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FISCAL IMPACT REPORT

SPONSOR Madrid/Maestas **ORIGINAL DATE** 01/29/21 **LAST UPDATED** 03/12/21 **HB** 163/aSEC
SHORT TITLE School Financial Management Classes **SB** _____
ANALYST Becerra

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	NFI	NFI	NFI		

(Parenthesis () Indicate Expenditure Decreases)

Relates to: House Bill 83

SOURCES OF INFORMATION

LFC Files

No Response Received

Public Education Department (PED)

SUMMARY

Synopsis of SEC Amendment

The Senate Education Committee (SEC) amendment to House Bill 163 (HB163) would require one-half of the four required mathematics credits be a financial management course for students entering the ninth grade in the 2022-2023 school year.

Synopsis of Original Bill

House Bill 163 (HB163) allows financial management to count as an elective in sixth through eighth grades and amends current high school graduation requirements. As part of the requirements to receive a diploma of excellence, HB163 requires that one-half of the required mathematics units be a financial management course for students entering the ninth grade in the 2021-2022 school year. It specifies the required financial management course meet mathematics academic content and performance standards and shall include a basic understanding of budgets, checking and savings accounts, credit, interest and the costs of borrowing. It removes financial literacy as an

allowable elective course.

There is no effective date of this bill. It is assumed the effective date is 90 days following adjournment of the Legislature.

FISCAL IMPLICATIONS

This bill includes no appropriation.

A cost may be incurred by public school districts if the required financial management course is not currently offered.

SIGNIFICANT ISSUES

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.

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.

ADMINISTRATIVE IMPLICATIONS

Public school districts may have to incur the cost of providing a financial management course if that course is not already offered.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to House Bill 83 that also amends high school graduation requirements.

MB/sb