

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Appropriations Subcommittee on Education

BILL: CS/SB 212

INTRODUCER: Education Committee and Senator Hukill and others

SUBJECT: High School Graduation Requirements

DATE: April 8, 2014

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>deMarsh-Mathues</u>	<u>Klebacha</u>	<u>ED</u>	<u>Fav/CS</u>
2.	<u>Sikes</u>	<u>Elwell</u>	<u>AED</u>	<u>Pre-meeting</u>
3.	_____	_____	<u>AP</u>	_____

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 212 removes the requirement that financial literacy be included in the instruction of high school economics. Beginning with students entering 9th grade in the 2014-2015 school year, the high school graduation requirements must include one-half credit in personal financial literacy and money management instruction. Additionally, the bill reduces the number of required elective credits from eight to seven and one-half credits.

The district costs associated with a new financial literacy course would be paid from existing Florida Education Finance Program (FEFP) funds or other local sources. No additional state funds would be needed.

The bill provides an effective date of July 1, 2014.

II. Present Situation:

Currently, Florida public high school students have four options for obtaining a standard high school diploma -- a traditional 4-year, 24-credit option;¹ an 18-credit graduation option;² or

¹ Section 1003.428, F.S., established high school graduation requirements beginning with students entering grade 9 in the 2007-2008 school year. Section 1003.4282, F.S., established high school graduation requirements for students entering grade 9 in the 2013-2014 school year and thereafter.

² Section 1002.3105(5), F.S. Effective July 1, 2013, students may earn a standard high school diploma in 18 credits by achieving a 2.0 GPA; earning credit in the same 15 English Language Arts, mathematics, science, social studies, and fine and

completion of an International Baccalaureate (IB) or Advanced International Certificate of Education (AICE) curriculum.³ In addition, current law requires each school district to adopt an early graduation policy allowing a high school student who completes 24 credits in less than eight semesters and meets the GPA and assessment requirements to graduate early.⁴

Three of the 24 credits required to graduate from high school must be in social studies.⁵ Of these, one credit each must be in United States history and world history, and one-half credit each must be in economics, including financial literacy, and United States government.⁶

The law requires Florida's social studies standards to establish specific curricular content for economics, including financial literacy.⁷ Financial literacy includes the knowledge, understanding, skills, behaviors, attitudes, and values that enable a student to make responsible and effective financial decisions on a daily basis. Financial literacy instruction must be an integral part of instruction throughout the entire economics course and include information regarding earning income; buying goods and services; saving and financial investing; taxes; the use of credit and credit cards; budgeting and debt management, including student loans and secured loans; banking and financial services; planning for one's financial future, including higher education and career planning; credit reports and scores; and fraud and identity theft prevention.⁸

Legislation enacted in 2013 required the Commissioner of Education to prepare an analysis of the costs associated with implementing a separate, one-half credit course in financial literacy, including estimated costs for instructional personnel, training, and the development or purchase of instructional materials.⁹ The Commissioner was to provide the cost analysis to the presiding officers of the Senate and the House of Representatives by October 1, 2013.¹⁰

III. Effect of Proposed Changes:

The bill removes the requirement for financial literacy to be included in the instruction of high school economics. Beginning with students entering 9th grade in the 2014-2015 school year, the high school graduation requirements must include one-half credit in personal financial literacy

performing arts courses required under the traditional 24-credit option; and earning 3 elective credits, instead of the 6 electives required by the 24-credit option.

³ Sections 1003.428 and 1003.4282, F.S.

⁴ Section 1003.4281, F.S.

⁵ Sections 1003.428(2)(a)4. and 1003.4282(3)(d), F.S.

⁶ This requirement was created by ss. 15 and 17, chapter 2013-27, L.O.F., codified in s. 1003.428(2)(a)4., F.S., and s. 1003.4282(3)(d), F.S., respectively.

⁷ Section 1003.41(2)(d), F.S.

