

TEXAS ADMINISTRATIVE CODE: As in effect on 10/13/2025.

TITLE 19. EDUCATION

PART 2. TEXAS EDUCATION AGENCY

CHAPTER 113. TEXAS ESSENTIAL KNOWLEDGE AND SKILLS FOR SOCIAL STUDIES

SUBCHAPTER C. HIGH SCHOOL

§113.31. Economics with Emphasis on the Free Enterprise System and Its Benefits, High School (One-Half Credit), Adopted 2022.

(a) Implementation. The provisions of this section shall be implemented by school districts beginning with the 2024-2025 school year.

(b) General requirements. This course will be taught in the social studies department and is recommended to be taught in Grade 12.

(c) Introduction.

(1) Economics with Emphasis on the Free Enterprise System and Its Benefits is the culmination of the economic content and concepts studied from Kindergarten through required secondary courses. The focus is on the basic principles concerning production, consumption, and distribution of goods and services (the problem of scarcity) in the United States and a comparison with those in other countries around the world. Students analyze the interaction of supply, demand, and price. Students will investigate the concepts of specialization and international trade, economic growth, key economic measurements, and monetary and fiscal policy. Students will study the roles of the Federal Reserve System and other financial institutions, government, and businesses in a free enterprise system. Types of business ownership and market structures are discussed. The course also incorporates instruction in personal financial literacy. Students apply critical-thinking skills using economic concepts to evaluate the costs and benefits of economic issues.

(2) Students identify the role of the U.S. free enterprise system within the parameters of this course and understand that this system may also be referenced as capitalism or the free market system.

(3) Economics with Emphasis on the Free Enterprise System and Its Benefits builds upon the foundation in economics and social studies laid by the social studies essential knowledge and skills in Kindergarten-Grade 12. The course will apply these skills to current economic situations. The content enables students to understand the importance of patriotism, function in a free enterprise society, and appreciate the basic democratic values of our state and nation as referenced in the Texas Education Code (TEC), §28.002(h).

(4) Students understand that a constitutional republic is a representative form of government whose representatives derive their authority from the consent of the governed, serve for an established tenure, and are sworn to uphold the constitution.

(5) As referenced in House Bill 492, an act of the Texas Legislature signed into law in 2005, the concepts of personal financial literacy are to be mastered by students in order that they may become self-supporting adults who can make informed decisions relating to personal financial matters. These concepts are incorporated into the student expectations of Economics with Emphasis on the Free Enterprise System and Its Benefits: understanding interest, avoiding and eliminating credit card debt; understanding the rights and responsibilities of renting or buying a home; managing money to make the transition from renting a home to home ownership; starting a small business; being a prudent investor in the stock market and using other investment options; beginning a savings program and planning for retirement; bankruptcy; types of bank accounts available to consumers and benefits of maintaining a bank account; balancing a checkbook; types of loans available to consumers and becoming a low-risk borrower; understanding insurance; and charitable giving.

(6) State and federal laws mandate a variety of celebrations and observances, including Celebrate Freedom Week.

(A) Each social studies class shall include, during Celebrate Freedom Week as provided under the TEC, §29.907, or during another full school week as determined by the board of trustees of a school district, appropriate instruction concerning the intent, meaning, and importance of the Declaration of Independence and the U.S. Constitution, including the Bill of Rights, in their historical contexts. The study of the Declaration of Independence must include the study of the relationship of the ideas expressed in that document to subsequent American history, including the relationship of its ideas to the rich diversity of our people as a nation of immigrants, the American Revolution, the formulation of the U.S. Constitution, and the abolitionist movement, which led to the Emancipation Proclamation and the women's suffrage movement.

(B) Each school district shall require that, during Celebrate Freedom Week or other week of instruction prescribed under subparagraph (A) of this paragraph,

students in Grades 3-12 study and recite the following text from the Declaration of Independence: "We hold these Truths to be self-evident, that all Men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the Pursuit of Happiness--That to secure these Rights, Governments are instituted among Men, deriving their just Powers from the Consent of the Governed."

(7) Students discuss how and whether the actions of U.S. citizens and the local, state, and federal governments have achieved the ideals espoused in the founding documents.

(d) Knowledge and skills.

