

- d) Uses and costs of credit, including the relation of debt and interest to credit.
 - e) Uses and costs of loans, including student loans.
 - f) Types and costs of insurance.
 - g) Forms of governmental taxation.
 - h) Principles of investing and building wealth.
 - i) Identity theft and security.
 - j) Planning and paying for postsecondary education.
 - k) Charitable giving. (EC § 51284.5)
- 5) Requires that, concurrently with, but not prior to, the next revision of textbooks or curriculum frameworks in the social sciences, health, and mathematics curricula, the State Board of Education (SBE) ensure that these academic areas integrate components of human growth, human development, and human contribution to society across the life course, and also financial literacy, including budgeting and managing credit, student loans, consumer debt, and identity theft security. (EC § 51284)
- 6) Requires the Superintendent of Public Instruction (SPI), with the approval of the SBE, to plan and develop a one-semester course entitled consumer economics, which includes instruction on the uses and costs of credit, for use in schools maintaining any of the seventh to twelfth grades. (EC § 51833)

ANALYSIS

This bill, as of January 1, 2019, adds one course in financial literacy to the list of courses a pupil is required to complete in order to receive a diploma of graduation from high school.

STAFF COMMENTS

- 1) ***Need for the bill.*** According to the author, “Currently, California does not require a course that equips students with financial knowledge. As a result, high school graduates enter the job market or head to college lacking the financial tools they need and end up accumulating debt or encountering credit problems which end up negatively affecting their financial future. If school districts are not required to implement this course, many schools – especially those that are disadvantaged – will opt out. It is the disadvantaged students whom are most likely to apply for student loans, yet they are often times the students that are not receiving any guidance in financial literacy. The goal of this bill is to properly prepare all students for the financial pitfalls ahead.”

- 2) ***Is this bill premature or necessary?*** A revised history-social science curriculum framework was just adopted by the State Board of Education on July 14, 2016, and it is not scheduled for revision again until 2024. The current framework includes instruction on financial literacy in high school in the following two ways:
- a) Economics course: Students learn about personal budgeting, banking, debt, credit cards, interest, student loan debt, mortgage debt, saving, and investing. This content is presented in relation to larger economic issues and concepts.
 - b) Elective course outline in financial literacy: Students learn about credit cards and other forms of consumer debt, savings and budgeting, retirement planning, state and federal laws related to personal finance (e.g., bankruptcy), financial credit scores, credit card applications, bank account applications, simple and compound interest calculations, retirement calculations, and mortgage and interest rates. Students also learn about the importance of managing credit and debt, and identity theft security.

The Instructional Quality Commission isn't required to consider including additional and more specific instruction on financial literacy in the history-social science curriculum until its next revision in 2024. The committee may wish consider whether this bill prematurely requires pupils to complete a course in financial literacy. Additionally, local governing boards are already authorized to require additional graduation requirements, which could include a course in financial literacy, if the governing board determines that would be appropriate. The committee may wish to consider whether statewide legislation is necessary or appropriate in this instance.

- 3) ***Capacity questions.*** Requiring pupils to complete a course in financial literacy as a condition of graduation necessitates that each high school offer sufficient sections of financial literacy courses educate each pupil that graduates high school. The committee may wish to consider:
- a) Do school districts and county offices of education have sufficient resources to offer an additional required course and instructional material for each pupil?
 - b) Are there enough appropriately credentialed teachers to teach financial literacy to each pupil that attends high school?
 - c) Do pupils have sufficient flexibility in their schedules to absorb an additional required course while retaining the freedom to explore elective courses or career technical education courses or pathways?
 - d) What standards teachers would use to inform their instruction in financial literacy and will those standards be uniform across the state?

Staff recommends that the bill be amended to instead allow a pupil to count a course in financial literacy offered by his or her high school toward their existing economics course graduation requirement if all of the following conditions are met:

- a) The course, at a minimum, offers instruction on the topics identified in Sections 51284.5 and 51833 of the Education Code.
 - b) The course is approved by the University of California (UC) to count toward either the history-social science requirement or the college preparatory elective requirement of the UC/California State University A-G course requirements.
 - c) The course incorporates the existing financial literacy instruction in the existing history-social studies curriculum framework, and if the history-social studies curriculum framework is revised to include additional instruction on financial literacy, that instruction is also incorporated into the course.
- 4) ***Related and previous legislation.***

RELATED LEGISLATION

AB 858 (Dababneh, 2017) would establish the California Financial Literacy Initiative (Initiative), for the purpose of improving the availability of instructional materials and programs to help students understand how to manage their finances and protect their financial privacy.

PREVIOUS LEGISLATION

AB 2546 (Calderon, Chapter 616, Statutes of 2016) required that, when the history-social science curriculum framework is revised after January 1, 2017, the Instructional Quality Commission consider including content on financial literacy at least twice in three grade spans.

SB 1123 (Leyva, Chapter 53 of the Statutes of 2016) extended the sunset on the option for students to fulfill a high school graduation requirement by successfully completing a career technical education course for an additional five years.

AB 1689 (Low, 2016) among other things, would have required students to complete at least one course with a service learning component as a condition of graduation from high school, beginning with the 2021-22 school year. AB 1689 was held in the Assembly Committee on Appropriations.

AB 1764 (Olsen, Chapter 888, Statutes of 2014) authorizes school districts that require more than two courses in mathematics for high school graduation to award credit for a “category C” approved computer science course.

AB 166 (Hernández, Chapter 135, Statutes of 2013) required the next revision of the curriculum frameworks for history-social science, mathematics, and health to include financial literacy.

AB 391 (Wieckowski, 2013) required the history social science framework, when updated, to include financial literacy, and required the one-semester instructional program entitled consumer economics already developed by the Superintendent of Public Instruction and adopted by the State Board of Education to be updated to include instruction in specified areas of financial literacy. AB 391 was held in the Assembly Appropriations Committee.

SUPPORT

California Credit Union League
EconEd Foundation of San Diego
Financial Services Institute
San Diego Center for Economic Education at Cuyamaca College

OPPOSITION

California School Boards Association

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