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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/03/10  
 SPONSOR Thomas LAST UPDATED 02/08/10 HB 53/aHEC  
 SHORT TITLE Financial Literacy as School Math Requirement SB \_\_\_\_\_  
 ANALYST Hoffmann

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY10	FY11		
	None		

(Parenthesis ( ) Indicate Expenditure Decreases)

Conflicts with House Bill 20

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY10	FY11	FY12	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		\$40.0*		\$40.0	Nonrecurring	General fund

(Parenthesis ( ) Indicate Expenditure Decreases)

\* The budget impact has been revised. Please see “FISCAL IMPLICATIONS” below.

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Finance and Administration (DFA)

Public Education Department (PED)

### SUMMARY

#### Synopsis of HEC Amendment

The House Education Committee amendment to House Bill 53 changes the language for awarding one unit of mathematics to a financial literacy class to read “provided that a financial literacy that meets state mathematics academic content and performance standards *shall* qualify as one of the four required mathematics units.”

Synopsis of Original Bill

House Bill 53 would amend section 22-13-1.1 (I) 2 NMSA 1978, to include financial literacy as a mathematics course that students may count as part of the four units of mathematics required for high school graduation.

**FISCAL IMPLICATIONS**

As of February 6, 2010 the PED has revised its original cost estimates. The PED now states “A total of estimated costs related to this bill is unable to be determined at this time since the manner in which the LEA may determine to offer Financial Literacy as a math credit may vary. However, it is estimated that around \$40,000 for curriculum development (per district/charter/IDEAL or collaborative grouping) could be expected.”

It is not clear why the original estimate would be reduced by \$816 thousand, or how reliable the new estimate might be.

House Bill 53 makes no appropriation.

The PED provides the following concerns on the potential fiscal impact of House Bill 53.

A curriculum for Financial Literacy aligned to New Mexico’s Math Standards does not exist and would have to be developed. Surveying all 50 states’ mathematics specialists, not one state currently has in place a year-long Financial Literacy course aligned to the mathematics standards. One textbook may exist but it was not available for review. The financial impact of developing the curriculum, purchasing the textbooks and providing professional development for high school mathematics teachers to teach this course would be substantial. Based on previous costs related to curricular development, curriculum development alone is estimated to be at least \$40,000.

Depending on the approach (per district/charter, per grouping of districts/charters, or through IDEAL-NM) taken for the development of the Financial Literacy Curriculum, it is estimated that \$40,000 per grouping would be necessary, thus full impact of course development is not fully known because the Public Education Department (PED) cannot gauge how districts would go about developing the course.

Textbook cost for the text, “Financial Algebra” is \$100/copy; importantly, it is not known if this text aligns to NM Standards and Benchmarks. However, calculating that 4,000 students (approximately one quarter of current 18,000 public school seniors statewide) would need access to this type text, the cost for texts would be \$400,000

Professional development for teachers of Financial Literacy at 130 high schools X one teacher per school X 80 hours of professional development X \$20/hour for the teacher X \$2/hour/teacher for the professional development provider: \$416,000.

At the local level, decreasing the mathematics requirement would likely have minimal financial impact because the districts have not likely hired additional math teachers to meet this requirement because the students affected by it will not be taking the additional higher level math course until their senior year, in school year 2012-2013. Dual credit

and distance learning programs offer expanded opportunities for student to take higher-level math courses. Currently, social studies teachers are teaching financial literacy as an elective. Licensure would not allow those teachers to move into teaching financial literacy as a math unit unless they had corresponding licensure for teaching math.

Summing the PED's estimated costs:

Curriculum Development	\$40,000
Textbook Purchase	\$400,000
Professional Development	\$416,000
Total	\$856,000

### **SIGNIFICANT ISSUES**

In New Mexico, Financial Literacy is currently offered as a one semester (half-year) social studies elective course aligned to standards and benchmarks for economics. To allow financial literacy as one of the math requirements, NMAC 6.29.1 requires curricular alignment with NM 9-12 math standards. Local districts will be required to create and develop an appropriately aligned mathematics course.

### **PERFORMANCE IMPLICATIONS**

The PED states that financial literacy aligned to the mathematics standards could be offered for high school students as a one year mathematics course fulfilling one of the four required units in mathematics. However, that curriculum currently has not been developed; textbooks are not available; teachers do not have the professional development necessary to teach this course.

### **CONFLICT,**

House Bill 20 proposes a similar change to the graduation requirements, allowing financial literacy as a unit of mathematics. However, it also reduces the number of mathematics units needed to graduate from four to three.

### **TECHNICAL ISSUES**

The DFA observes that while adding financial literacy to the units in mathematics that may count toward graduation, financial literacy is also left as a mandated elective in section 22-13.1.1 (I) 7 NMSA 1978. The sponsor may wish to clarify whether this is intentional, or whether financial literacy should be struck from the list of mandated electives.

CH/svb:mt