



[SF 139](#) – Financial Literacy, Phase In (LSB1524SV)

Analyst: Lora Vargason (515.725.2249) lora.vargason@legis.iowa.gov

Fiscal Note Version – New

Description

[Senate File 139](#) amends Iowa Code section [256.11](#) to include that all school districts in the State require students to take at least one-half unit of personal financial literacy beginning with the students in the 2022-2023 school year graduating class. The financial literacy requirement was first enacted by 2018 Iowa Acts, chapter [1119](#), and amended by 2018 Iowa Acts, chapter [1163](#). The 2018 amendment allowed the specified coursework to be covered in otherwise required social studies, math, or career and technical education courses, and for the course to be counted as one-half credit of social studies. The extension of time to have the requirement met as established in [Senate File 139](#) allows school districts more time to incorporate the required financial literacy requirement by using already available teaching resources.

Background

Financial literacy is defined as the ability to use knowledge and skills to manage one's financial resources effectively for lifetime security. The 2018 legislation included specific guidance on the curriculum that, at a minimum, covers [nine areas of financial literacy](#) as outlined by the Department of Education. When first enacted, the financial literacy requirement for graduation was to go into effect July 1, 2019, for the FY 2020 school year. Because many high school students have their coursework planned out several years in advance, this put current high school students in danger of not completing graduating requirements due to lack of space in their schedules to accommodate another required class.

Assumptions

- With the expanded definition of accepted courses that meet the financial literacy requirement, most school districts already have a class in place or can implement a class into their course offerings. Classes that are deemed acceptable include consumer math, economics, introductory business, banking and finance, and personal finance. The Department of Education has said that all districts will be offering these types of classes, but it will be difficult to discern where specific districts are choosing to incorporate financial literacy. In a sampling of school districts' available course work, 80 percent appeared to have course offerings that could meet the financial literacy requirement.
- Several organizations offer free, ready-to-use financial literacy curriculum specifically focused on basic personal financial skills. With the multitude of options, school districts will not have additional curriculum costs to meet the financial literacy requirement.
- Professional development will likely be needed to support implementation and train teachers on the content specifications outlined in the 2018 legislation. Several organizations do offer free professional development and training for financial literacy. It is possible that the requirements to offer financial literacy may supplant other professional development opportunities due to limited funding.

Fiscal Impact

While there is not a fiscal impact associated with SF 139, there may still be costs to school districts related to the financial literacy provisions enacted during the 2018 Legislative Session. The original costs were estimated to be between \$1.6 million to \$2.2 million annually and were largely based on the probability that school districts would need to hire additional teaching staff. The course requirements were later amended and expanded how the financial literacy coursework could be incorporated into existing classes. The changes are expected to reduce the estimated costs; however, the reduction cannot be determined.

Sources

Department of Education
Iowa Association of School Boards
Iowa State University Extension and Outreach

/s/ Holly M. Lyons

February 5, 2019

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
