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## BILL ANALYSIS

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House Bill 5190 (Substitute S-1)  
Sponsor: Representative Diana Farrington  
House Committee: Education  
Senate Committee: Education and Career Readiness

Date Completed: 5-17-22

### **CONTENT**

**The bill would amend the Revised School Code to do the following:**

- Not later than July 1, 2024, require the Department of Education (MDE) to develop or adopt, and make available to schools a one-semester course for pupils in grades 9 through 12 regarding financial literacy.**
- Prohibit a school district or public school academy (PSA) from awarding a high school diploma to a pupil, beginning with pupils entering grade 8 in 2023, unless the pupil successfully completed a course in financial literacy that satisfied the bill's requirements.**
- Delete provisions allowing districts to apply for a contract that waives certain State or Federal requirements.**

#### Financial Literacy

Currently, the Department must adopt or develop, and make available to schools, one or more model programs for youth financial education. The program must be designed to incorporate financial education throughout the K to 12 curriculum and must be based on the concept of achieving financial literacy through the teaching of personal financial management skills and the basic principles involved with earning, spending, saving, borrowing, and investing. Each school district, local act school district, and PSA is encouraged to adopt and implement the model financial education programs or more similar financial education programs. To the extent Federal funds are available for these purposes, the MDE must use them for grants to public schools and other measures to encourage the implementation of financial education programs. The bill would eliminate this language.

Instead, under the bill, not later than July 1, 2024, the MDE would have to develop or adopt, and make available to schools, a one-semester course for pupils in grades 9, 10, 11, and 12 based on the concept of achieving financial literacy through the teaching of personal financial management skills and the basic principles involved with earning, spending, saving, borrowing, and investing.

Beginning with the 2024-2025 school year, each school district or PSA would have to offer the course in financial literacy developed or adopted by the MDE.

#### Graduation Requirements

Except as otherwise provided, Section 1278a of the Code prohibits the board of a school district or board of directors of a PSA from awarding a high school diploma to a pupil unless the pupil meets all of the requirements specified in Section 1278a.

Under the bill, beginning with pupils entering grade 8 in 2023, the board of a school district or the board of directors of a PSA could not award a high school diploma to a pupil unless he or she also completed a course in financial literacy developed or approved as prescribed above that would have to fulfill a half-credit of mathematics, a half-credit of visual arts, performing arts, or applied arts, or a half-credit of a language other than English, as determined by the board of the school district or board of directors of a PSA in which the pupil was enrolled.

### Required Credits

Currently, if a school district or PSA is unable to implement all of the curricular requirements in certain circumstances the school district or PSA may apply to the MDE for permission to phase in one or more of the requirements. The school district or PSA must submit for approval a phase in plan to the MDE. If the MDE disapproves of a proposed phase-in plan, the MDE must work with the school district or PSA to develop a satisfactory plan.

However, if legislation is enacted to allow school districts and PSAs to apply for a contract that waives certain State or Federal requirements, then the above provisions do not apply but the school district or PSA may take action described as follows. If a school district or PSA does not offer all of the required credits or provide options to have access to the required credits and if legislation is enacted to allow school districts or PSAs to apply for a contract that waives certain State or Federal requirements, then the school district or PSA is encouraged to apply for a contract under Section 1290. The purpose of a contract is to improve pupil performance. The bill would delete these provisions.

MCL 380.1278a & 380.1278b

Legislative Analyst: Eleni Lionas

### **FISCAL IMPACT**

The bill would have a minimal fiscal impact on the State and an indeterminate fiscal impact on local units of government. The MDE would experience administrative costs to update the content expectations to include a half-credit course in personal finance for graduation. Since the MDE already has developed model programs for youth financial literacy, the one-time costs should be minimal and within current appropriations.

Local school districts and PSAs would experience additional costs to adjust their course offerings to include the half-credit course in personal finance for all students. The costs would depend on the number of students who enrolled in the financial literacy course as opposed to the mathematics, arts, and foreign language course in order to meet the high school graduation requirement. Students who chose the financial literacy course over the arts and foreign language courses would add greater costs that could require the hiring and training of additional staff and the acquisition of necessary materials that could be greater than current school spending. The final costs would be indeterminate and would depend on existing scheduling, resources, and staffing for each school and the amount necessary to meet the new graduation requirement.

Fiscal Analyst: Cory Savino, PhD

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