F I S C A L   I M P A C T   R E P O R T

SPONSOR Nava **ORIGINAL DATE** 2/15/2007 **LAST UPDATED** **HB**

SHORT TITLE Economics & Personal Finance Education Center **SB** 926

ANALYST Moser

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	$300.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

SOURCES OF INFORMATION
LFC Files

Responses Received From
NM Department of Higher Education (HED)
Public Education Department (PED)

SUMMARY

Synopsis of Bill

Senate Bill 926 appropriates $300,000 from the General Fund to the Board of Regents of New Mexico State University (NMSU) to pay for the Center for Economics and Personal Finance Education.

FISCAL IMPLICATIONS

The appropriation of $300,000 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of (FISCAL YEAR) shall revert to the general fund.

SIGNIFICANT ISSUES

PED reports that New Mexico schools, under the prevailing Content and Performance Standards and Benchmarks in the Social Studies strand, administered by the PED, are mandated to impart training in economics and personal finance education at all levels, K-12. These standards require the teaching of a high school economics course and the testing of high school students as a condition for graduation. Additionally, federal No Child Left Behind legislation imposes on states the testing of economics concepts as one of the 10 critical core areas (along with reading, mathematics, science, etc.).

NMSU conducted studies related to economic and personal finance literacy of students in New Mexico schools and found that students struggle with meeting the standards for a variety of reasons. Its research shows that universities need to meet the challenge and assist the state in filling important gaps in the teacher preparation programs. A large proportion of teachers certified to teach in social studies have not taken sufficient hours of undergraduate economics (micro and macro economics). Accordingly, the corps of teachers in New Mexico most eligible to teach economics that aligns with standards is inadequately trained. Second, instruction in the K-8 years in the areas of economics and personal finance rarely occurs on a systematic basis. Thus, K-8 students move into the high school years unprepared to receive instruction in economics and personal finance that aligns with standards.

NMSU indicates that less than 50% of enrolled undergraduates elect to take undergraduate economics. This leads to many college graduates, in the days of globalization, entering the job market unprepared to compete with similarly situated students in other states who do possess knowledge of important concepts such as exchange rates and the effects of monetary policy on international capital investments. Evidence also shows that Advanced Placement (AP) economics was offered in only four high schools throughout the State in 2005-2006. This statistic stands in sharp contrast to the offering of AP courses in other areas such as history and mathematics.

The Center for Economics and Personal Finance at NMSU has been in existence since May 2005, when it received its charter from the National Council on Economics Education. Since then, it has hosted 17 teacher training workshops for high school teachers. Under contract with the PED, the Center also created a web-based curriculum for high school economics (http://cepfe.nmsu.edu) that translates the prevailing standards and benchmarks into lesson plans and makes them available throughout the state over the Internet. The Center has also formed several important alliances that include the Federal Reserve Bank of Dallas, the Federal Reserve Bank of Kansas City, the National Council on Economics Education, the network of over 225 university-based Centers across the nation and the PED.

NMSU reports that the appropriation would enable the Center to strengthen its work with teachers, especially those teachers in hard to reach rural and border areas, and with tribal schools. Additionally, the Center would start the slow process of advocating and promoting K-8 economics and personal finance education, create a master teacher corps of teachers in economics that would mentor other teachers, promote interest in the student body by a series of competitions, involve parents and move toward a comprehensive teacher preparation in AP economics.

HED reports that the primary goal of the Center for Economics and Personal Finance (CEPFE) is to bridge the gap between what students need to know about economics and what they are being taught in school. In 2005 over 2,000 students in grades 9-12 took an economics survey in the form of a quiz which covered topics such as scarcity, allocation of goods and services, role of competition, role of money, and specialization and trade..

According to the director of CEPFE, this appropriation would supplement the existing operating budget and assist the center with a number of new initiatives as they work to address the statistics above. Specifically, this appropriation would be used for the following:

- Teacher training workshops.
- Expand outreach to K-8 populations in the state.
- Design and implement a parental involvement project per a request from Senator Nava.
- Design and implement a web-based curriculum for grades K-8 which models the curriculum that has been designed for high schools.
- Distribute the curriculum and materials that integrate and interface with the web-based training.
- Any remaining fund would be used for travel and assistantships.

This request was not on the list of priority projects submitted by NMSU to the New Mexico Higher Education Department (NMHED) for review and was not included in the Departments funding recommendations for FY08.

GM/nt