(1) Economics. The student understands the concepts of scarcity and opportunity costs. The student is expected to:

(A) explain why scarcity and choice are basic economic problems faced by every society;

(B) describe how societies answer the basic economic questions: what to produce, how to produce, and for whom to produce;

(C) describe the economic factors of production: land, labor, capital, and entrepreneurship; and

(D) interpret a production-possibilities curve and apply the concepts of opportunity costs and scarcity.

(2) Economics. The student understands the interaction of supply, demand, and price. The student is expected to:

(A) understand the effect of changes in price on the quantity demanded and quantity supplied;

(B) identify the non-price determinants that create changes in supply and demand, which result in a new equilibrium price; and

(C) interpret a supply-and-demand graph using supply-and-demand schedules.

(3) Economics. The student understands the reasons for international trade and its importance to the United States and the global economy. The student is expected to:

(A) apply the concepts of absolute and comparative advantages;

(B) compare the effects of free trade and trade barriers on economic activities, including the benefits and costs of participating in international trade; and

- (C) analyze the effects of changes in exchange rates on imports and exports.
- (4) Economics. The student understands free enterprise, socialist, and communist economic systems. The student is expected to:
- (A) explain the basic characteristics of economic systems, including property rights, incentives, economic freedom, competition, and the role of government;
 - (B) contrast current and historic examples of the free enterprise system, socialism, and communism using the basic characteristics of economic systems; and
 - (C) analyze the contributions of various economic philosophers, including Friedrich Hayek, Milton Friedman, John Maynard Keynes, and Adam Smith, and their impact on the U.S. free enterprise system.
- (5) Economics. The student understands the basic characteristics and benefits of the U.S. free enterprise system. The student is expected to:
- (A) explain the benefits of the U.S. free enterprise system, including individual freedom of consumers and producers, variety of goods, responsive prices, investment opportunities, and the creation of wealth; and
 - (B) analyze recent changes in the basic characteristics, including private property, incentives, economic freedom, competition, and the limited role of government, of the U.S. economy.
- (6) Economics. The student understands the right to own, use, and dispose of private property. The student is expected to:
- (A) analyze the costs and benefits of the purchase, use, or disposal of personal and business property; and
 - (B) identify and evaluate examples of restrictions that the government places on the use of business and individual property.
- (7) Economics. The student understands the circular-flow model of the economy. The student is expected to:
- (A) interpret the roles of resource owners and firms in a circular-flow model of the economy and provide real-world examples to illustrate elements of the model; and
 - (B) explain how government actions affect the circular-flow model.
- (8) Economics. The student understands types of market structures. The student is expected to:

(A) describe characteristics and give examples of pure competition, monopolistic competition, oligopoly, and monopoly; and

(B) identify regulations that apply to the establishment and operation of various types of market structures.

(9) Economics. The student understands key economic measurements. The student is expected to:

(A) interpret economic data, including unemployment rate, gross domestic product, gross domestic product per capita as a measure of national wealth, and rate of inflation; and

(B) analyze business cycles using key economic indicators.

(10) Economics. The student understands key components of economic growth. The student is expected to:

(A) analyze how productivity relates to growth;

(B) analyze how technology relates to growth; and

(C) analyze how trade relates to growth.

(11) Economics. The student understands the role of money in an economy. The student is expected to:

(A) describe the functions of money;

(B) describe the characteristics of money, including commodity money, fiat money, and representative money; and

(C) analyze the positive and negative aspects of barter, currency, and debit cards.

(12) Economics. The student understands the role of the Federal Reserve System in establishing monetary policy. The student is expected to:

(A) explain the structure of the Federal Reserve System;

(B) analyze the three basic tools used to implement U.S. monetary policy, including reserve requirements, the discount rate and the federal funds rate target, and open-market operations;

(C) explain how the actions of the Federal Reserve System affect the nation's money supply; and

(D) describe the current role of the U.S. dollar in trade in the world market and analyze how that has changed over time, in particular since departing from the gold standard in 1971.

(13) Economics. The student understands the role that the government plays in the U.S. free enterprise system. The student is expected to:

(A) describe the role of government in the U.S. free enterprise system and the changes in that role over time; and

(B) analyze the costs and benefits of U.S. economic policies, rules, and regulations related to the economic goals of economic growth, stability, full employment, freedom, security, equity (equal opportunity versus equal outcome), and efficiency.

