

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: PCS for HB 323 High School Graduation Requirements

SPONSOR(S): PreK-12 Quality Subcommittee

TIED BILLS: None **IDEN./SIM. BILLS:** None

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: PreK-12 Quality Subcommittee		Brink	DavisGreene

SUMMARY ANALYSIS

To earn a standard high school diploma in Florida, a student must, among other things, earn one-half credit in economics, which must include financial literacy. The bill eliminates financial literacy instruction from the one-half credit economics requirement and establishes a one-half credit financial literacy course as an additional elective.

The bill requires students to be provided an opportunity to learn personal financial literacy, which must include topics such as opening and managing a bank account; balancing a checkbook; completing a loan application; computing federal income taxes; simple contracts; types of savings and investments; and state and federal finance laws.

School districts may incur costs associated with procuring additional instructional materials aligned to the new personal financial literacy course, providing professional development to classroom teachers who will teach the course, and hiring additional classroom teachers to teach the course. These costs are indeterminate.

The bill takes effect July 1, 2018.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Florida High School Graduation Requirements

Florida law establishes the courses and credits required for a student to receive a standard high school diploma. A student must successfully complete 24 credits in core-curricula and extracurricular courses with a 2.0 or higher cumulative GPA, with limited exceptions.¹

For grades 9 through 12, core curricula courses are those subjects that are measured by state assessment at any grade level and courses that are specifically identified by name in state law as required for high school graduation and that are not measured by state assessment.² Core courses are: English language arts, mathematics, science, and social studies.³ With respect to social studies, students are required to earn 3 credits: one credit in United States History; one credit in World History; one-half credit in U.S. Government, and one-half credit in economics, which must include financial literacy.⁴

The remaining required courses are extracurricular courses, which include but are not limited to, physical education, fine arts, performing fine arts, career education, and courses that may result in college credit.⁵ Students are also required to earn 8 credits in electives courses. School districts must develop and offer coordinated electives so that a student may develop knowledge and skills in his or her area of interest. Electives must include opportunities for students to earn college credit, including industry-certified career programs or courses that lead to college credit.⁶

Financial Literacy Instruction

The Next Generation Sunshine State Standards (NGSSS), adopted by the State Board of Education pursuant to state law, includes financial literacy standards for kindergarten through grade 12.⁷ In 2014, after a committee of six experts in economics and finance reviewed the Council for Economic Education's (CEE) National Standards for Financial Literacy and after a series of public workshops, the state board incorporated the national standards into the NGSSS for Social Studies.⁸

Current law requires financial literacy standards to include information regarding:

- earning income;
- buying goods and services;
- saving and financial investing;
- taxes;
- the use of credit and credit cards;

¹ See s. 1008.4282(3)(a)-(g), F.S. A student may graduate with a minimum of 18 credit hours if he or she meets the core course credit (excluding physical education), assessment, and GPA requirements and completes three electives. See ss. 1002.3105(5) and 1003.4282(6)(a), F.S. One of the courses within the 24 credits must be completed through online learning. See s. 1003.4282(4), F.S.

² Section 1003.01(14), F.S.

³ See s. 1008.4282(3)(a)-(d), F.S.

⁴ Section 1003.4282(3)(d), F.S.

⁵ Section 1003.01(15), F.S.

⁶ Section 1003.4282(3)(g), F.S.

⁷ See rule 6A-1.09401(1)(c), F.A.C. (incorporating by reference Florida Department of Education, *Next Generation Sunshine State Standards—Social Studies, Revised June 2014*).

⁸ See Florida Department of Education, *Next Generation Sunshine State Standards—Social Studies, Revised June 2014*, at 1 (incorporated by reference in rule 6A-1.09401(1)(c), F.A.C.)

- 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.⁹

Florida’s 2017-2018 Course Code Directory includes courses in economics with financial literacy, incorporating 56 financial literacy standards, which students may use to satisfy the one-half course credit requirement for graduation. The directory also includes a semester-long course in personal financial literacy that school districts may offer to students.¹⁰

On a nationwide basis, efforts are being made to improve the general quality of financial literacy instruction. The CEE and the Champlain College Center for Financial Literacy have issued reports establishing goals for states to meet in order to generally improve financial literacy instructional standards.¹¹ The CEE report identifies five metrics for evaluating the quality of financial literacy instruction in a given state:

- inclusion of financial literacy in the state’s academic standards;
- the requirement that the standards be implemented by each school district;
- the requirement that the standards are included in a high school course;
- the requirement that the high school course be completed by all high school students; and
- implementation of a standardized financial literacy assessment.¹²

Florida meets four of the five metrics. The state does not, however, administer a statewide, standardized financial literacy assessment.¹³

The Champlain College’s Center for Financial Literacy has established an A-F scale for assessing a state’s financial literacy instruction policy. The center currently rates Florida a “B,” and it notes that the 56 financial literacy standards that are included in the economics course amounts to approximately 37 hours of financial literacy instruction.¹⁴ The center advocates the development and implementation of a national financial literacy assessment in lieu of including implementation of a state assessment as one of its metrics. No such national assessment has been developed or implemented.¹⁵

Research shows that the effect of financial literacy instruction is limited regardless of the length of instruction. Instead, proximity of the instruction to a financial decision bears more impact on financial behavior. “Like other education, financial education decays over time; even large interventions with many hours of instruction have negligible effects on behavior or more from the time of intervention.”¹⁶

⁹ Section 1003.41(2)(d), F.S.

¹⁰ See Florida Department of Education, *2017-2018 Course Directory*, <http://www.fldoe.org/policy/articulation/ccd/2017-2018-course-directory.stml> (last visited Jan. 18, 2018). See also CPALMS, *Browse and Search Courses*, <http://www.cpalms.org/Public/search/Course> (last visited Jan. 18, 2018) (providing the list of standards associated with course #2102335, Economics with Financial Literacy).

