuring independent contractors and free-lance workers (E); and

(F) compare the business structures of sole proprietorships, partnerships, limited liability companies, and corporations (E).