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FISCAL IMPACT REPORT

ORIGINAL DATE 02/06/08

SPONSOR Maestas LAST UPDATED _____ HB 622

SHORT TITLE Promote Financial Literacy in Schools SB _____

ANALYST Escudero

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$100.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB 84, HB 408

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

SUMMARY

Synopsis of

House Bill 622 appropriates \$100.0 to the Public Education Department (PED) to promote and develop a curriculum for financial literacy education.

FISCAL IMPLICATIONS

The appropriation of \$100.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY shall revert to the general fund.

PED personnel will research available financial literacy curriculum and pursue development of such curriculum for the state. 40 hours of an ED Admin A @ \$25.50 + 30% and 20 hours of an Exec Sec A @ \$16.89 + 30% = \$1.8. Curriculum development and promotion of financial literacy for students would encompass the remainder of the allocation.

SIGNIFICANT ISSUES

According to PED, financial literacy has received notable attention since the passage of Title V of the Fair and Accurate Credit Transaction Act (FACT Act) that established the Financial Literacy and Education Commission with the purpose of improving the financial literacy and education of persons in the United States. <http://www.mymoney.gov/aboutus.shtml> There is current data on high school student financial literacy and their understanding of what is financial literacy. Results indicate that there is some indication of improvement from the 2004 to the 2006 survey, but it is minimal and less than 60%. (www.jumpstart.org).

The U.S. government has established the website, <http://www.MyMoney.gov> dedicated to teaching all Americans the basics about financial education. U.S. teens have enormous purchasing power but often lack the skills to manage resources well.

In 2007, the Legislature passed HB 1205 that requires public high schools to offer as an elective financial literacy that would count as elective credit toward meeting high school graduation units. Staff at the PED have worked to ensure that information regarding this change to statute was communicated to the New Mexico public schools, including charter schools, and universities. Currently, an existing Consumer Economics course meets the requirements of the Financial Literacy elective.

Financial literacy is a component of the Economics Stand of the New Mexico Social Studies Content Standards.

PERFORMANCE IMPLICATIONS

There is no specific PED performance measure; however, this does support the implementation of the New Mexico Social Studies Content Standards, Benchmarks, and Performance Standards, especially the strand for Economics.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to SB 84 and HB 408. Senate Bill 84 and HB 408 appropriate \$100.0 from the general fund to the Indian Affairs Department (IAD) for culturally appropriate financial literacy training for teens and adults of the Ramah Chapter of the Navajo Nation.

OTHER SUBSTANTIVE ISSUES

As stated by PED, as financial literacy leads to better outcomes for individual consumers and for our economy generally and continued effort in this area is highly desirable. Fortunately, given the current level of interest in improving financial literacy and education both in the United States and internationally, opportunities abound for cooperation and collaboration among public, private, academic and community institutions to educate students in this area. Advances in technology also offer great promise for improving the quality and delivery of financial information and for sharing of research and best practices among financial education providers. <http://www.mtjumpstart.org/files/Bernankepressrelease.pdf>