

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 Committee on Education

BILL: SB 212

INTRODUCER: Senator Hukill and others

SUBJECT: High School Graduation Requirements

DATE: March 24, 2014

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	deMarsh-Mathues	Klebacha	ED	Pre-meeting
2.	_____	_____	AED	_____
3.	_____	_____	AP	_____

I. Summary:

SB 212 removes the requirement for financial literacy to be included in the instruction of Economics. Beginning with students entering grade 9 in the 2014-2015 school year, the high school graduation requirements must include a 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 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 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

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 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.

Three of the 24 credits required to graduate from high school must be in social studies.⁵ Of these, one credit each must be U.S. History and World History and one-half credit each must be in Economics, including financial literacy, and U.S. 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:

SB 212 removes the requirement for financial literacy to be included in the instruction of Economics. Beginning with students entering grade 9 in the 2014-2015 school year, the high school graduation requirements must include a one-half credit in personal financial literacy 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 provides an effective date of July 1, 2014.

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 C454-20131001173005](http://www.kmbt.com/news/2013/10/01/173005) (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).

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.

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 provided the following estimate for implementing a financial literacy course:¹²

Estimated Costs of Implementing a Financial Literacy Course

Cost Analysis	Year 1	Years 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 Student *</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	-	15,669
Total Estimated Cost	\$ 116,581	-	\$ 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

* Students enrolled in the course during the second semester will be issued the books that were used by students during the first semester.

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

VI. Technical Deficiencies:

The bill does not make a conforming change to s. 1003.41(2)(d), F.S., which requires Florida's social studies standards to establish specific curricular content for economics, including financial literacy.

VII. Related Issues:

None.

VIII. Statutes Affected:

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

IX. Additional Information:**A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.