

BUDGET CHALLENGE FINANCIAL LITERACY
PROGRAM ALIGNMENT WITH THE TEXAS
ESSENTIAL KNOWLEDGE AND SKILLS FOR
SOCIAL STUDIES, SUBCHAPTER C, HIGH
SCHOOL, §113.49, REQUIRED PERSONAL
FINANCIAL LITERACY CLASS (ONE-HALF CREDIT)
FEBRUARY, 2021

Tim Lambrecht, Director of Education

BUDGET CHALLENGE

Texas Financial Literacy Standards Knowledge and Skills	How and where taught with Budget Challenge
(1) Earning and spending. The student understands how to set personal financial goals. The student is expected to:	
(A) differentiate between needs and wants in evaluating spending decisions;	Chapter 1 Keys to Financial Success
(B) investigate the student's money personality, including spending and saving propensity;	Simulation: vendor selections Chapter 1 Keys to Financial Success
(C) demonstrate an understanding of the value and benefits of charitable giving; and	Chapter 1 Keys to Financial Success, Chapter 15 Taxes
(D) develop financial goals for the short, medium, and long term that are specific, measurable, attainable, realistic, and time based.	Chapter 1 Keys to Financial Success Simulation: maintenance of the CFS (Cash Flow Spreadsheet), Trophy Goals, performance scoring
(2) Earning and spending. The student understands how financial statements are used to assess and monitor financial well-being. The student is expected to:	
(A) reconcile a bank statement with personal records to ensure the accuracy of deposits, withdrawals, and transfer activities;	Chapter 4 Banking Simulation: checking account use and balance, updating CFS
(B) track income and expenses and develop an income statement;	Simulation: CFS maintenance, regularly checking account balances in vendor, bank, and credit card accounts
(C) develop a budget that incorporates short-, medium-, and long-term financial goals;	Chapter 1 Keys to Financial Success, Simulation: maintenance of the CFS, Trophy Goals, performance scoring
(D) identify assets and liabilities;	Chapter 5 Loans and Credit Cards, Chapter 6 Savings and Investment, Chapter 7 Investing for Retirement, Chapter 9 Buying or Leasing a Vehicle, Chapter 10 Housing Simulation: checking bank, 401(k) and credit card account balances and vendor statements. Maintenance of CFS.

(E) construct a balance sheet or net worth statement; and	Chapter 4 Banking Simulation: Maintenance of CFS
(F) evaluate the impact of unplanned spending on a budget.	Simulation: maintenance of CFS and Unexpected Event
(3) Earning and spending. The student analyzes components of compensation from employment. The student is expected to:	
(A) identify benefits such as health insurance contributions, retirement benefits, sick leave, vacation pay, flexible spending account, health savings account, workers compensation, life insurance, and disability insurance;	Chapter 3 Employment, Chapter 7 Investing for Retirement, Chapter 12 Health, Life, and Disability Insurance Simulation: health insurance benefits, employer matched 401(k)
(B) identify taxes that are deducted from paychecks, including Federal Insurance Contributions Act (FICA) and federal income taxes; and	Chapter 3 Employment, Chapter 7 Investing for Retirement Simulation: bi-weekly paycheck withholding
(C) calculate gross and net pay using information on a paycheck.	Chapter 3 Employment Simulation: bi-weekly paycheck withholding, 401(k) contribution calculation and decision.
(4) Earning and spending. The student critically evaluates consumption decisions. The student is expected to:	
(A) analyze costs and benefits of owning versus renting housing;	Chapter 10 Housing
(B) analyze costs and benefits of owning versus leasing a vehicle;	Chapter 9 Buying or Leasing a Vehicle
(C) compare total costs of alternative methods of payment such as rent-to-own, store credit, installment agreements, cash, bank credit card, and debit card; and	Chapter 1 Keys to Financial Success, Chapter 5 Loans and Credit Cards, Chapter 8 Purchasing and Consumer Protection
(D) apply strategies for making informed decisions about purchasing consumer goods such as comparing prices per unit, looking for sales or promotions, and negotiating price.	Chapter 8 Purchasing and Consumer Protection
(5) Saving and investing. The student understands the importance of saving and investing in creating wealth and building assets. The student is expected to:	
(A) develop a short-term saving strategy to achieve a goal such as establishing and maintaining an emergency fund;	Chapter 2 Playing Budget Challenge, Chapter 6 Savings and Investing

