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FISCAL IMPACT REPORT

SPONSOR Garcia, Mary Helen DATE TYPED 02/06/05 HB 155

SHORT TITLE NMSU Financial & Economic Literacy Program SB _____

ANALYST Woods

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$50.0			Recurring	General

(Parenthesis () Indicate Expenditure Decreases)

Relates to the appropriation for New Mexico State University in the General Appropriations Act.

SOURCES OF INFORMATION

LFC Files

Responses Received From

- New Mexico Pubic Education Department (PED)
- New Mexico State University (NMSU), College of Business and Economics (CBAE)
- New Mexico Commission on Higher Education (CHE)

SUMMARY

Synopsis of Bill

House Bill 155 – Making an Appropriation to New Mexico State University to Develop Partnerships with the Public Schools to Promote Financial and Economic Literacy – appropriates \$50,000 from the general fund to the Board of Regents of New Mexico State University for expenditure in FY06 to develop partnerships with the public schools and other educational entities to promote financial and economic literacy. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

Significant Issues

PED indicates New Mexico teachers are responsible for the delivery of economic education as part of the *K-12 New Mexico Social Studies Content Standards, Benchmarks and Performance*

Standards. Elementary teachers, in particular, may have a difficult time acquiring economic education as part of their undergraduate teacher preparation program. This partnership opportunity could provide teachers with additional knowledge and skills to assist students in attaining the standards. NMSU, as a postsecondary institution in New Mexico, is experienced in establishing partnership programs with New Mexico schools, as typified by the Math Partnership for Middle School Teachers initiative.

NMSU-CBAE notes that this program anticipates are several desirable outcomes including the fact that experienced teachers throughout the state will receive the assistance they need in structuring, integrating, and delivering instruction to their students in economics and personal finance that is current and assisted by the most up to date instructional technology. Such instruction will move closer to what is required by New Mexico Performance Standards. Literacy and genuine interest among students will also grow.

CHE indicates this request was approved by the NMSU Board of Regents and submitted to CHE for review; however, the program was not recommended for expansion by the CHE at this time.

FISCAL IMPLICATIONS

The appropriation of \$50,000 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

ADMINISTRATIVE IMPLICATIONS

NMSU-CBAE suggests that principals and superintendents in New Mexico public schools will find it easier to meet current statutory educational requirements in the areas of economics and personal finance. The program will enable NMSU-CBAE to more intensively utilize its facilities and the distance education capabilities of NMSU to assist public schools as well as to forge stronger ties with public schools.

NMSU would retain oversight of the program.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to the appropriation for NMSU in the General Appropriations Act.

OTHER SUBSTANTIVE ISSUES

As general background information – and citing extrapolative analyses from The National Council on Economic Education – PED notes that Louis Harris & Associates, Inc. conducted a national survey, *The Standards in Economics Survey*, in the spring of 1999, to evaluate adult and student understanding of the Voluntary National Content Standards in Economics. This survey was based on interviews with a national cross-section of 1,010 adults ages 18 and over and a representative sample of 1,085 students in grades 9-12. Findings from this survey indicate the following:

- Only 48 percent of high school students across America understand basic economic concepts embodied in the standards. Students who were taught economics scored higher

than those who were not, and students who had at least one college-educated parent scored higher than those who did not. In spite of the low scores, however, most students and adults understand the economic principles that had the greatest impact on their daily lives, such as the most common sources of personal income and the factors to consider when making purchasing decisions.

- Students and adults alike lacked a basic understanding of scarcity, money and inflation, with fewer than half demonstrating knowledge of these values. A majority of adults and students did not understand the implications of government-established price ceilings or who benefits from government-supplied goods and services. Many were also unfamiliar with the definitions of the gross domestic product and budget deficit. The survey concludes that Americans are receptive to economic education, and that economic education appears to make a significant difference in the understanding of basic economics.

NMSU-CBAE additionally offers the following observations with respect to this initiative:

- In the mid-1980s New Mexico was placed in a group of about 23 states requiring *significant* K-12 instruction in economics and personal finance. Current education statutory requirements call for courses in economics and personal finance at the high school level and for an examination of competency in economics at the same level.
- Performance standards for economics and personal finance literacy in the social studies strand are, comparatively, some the nations most strident and robust (*New Mexico Content Standards, Benchmarks, and Performance Standards, Reference Guide, Grades 9-12*).
- Surveys of undergraduate enrollees in introductory economics courses at NMSU indicate that less than 48 percent of these students have taken the required course in economics and, of those, very few report having been exposed to the content required by the performance standards. Informal conversations with experienced high school teachers of business and social studies indicate their preparation in economics and personal finance is seriously inadequate.
- NMSU-CBAE has recently received recognition and affiliation with the National Council on Economic Education (NCEE), an organization which is exclusively dedicated to the mission of raising cognition levels on a national level in economics and personal finance by affecting the levels of preparation of teachers in the K-12 grades. NMSU-CBAE seeks to institute a series of on-campus and distance education summer workshops for and to develop long term relationships with New Mexico K-12 teachers. The overriding purpose of these programs is to raise the capacity of teachers to teach stand-alone courses in economics and personal finance that meet standards as well as to integrate subjects in both areas into other parts of the curriculum, such as language arts and mathematics. The expertise of NCEE as well as its vast curriculum and teacher resources will greatly advance teacher training and delivery in the classroom to the children of New Mexico.
- NMSU-CBAE is also currently engaged in the process of seeking and obtaining matching funds from the private sector to assist in this effort. The joining of the funds from will make it possible, in the first year of operation, to invite forty to fifty teachers from

throughout the state to the summer 2005 workshops prepared and delivered by NMSU-CBAE, pay appropriate stipends, and meet the travel costs of those residing outside of the Las Cruces area. Additionally, a constant and continuous level of involvement between NMSU and teachers would be made possible by an interactive web-page as well as mini workshops held throughout the academic year.

BFW/sb