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FISCAL IMPACT REPORT

ORIGINAL DATE 03/04/09
 SPONSOR Lundstrom LAST UPDATED 03/10/09 HJM 59/aSEC
 SHORT TITLE School Financial Literacy Content Standards SB _____
 ANALYST Haug

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		\$46.0			Non Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

SUMMARY

Synopsis of SEC Amendment

The Senate Education Committee amendment replaces developing financial literacy standards with reviewing financial literacy standards.

Synopsis of Original Bill

House Joint Memorial 59 requests the PED to develop financial literacy standards and benchmarks and model curricula in consultation with school districts, financial institutions and other experts in the development of financial literacy standards and benchmarks and model curricula; and report to the Legislative Education Study Committee by October 31, 2009.

FISCAL IMPLICATIONS

The PED estimates the cost of developing standards, benchmarks and model curricula at \$46,000.00. See Alternatives below for a potential lower cost option.

SIGNIFICANT ISSUES

The Public Education Department has content standards and benchmarks for the economics strand of social studies, and they are suitably thorough for a high school graduate to understand the basics of economics, probably even more than the general population.

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The strand requires students to understand basic economic principles and use economic reasoning skills to analyze the impact of economic systems, including the market economy, on individuals, families, businesses, communities and governments.

As vital as that understanding is, students also need to know basic consumer mathematics and information such as how to balance a checkbook, how to compute interest rates on loans, how to fill out a tax return and how to budget.

Students need to learn how to save money and how to develop a healthy relationship with money so as not to be swept away by debt.

Financial institutions would be very happy to help develop financial literacy standards, benchmarks and curricula and to volunteer in classrooms.

The PED states:

According to NM statute (22-13.1.1 NMSA 1978), financial literacy must be offered as an elective in high school. The PED does not currently develop standards, benchmarks and curricula for specific financial literacy courses but does so for content areas throughout the grades (K-12). Development of standards, benchmarks, and model curricula generally requires a significant investment of time and resources (see fiscal impact). There already exist standards, benchmarks and curricula for financial literacy, available through the internet.

The Jumpstart Coalition for Personal Financial Literacy) has developed *National Standards in K-12 Personal Finance Education—with Benchmarks, Knowledge Statements and Glossary*. This group's stated objective is to encourage curriculum enrichment to ensure that basic personal financial management skills are attained during the K-12 educational experience. They also maintain an extensive on-line clearinghouse-- a database of personal finance resources available from a variety of education providers such as government, business and non-profit organizations. This clearinghouse has numerous curricular materials for financial literacy, many available at no cost.

In addition, the U.S. Department of the Treasury has a free curriculum supplement that can "integrate financial education into existing school curricula"

As noted in this bill regarding the development of aligned standards and benchmarks related to an economics curriculum, New Mexico has taken strident steps in the area of high school economics education. The Center for Economics and Personal Finance Education, led by Dr. Benjamin Matta at New Mexico State University (NMSU), was officially chartered by the National Council on Economic Education in May 2005. The Center's work focuses on Economics Education.

In school year 2005-2006, the PED contracted with NMSU to develop a web-based curriculum for teacher use in the delivery of the required one-half unit of economics in New Mexico's high schools that is congruent with the body of resources contained in the National Council on Economic Education's Virtual Economics 3.0. The economics curriculum is aligned to state and national standards for economics.

Additionally, PED commissioned a series of full-day workshops on content and pedagogy related to economics, which occurred in the summer 2006. Since then, the Center has offered additional professional development addressing the same.

ALTERNATIVES

The PED suggests amending the memorial from developing standards, benchmarks and model curricula to reviewing and providing information to teachers about existing resources would reduce the fiscal impact significantly. If amended in this way, this memorial would have a minimal fiscal impact while still accomplishing the stated objectives of the memorial.

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