	Simulation: Emergency Fund Trophy
(B) develop an intermediate-term saving and investing strategy to achieve a goal such as accumulating a down payment on a home or vehicle;	Chapter 6 Savings and Investing, Chapter 9 Buying or Leasing a Vehicle Chapter 10 Housing
	Simulation: Debt Reduction Trophy
(C) explain the tax benefits of charitable contributions; and	Chapter 1 Keys to Financial Success, Chapter 15 Taxes
(D) develop a long-term investing strategy to achieve a goal such as a financially secure retirement.	Chapter 7 Investing for Retirement
	Simulation: 401(k) contribution, Saving for Retirement Trophy, performance scoring
(6) Saving and investing. The student understands the implementation of a saving and investing plan. The student is expected to:	
(A) discuss the role of financial institutions and markets in saving and investing;	Chapter 4 Banking, Chapter 6 Saving and Investing
	Simulation: vendor selection.
(B) demonstrate the impact of compound growth over time;	Chapter 6 Saving and Investing, Chapter 7 Investing for Retirement
(C) evaluate the costs and benefits of various savings options such as bank savings accounts, certificates of deposit, and money market mutual funds; and	Chapter 4 Banking, Chapter 6 Saving and Investing
(D) evaluate risk and return of various investment options, including stocks, bonds, and mutual funds.	Chapter 6 Saving and Investing, Chapter 7 Investing for Retirement
	Simulation: 401(k) options
(7) Saving and investing. The student demonstrates an understanding of the importance of planning for retirement. The student is expected to:	
(A) identify costs of retirement such as living expenses, health care expenses, and long-term care expenses;	Chapter 7 Investing for Retirement
(B) identify and explain sources of income during retirement, including Social Security, individual savings, and employer-sponsored plans; and	Chapter 7 Investing for Retirement, Simulation: employer 401(k) plan management
(C) demonstrate an understanding of the importance of saving early and at a sufficient level to achieve financial security in retirement.	Chapter 7 Investing for Retirement
(8) Credit and borrowing. The student understands the use of credit to make purchases. The student is expected to:	

(A) compare and contrast sources of credit such as banks, merchants, peer-to-peer, payday loans, and title loans;	Chapter 5 Loans and Credit Cards Simulation: auto loan, student loan
(B) compare and contrast types of credit, including revolving and installment credit, and collateralized loans versus unsecured credit; and	Chapter 5 Loans and Credit Cards Simulation: auto loan, student loan, credit card
(C) evaluate the impact of credit decisions on monthly budget, income statement, and net worth statement.	Chapter 5 Loans and Credit Cards Simulation: bank, vendor, and credit card statements, Debt Reduction Trophy
(9) Credit and borrowing. The student identifies factors that affect credit worthiness. The student is expected to:	
(A) discuss how character, capacity, and collateral can adversely or positively impact an individual's credit rating and the ability to obtain credit;	Chapter 13 Building and Managing Credit
(B) describe how to access and interpret a sample credit report and score;	Chapter 13 Building and Managing Credit
(C) describe the importance of monitoring credit reports regularly and addressing mistakes;	Chapter 13 Building and Managing Credit
(D) identify factors that could lead to bankruptcy such as medical expenses, job loss, divorce, or a failed business; and	Chapter 13 Building and Managing Credit
(E) appraise the impact of borrowing decisions on credit score, including consequences of poor credit management and bankruptcy.	Chapter 13 Building and Managing Credit Simulation: performance score
(10) Credit and borrowing. The student evaluates a decision to use credit. The student is expected to:	
(A) examine the components of the cost of borrowing, including annual percentage rate (APR), fixed versus variable interest, length of term, grace period, and additional fees such as late payment, cash advance, and prepayment penalties;	Chapter 5 Loans and Credit Cards, Simulation: Credit Card, auto loan, and student loan statements and vendor contracts
(B) explain strategies to reduce total cost of borrowing such as making a higher down payment and additional principal payments; and	Chapter 5 Loans and Credit Cards, Simulation: performance scoring, Debt Reduction Trophy
(C) differentiate between the use and cost of debit and credit cards.	Chapter 4 Banking, Chapter 5 Loans and Credit Cards
(11) Insuring and protecting. The student recognizes financial risks faced by individuals and families and identifies strategies for handling these risks. The student is expected to:	

