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**FISCAL IMPACT REPORT**

SPONSOR: Brown/Armstrong

ORIGINAL DATE: 02/25/21

LAST UPDATED: SB 302

SHORT TITLE: Financial Literacy for Graduation

ANALYST: Becerra

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

<table>
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<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>3 Year Total Cost</th>
<th>Recurring or Nonrecurring</th>
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(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates
- SB170, Financial Literacy School Credit

Relates to
- HB163, School Financial Management Classes
- HB83/aHSEIC, Change Graduation Requirements
- HB227, Ethnic Studies Definition
- SB210, Ethnic Studies Education

**SOURCES OF INFORMATION**

LFC Files

No Response Received
Public Education Department (PED)

**SUMMARY**

**Synopsis of Bill**

House Bill 302 amends the graduation requirements to require one-half credit of financial literacy prior to graduation, increasing the number of required mathematics units from four units to four and one-half units, for students who enter the ninth grade in the 2022-2023 school year. The number of elective units required for graduation would decrease from seven and one-half to seven for students beginning ninth grade in the same year, and subsequent years.

HB302 also includes requirements for the financial literacy course. The financial literacy course offered shall include a basic understanding of budgets, checking and savings accounts, credit, interest, and the costs of borrowing [money].
There is no effective date of this bill. It is assumed that the effective date is 90 days following adjournment of the Legislature.

**FISCAL IMPLICATIONS**

HB302 does not contain an appropriation.

School districts may incur costs should they need to develop additional financial literacy courses. Current statute requires financial literacy to be offered as an elective in high school so anticipated additional costs may be minimal. The development of additional financial literacy courses, may still be needed to accommodate a greater number of students taking such courses if required rather than offered as an elective.

**SIGNIFICANT ISSUES**

**Current Efforts.** Current statute requires financial literacy be offered as an elective to high school students and can also count toward a mathematics credit if it meets state mathematics academic content and performance standards. HB302 would amend existing statute to make one half-credit of financial literacy part of graduation requirements.

**Related Research.** The Council for Economic Education, upon the release of its survey of the states, provides a detailed state-by-state look at the economics and personal finance standards and requirements in K–12 state education systems, reports that twenty-one states now require high school students to take a course that integrates personal finance content - a net increase of four states since the last survey, conducted in 2018. Of those states, 15 require it be integrated with another course, while 6 require a standalone course.

Research from Montana State University indicates that state-mandated financial education high school graduation requirements create more responsible student loan borrowers, increase applications for aid and the likelihood of obtaining grants and scholarships. Additionally, more students finance their educations through low-interest federal Stafford loans, and fewer students rely upon high-interest credit card debt.

**ADMINISTRATIVE IMPLICATIONS**

If enacted, all public high schools would need to review their curricula to evaluate the availability of financial literacy courses to students.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Duplicates SB170, Financial Literacy School Credit.
Relates to HB163, School Financial Management Classes.
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MB/sb