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FISCAL IMPACT REPORT

LAST UPDATED _____

SPONSOR Brown/Kernan/Padilla/Jones/Diamond **ORIGINAL DATE** 2/13/23

BILL

SHORT TITLE Personal Finance Class For Graduation **NUMBER** House Bill 279

ANALYST Helms

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
		Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Conflicts with HB126, SB340, SB341
 Duplicate SB341
 Relates to HB111

Sources of Information

LFC Files

Responses Received From
 Higher Education Department (HED)
 University of New Mexico (UNM)

No Response Received
 Public Education Department (PED)

SUMMARY

Synopsis of House Bill 279

House Bill 279 (HB279) amends Graduation Requirements, Section 22-13-1.1 NMSA 1978, adding a requirement for one half unit of personal finance for students entering the ninth grade in the 2023 to 2024 school year, and reducing elective requirements from 7.5 units to seven units. Total graduation requirements would remain at 24 units.

This bill does not contain an effective date and, as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed into law.

FISCAL IMPLICATIONS

HB279 does not contain an appropriation.

In current statute, schools had been required to offer financial literacy as an elective. While HB279 strikes the language requiring the financial literacy elective offering and instead moves personal finance into a graduation requirement, schools should already have the resources and curriculum to have been teaching financial literacy, which will likely translate to personal finance course offerings, though the reasons for using the term personal finance instead of financial literacy are unclear. Schools may require some restructuring to ensure there are adequate staff to provide a half-unit of personal finance to all students.

SIGNIFICANT ISSUES

Financial literacy is already required as an elective course offering for students in ninth to twelfth grades. As of FY21, PED data indicates 11 percent of eligible students took a financial literacy course.

The National Financial Educators Council reports that after financial education was mandated in the states of Georgia, Idaho and Texas, students who participated in the programs increased their credit scores by 10, 16, and 31 points, respectively. Additionally, the National Bureau of Economic Research found that individuals entering high school five years after the implementation of a financial literacy mandate had a savings rate of 1.5 percentage points higher than for students not exposed to a mandate.

Analysis from the Higher Education Department advises:

College-bound students and their families should receive information that a personal finance course will not meet general education program requirements for Associate's and Bachelor's degrees at New Mexico HEIs and will not fulfill credit requirements for an academic major, even if it is offered as a dual credit course.

PERFORMANCE IMPLICATIONS

Prior LFC analysis of course offerings related to financial literacy indicates many students who come from low socioeconomic conditions may not have parents or family members who can adequately teach them about finances or financial literacy, thus, leaving them at a disadvantage when compared with their peers of higher socioeconomic conditions. For all students to receive an equal opportunity at learning about financial management and become financially literate, they must all have access to the same quality education.

ADMINISTRATIVE IMPLICATIONS

PED may need to better define what is required within the scope of a personal finance course and provide technical assistance to schools and districts to implement changes and training to accommodate a new graduation requirement.

CONFLICT, DUPLICATION, RELATIONSHIP

House Bill 126 amends graduation requirements and could conflict with HB279. While HB279 requires seven total elective units instead of 7.5 elective units and keeps total graduation units the same, HB126 would instead move elective units to four units, plus two additional units set by local administrators.

Senate Bill 340 could conflict with HB279. Instead of a half unit in personal finance, SB340 would implement a half unit of ethnic studies and also replaces the general requirement for 7.5 elective units to only seven elective units beginning in the 2024-2025 school year.

Senate Bill 341 could both duplicate and conflict with aspects of HB279. SB341 also requires one half-unit of personal finance as a graduation requirement for students entering the ninth grade in the 2023 to 2024 school year. However, SB341 maintains 7.5 overall elective units (rather than reducing elective units by a half unit), SB341 has additional changes to graduation requirements including striking requirements for health implementation plans and requiring personal finance to be offered as an elective in sixth to eighth grades.

House Bill 111 relates to HB279, as it would require each school district and charter school to offer seventh and eighth graders an elective on the Holocaust and genocide starting with 2024-2025 school year.

TECHNICAL ISSUES

HB279 strikes language referring to elective requirements for financial literacy and seems to replace that course offering requirement with the personal finance graduation requirement. However, it is unclear if personal finance and financial literacy are interchangeable terms, or what would be the standards required in personal finance. For example, personal finance could be limited to capacity to open a bank account and set a budget, or could include an understanding of long-term retirement savings, credit cards and interest rates, and setting financial goals.

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