(A) identify risk as potential loss of assets or earning potential; and	Chapter 1 Keys to Financial Success, Chapter 11 Insurance and Managing Risk: Motor Vehicle and Property, Chapter 12 Health, Life and Disability Insurance Simulation: unexpected event
(B) apply risk management strategies, including avoiding, reducing, retaining, and transferring risk.	Chapter 1 Keys to Financial Success, Chapter 11 Insurance and Managing Risk: Motor Vehicle and Property, Chapter 12 Health, Life and Disability Insurance Simulation: vendor selection auto and renters insurance, Emergency Fund Trophy
(12) Insuring and protecting. The student identifies the costs and benefits of insurance for transferring risk. The student is expected to:	
(A) define insurance terminology, including premiums, deductibles, co-pays, and policy limits;	Chapter 11 Insurance and Managing Risk: Motor Vehicle and Property, Chapter 12 Health, Life and Disability Insurance
(B) explain the costs and benefits of different types and sources of health insurance such as individual health plans, employer-provided health plans, and government-provided health plans;	Chapter 3 Employment, Chapter 12 Health, Life and Disability Insurance Simulation: employer provided health insurance premium
(C) explain the costs and benefits of disability and long-term care insurance;	Chapter 12 Health, Life and Disability Insurance
(D) explain the costs and benefits of life insurance, including term insurance and whole life insurance;	Chapter 12 Health, Life and Disability Insurance
(E) explain the costs and benefits of property insurance, including homeowner's and renter's insurance;	Chapter 11 Insurance and Managing Risk: Motor Vehicle and Property Simulation: renters insurance
(F) explain the costs and benefits of automobile insurance and factors that impact the price of insurance, including the type of vehicle, age and sex of driver, driving record, deductible, and geographic location; and	Chapter 11 Insurance and Managing Risk: Motor Vehicle and Property Simulation: vehicle insurance
(G) explain the costs and benefits of supplemental types of insurance such as extended warranties, mortgage protection life insurance, accidental death and dismemberment life insurance, car loan	Chapter 8 Purchasing and Consumer Protection, Chapter 9 Buying and Leasing a Vehicle, Chapter 10 Housing

payoff coverage, debt cancellation coverage, and credit life coverage.	
(13) Insuring and protecting. The student understands how to identify and protect themselves from frauds, schemes, and scams. The student is expected to:	
(A) identify ways to protect personal information and reduce risk of identity theft;	Chapter 14 Data Security
(B) recognize common schemes and scams such as investment, pyramid, phishing, check cashing, and home renovation scams; and	Chapter 14 Data Security
(C) demonstrate an understanding of how to use consumer protection agencies such as the Better Business Bureau, Consumer Financial Protection Board, or the Texas State Securities Board to research and report fraud.	Chapter 8 Purchasing and Consumer Protection, Chapter 14 Data Security
(14) Insuring and protecting. The student understands the legal instruments available for estate planning. The student is expected to:	
(A) explain the importance of guardianship of minor children, wills, and beneficiary designation; and	Chapter 16 The Next Steps
(B) explain the importance of a power of attorney, living will, and medical directive.	Chapter 16 The Next Steps
(15) College and postsecondary education and training. The student recognizes the costs and benefits of various types of college, postsecondary education, and training. The student is expected to:	
(A) analyze the relationship between education and training and earnings;	Chapter 16 The Next Steps
(B) identify types of costs associated with college, postsecondary education, and training;	Chapter 16 The Next Steps
(C) compare costs among postsecondary education and training institutions such as public universities, private universities, certification programs, and community colleges; and	Chapter 16 The Next Steps
(D) analyze the quality of education investment using measures such as academic reputation, selectivity and rigor in a chosen area of study, average starting salary of students graduating in chosen field, and likelihood of student graduation.	Chapter 16 The Next Steps
(16) College and postsecondary education and training. The student understands various options for paying for college, postsecondary education, and training. The student is expected to:	

(A) understand how, why, and when to complete grant and scholarship applications and the Free Application for Federal Student Aid (FAFSA) provided by the U.S. Department of Education;	Chapter 17 Paying for College
(B) research various sources of funds for postsecondary education and training, including student loans, grants and scholarships, and other sources such as work-study and military programs; and	Chapter 17 Paying for College
(C) analyze the advantages and disadvantages of various sources of funds for postsecondary education and training, including student loans, grants and scholarships, and other sources such as work-study and military programs.	Chapter 17 Paying for College Simulation: student loan