

# Legislative Analysis



## FINANCIAL LITERACY COURSE

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 5905 as introduced**  
**Sponsor: Rep. Diana Farrington**

Analysis available at  
<http://www.legislature.mi.gov>

**House Bill 5906 as introduced**  
**Sponsor: Rep. Patrick Green**

**Committee: Education Reform**  
**Complete to 12-5-18**

## SUMMARY:

**House Bill 5905** would amend the Revised School Code to require the Michigan Department of Education (MDE) to develop or adopt, and make available to schools, a one-semester financial literacy course for 11th and 12th grade students no later than September 1, 2019.

School districts and public school academies (PSAs, or charter schools) would then have to offer that course beginning in the 2019-2020 school year.

Public Act 186 of 2015 (House Bill 4390)<sup>1</sup> introduced the option for students to satisfy the half-credit economics requirement needed for graduation by completing at least a half-credit course in personal economics, including a financial literacy component. Public Act 316 of 2008 (Senate Bill 834)<sup>2</sup> allowed students to satisfy a math credit by completing a course in financial literacy. However, school districts and PSAs are currently merely “encouraged” to adopt and implement a financial education program. The bill would require this offering.

The bill would also remove the requirement that MDE use federal funds for grants and other measures to encourage implementation of financial education programs to the extent that they are available.

MCL 380.1165

**House Bill 5906** would amend the Michigan Merit Curriculum (MMC) requirements in the Code. As described in greater detail in **Background**, below, in order to be awarded a high school diploma, high school students must complete 4 credits in mathematics. This must include at least algebra I, geometry, and algebra II (or an integrated 3-credit sequence of this content), as well as a credit from a list of subjects, including financial literacy.

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<sup>1</sup> House Fiscal Agency analysis of PA 186 of 2015 (HB 4390) <http://www.legislature.mi.gov/documents/2015-2016/billanalysis/House/pdf/2015-HLA-4390-1E2B329F.pdf>

<sup>2</sup> <http://legislature.mi.gov/doc.aspx?2007-SB-0834>

The bill would retain the 4-credit math requirement, but allow a student to fulfill the algebra II requirement partially or fully by completing the financial literacy course that would be developed or adopted under HB 5905. It would also revise the provision allowing a student to fulfill the ½ economics requirement by completing *at least a ½ credit course in personal economics that includes a financial literacy component*, so that it could be fulfilled by completing *the course in financial literacy*.

Currently under the Code, a student may complete the algebra II requirement over 1.5 years (and receive 1.5 credits) or 2 years (and receive 2 credits). The bill would remove that provision.

MCL 380.1278a

Each bill would take effect 90 days after enactment. House Bills 5905 and 5906 are tie-barred together, meaning that neither could take effect unless both were enacted.

## **BACKGROUND:**

According to the bill sponsor, who noted that the U.S. passed a trillion dollars in credit card debt in March of 2018, the bill is intended to ensure that students are financially literate and to prepare students better for their lives after high school.<sup>3</sup>

### Michigan Merit Standard Curriculum Credit Requirements

Michigan high school students must complete the Merit Standard Curriculum, or an alternative personal curriculum (developed by faculty with the student, parents, and the school superintendent), in order to earn a high school diploma. The Merit Curriculum, described in Sections 1278a and 1278b of the Code, entails the following course of study:

- 4 credits in English language arts.
- 3 credits in science, including at least biology and either chemistry, physics, anatomy, or agricultural science, or a program providing the same content (with a fourth science credit strongly encouraged). A student may fulfill the requirement for the third science credit by completing an MDE-approved computer science program or curriculum or formal career and technical education (CTE) program or curriculum.
- 4 credits in mathematics, including at least algebra I, geometry, and algebra II (or an integrated 3-credit sequence of this content), plus an additional math credit in trigonometry, statistics, precalculus, calculus, applied math, accounting, business math, a retake of algebra II, *or a course in financial literacy*. A student may also fulfill the algebra II requirements by completing an MDE-approved formal CTE program or curriculum that has appropriately embedded mathematics content as described in the law.
- 3 credits in social science, including at least 1 credit in United States history and geography, 1 credit in world history and geography, ½ credit in economics, and a civics course. The ½-credit economics requirement may be satisfied by completion of at least

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<sup>3</sup> <http://www.michiganradio.org/post/lawmakers-want-require-financial-literacy-michigan-high-schoolers>

a ½-credit *course in personal economics that includes a financial literacy component* as long as that course meets certain requirements.

- 1 credit in health and physical education.
- 1 credit in visual, performing, or applied arts.
- 2 credits that are grade-appropriate in a language other than English between kindergarten and 12th grade. For students graduating high school in 2016 to 2024 only, one credit of that requirement may be met in whole or in part by completing a department-approved formal technical education program or curriculum or by completing visual or performing arts instruction that is in addition to the one credit of visual arts, performing arts, or applied arts that is also required to receive a high school diploma.

### **FISCAL IMPACT:**

The bills would increase costs on the state and school districts and public school academies (PSAs).

MDE would incur costs to make available to districts and PSAs a one-semester course in financial literacy for pupils in grades 11 and 12.

Districts and PSAs could incur costs to the extent that they needed to create or offer a financial literacy course to meet the requirements of these bills.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.