¹¹ See Council for Economic Education, *Survey of the States: Economic and Personal Finance Education in our Nation’s Schools 2016*, available at <http://councilforeconed.org/wp/wp-content/uploads/2016/02/sos-16-final.pdf> [hereinafter referred to as “Council for Economic Education”]. See also Champlain College Center for Financial Literacy, *Is Your State Making the Grade? 2015 National Report Card on State Efforts to Improve Financial Literacy in High Schools* (2015), available at <https://www.champlain.edu/centers-of-excellence/center-for-financial-literacy/report-national-high-school-financial-literacy/2015-national-report-card> [hereinafter referred to as *Champlain College*].

¹² See *Council for Economic Education*, *supra* at note 11.

¹³ See *id* at 6.

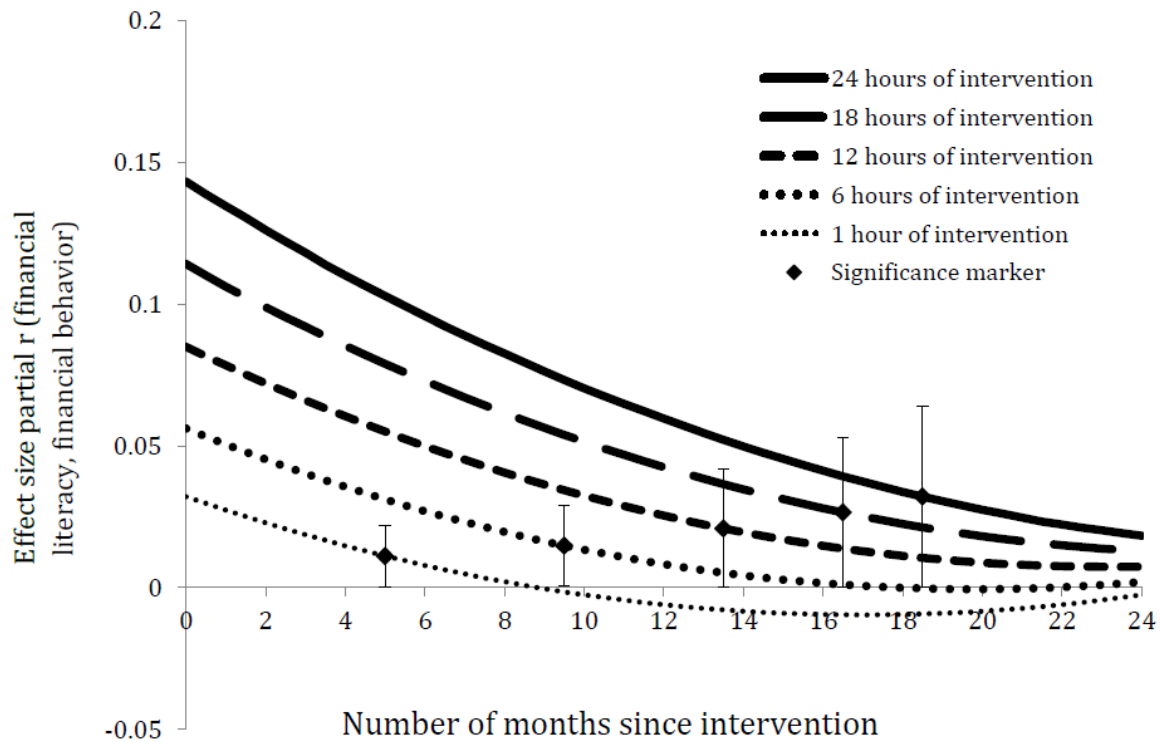
¹⁴ See *Champlain College* at 35, *supra* at note 11.

¹⁵ See *id* at 25.

¹⁶ Daniel Fernandes, John Lynch, and Richard Netemeyer, *Financial Literacy, Financial Education, and Downstream Financial Behaviors*, 60 *MANAGEMENT SCIENCE* 1861, 1867 (2014) (suggesting that a “just-in-time” approach to financial education tied to specific behaviors may constitute a more effective intervention).

Although the NGSSS financial literacy standards currently cover a number of these topics, the Florida Department of Education indicates that additional NGSSS would need to be developed and approved by the State Board of Education to include content on balancing a checkbook and receiving an inheritance.¹⁷

Figure 4: Partial Correlation of Financial Education Interventions with Financial Behavior as a Function of Number of Hours of Intervention and Number of Months since Intervention



Effect of Proposed Changes

The bill eliminates financial literacy instruction from the one-half credit economics requirement and establishes a one-half credit financial literacy course as an additional elective.

The bill requires students to be provided an opportunity to learn personal financial literacy and specifies that financial literacy includes instruction on:

- types of bank accounts offered, opening and managing a bank 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;

¹⁷ See Florida Department of Education, Agency Analysis of 2018 Senate Bill 88, p. 3 (Jan. 19, 2018).

- contesting an incorrect billing statement;
- types of savings and investments; and
- state and federal laws concerning finance.

The Department of Education must identify freely available assessments or certificates that enable a student to demonstrate proficiency in personal finance literacy without taking the course.

B. SECTION DIRECTORY:

Section 1. Amends s.1003.4282, F.S., eliminating the financial literacy instruction from the one-half credit economics requirement; and includes a financial literacy course as an elective.

Section 2. Provides an effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

School districts may incur costs associated with procuring additional instructional materials aligned to the new personal financial literacy course, providing professional development to classroom teachers who will teach the course, and hiring additional classroom teachers to teach the course. These costs are indeterminate.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

Not applicable.