⁸ *Id.*

⁹ Section 11, chapter 2013-27, L.O.F.

¹⁰ *Financial Literacy Report*, correspondence from Commissioner Pam Stewart to the Speaker of the Florida House of Representatives, October 1, 2013. See [KMBT C454-201310011173005](http://www.kmbt.com/news/2013/10/01/1173005) (last visited March 19, 2014). The report describes the underlying assumptions for the estimates to implement a separate one-half credit course in financial literacy. The report cites the results of a survey of states requiring a stand-alone course to be offered in personal financial literacy. *Survey of the States: Economic and Personal Finance Education in Our Nation's Schools*, Council for Economic Education (CEE), 2014. See <http://www.councilforeconed.org/news-information/survey-of-the-states/> and <http://www.councilforeconed.org/about/> (last visited March 20, 2014).

and money management instruction.¹¹ Additionally, the bill reduces the number of required elective credits from eight to seven and one-half credits. The bill also makes conforming changes to s. 1003.41, F.S., which specifies Florida's academic standards.

The bill provides an effective date of July 1, 2014.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The Department of Education (DOE) provided four scenarios for the estimated school district cost of implementing a financial literacy course. These scenarios illustrate a 5-year cost range from a minimum of \$138,944 utilizing a free curriculum, to a maximum of \$12,945,984 based on a textbook for every student. The full range of DOE cost estimates for school districts are provided in the Estimated Costs of Implementing a Financial Literacy Course table below.¹² The cost of the instructional materials associated with the financial literacy course would be paid from existing FEFP funds or other local sources. No additional state funds would be needed.

¹¹ The components of the instruction include: types of bank accounts offered, opening an account, and assessing the quality of a depository institution's services; balancing a checkbook; basic principles of money management, such as spending, credit, credit scores, and managing debt, including retail and credit card debt; completing a loan application; receiving an inheritance and related implications; basic principles of personal insurance policies; computing federal income taxes; local tax assessments; computing interest rates by various mechanisms; simple contracts; contesting an incorrect billing statement; types of savings and investments; and state and federal laws concerning finance.

¹² DOE legislative bill analysis for SB 212, January 31, 2014. On file with the Senate Education Committee.

Estimated Costs of Implementing a Financial Literacy Course

Cost Analysis	Year 1	Year 2 to 5	Total
<u>Scenario 1: Assuming One set of Books Per Classroom</u>			
Teacher Wages and Benefits for Training Outside Normal Business Hours (4-hr training)	138,944	-	138,944
Instructional Materials Cost (assumes \$80 per book)	2,778,880	1,710,080	4,488,960
Total Estimated Cost	\$2,917,824	1,710,080	\$4,627,904
<u>Scenario 2: Assuming A Book for Each Students</u>			
Teacher Wages and Benefits for Training Outside Normal Business Hours (4-hr training)	138,944		138,944
Instructional Materials Cost (assumes \$80 per book)	8,004,400	4,802,640	12,807,040
Total Estimated Cost	\$8,143,344	\$4,802,640	\$12,945,984
<u>Scenario 3: Assuming A Free Online Course</u>			
Teacher Wages and Benefits for Training Outside Normal Business Hours (4-hr training) Includes salaries and benefits for “training the trainers”	145,912	-	145,912
Travel Costs (assumes 1 teacher from each district)	15,669	-	15,699
Total Estimated Cost	\$161,581	-	\$161,581
<u>Scenario 4: Assuming Free Curriculum</u>			
Teacher Wages and Benefits for Training Outside Normal Business Hours (4-hr training)	138,944	-	138,944
Total Estimated Cost	\$138,944	-	\$138,944

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 1003.41, 1003.428 and 1003.4282.

IX. Additional Information:

- A. Committee Substitute – Statement of Substantial Changes:
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Education on March 25, 2014:

The committee substitute:

- Adds conforming changes to Florida’s academic standards.

- B. Amendments:

None.