(14) Economics. The student understands the economic impact of fiscal policy decisions at the local, state, and national levels. The student is expected to:

(A) identify types of taxes at the local, state, and national levels and the economic importance of each;

(B) explain the categories of revenues and expenditures in the U.S. federal budget; and

(C) analyze the impact of fiscal policy decisions on the economy.

(15) Personal financial literacy. The student understands types of business ownership. The student is expected to:

(A) explain the characteristics of sole proprietorships, partnerships, and corporations; and

(B) analyze the advantages and disadvantages of sole proprietorships, partnerships, and corporations.

(16) Personal financial literacy. The student understands the role of financial markets/institutions in saving, borrowing, and capital formation. The student is expected to:

(A) explain the functions of financial institutions and how they affect households and businesses;

(B) explain how the amount of savings in an economy is the basis of capital formation;

(C) analyze the role of interest and risk in allocating savings to its most productive use; and

(D) examine the types of accounts available to consumers from financial institutions and the risks, monetary costs, and benefits of maintaining these accounts.

(17) Personal financial literacy. The student understands the role of individuals in financial markets. The student is expected to:

(A) assess ways to be a wise investor in the stock market and in other personal investment options such as developing a personal retirement plan;

(B) explain how to begin a savings program;

(C) demonstrate how to maintain a checking account, including reconciling a bank statement;

(D) identify the types of loans available to consumers;

(E) explain the responsibilities and obligations of borrowing money; and

(F) develop strategies to become a low-risk borrower by improving and understanding one's personal credit score.

(18) Personal financial literacy. The student applies critical-thinking skills to analyze the costs and benefits of personal financial decisions. The student is expected to:

(A) examine ways to avoid and eliminate credit card debt;

(B) evaluate the costs and benefits of declaring personal bankruptcy;

(C) evaluate the costs and benefits of buying insurance; and

(D) evaluate the costs and benefits of charitable giving.

(19) Personal financial literacy. The student understands how to provide for basic needs while living within a budget. The student is expected to:

(A) evaluate the costs and benefits of renting a home versus buying a home; and

(B) assess the financial aspects of making the transition from renting to home ownership.

(20) Personal financial literacy. The student understands the various methods available to pay for college and other postsecondary education and training. The student is expected to:

(A) understand how to complete the Free Application for Federal Student Aid (FAFSA) provided by the United States Department of Education;

(B) research and evaluate various scholarship opportunities such as those from state governments, schools, employers, individuals, private companies, nonprofits, and professional organizations;

(C) analyze and compare student grant options;

(D) analyze and compare student loan options, including private and federal loans; and

(E) research and evaluate various work-study program opportunities.

(21) Social studies skills. The student applies critical-thinking skills to organize and use information acquired through established research methodologies from a variety of valid sources, including technology. The student is expected to:

(A) analyze economic information by sequencing, categorizing, identifying cause-and-effect relationships, comparing, contrasting, finding the main idea, summarizing, making generalizations and predictions, and drawing inferences and conclusions;

(B) create economic models, including production-possibilities curves, circular-flow charts, and supply-and-demand graphs, to analyze economic concepts or issues;

(C) explain a point of view on an economic issue;

(D) analyze and evaluate a variety of economic information from primary and secondary sources for validity, credibility, accuracy, bias, propaganda, point of view, and frame of reference;

(E) evaluate economic data using charts, tables, graphs, and maps; and

(F) formulate and communicate visually, orally, or in writing a claim supported by evidence and reasoning for an intended audience and purpose.

(22) Social studies skills. The student communicates in written, oral, and visual forms. The student is expected to:

(A) use social studies terminology correctly;

(B) create written, oral, and visual presentations of economic information using effective communication skills, including proper citations and avoiding plagiarism; and

(C) apply foundational language skills to engage in civil discourse about economics topics, including those with multiple perspectives.

(23) Social studies skills. The student uses problem-solving and decision-making skills, working independently and with others. The student is expected to use problem-solving and decision-making processes to identify a problem, gather information, list and consider options, consider advantages and disadvantages, choose and implement a solution, and evaluate the effectiveness of the solution.