



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: H.B. 383 of the 131st G.A. (LSC 131 1193-3) **Date:** May 23, 2016
Status: In House Education **Sponsor:** Reps. Hagan and McColley

Local Impact Statement Procedure Required: No

Contents: Requires the Chancellor of Higher Education to prepare an informed student document for each state institution of higher education and requires one-half unit of financial literacy in the high school curriculum

State Fiscal Highlights

- The Department of Higher Education (DHE) will likely incur increased administrative costs for preparing an informed student document for each of the 61 state institutions of higher education each year. According to DHE, this work is not expected to require any more than one new employee to be hired; costs could be less if existing employees take on the additional responsibilities.
- State institutions of higher education may incur increased administrative costs to support any additional data reporting required under the bill.
- The Ohio Department of Education may incur minimal increased costs to update the financial literacy and entrepreneurship education academic content standards and model curricula to include information in the informed student document.

Local Fiscal Highlights

- Some school districts and community schools may incur minimal costs to update their high school curriculum to meet the bill's requirement that at least one-half unit of financial literacy instruction be included in either the two required social studies units or the five required electives units, beginning with students who enter ninth grade in the 2018-2019 school year. Under current law, the study of economics and financial literacy must be integrated into one or more existing social studies credits or into the content of another class.

Detailed Fiscal Analysis

The bill requires the Chancellor of Higher Education to prepare an "informed student document" for each state institution of higher education that includes a variety of cost, student success, and admissions information. The bill also requires one-half unit of instruction in financial literacy in the high school social studies or electives curriculum. These provisions are discussed in more detail below.

Higher education informed student document

Chancellor's responsibilities

The bill requires the Chancellor to prepare an "informed student document" for each of the 61 state institutions of higher education¹ to be used by potential students and their families. Generally, each of the documents will be developed to inform students and parents of the financial and academic aspects of attending the specific institution, the performance of the institution's graduates in the workforce, and certain data from comparable institutions of higher education. The document must also include a variety of information covering certain items under the three categories of costs, student success, and admissions for each of the five preceding academic years. Each of the documents must be updated each year and be posted on the websites of the Department of Higher Education (DHE) and the institution for which it is prepared.

Currently, DHE prepares several reports each year that contain information for each institution on topics covering tuition, enrollment, and degrees awarded. However, the bill adds several topics on which data may need to be collected. Overall, DHE will likely incur increased administrative costs to prepare an informed student document for each state institution of higher education each year. According to DHE, any new staff-related costs could range from expanding the duties of current staff to the potential of having to hire no more than one new employee.

State institution of higher education responsibilities

The bill requires each institution to provide, upon request from the Chancellor, the information necessary to allow the Chancellor to compile the informed student document. As mentioned above, each institution currently provides DHE with information on topics such as enrollment, personnel, tuition, and degrees awarded. However, the bill is likely to result in increased administrative responsibilities for each institution to report to DHE on the additional subjects and topics required by the bill. The additional costs for each institution will depend on the extent of the additional information that will need to be reported.

¹ The 61 state institutions include 14 university main campuses (including NEOMED), 24 regional campuses, and 23 community and technical colleges.

Note that institutions receiving federal funding currently are required to report certain cost and graduation data to the National Center for Education Statistics (NCES) through the Integrated Postsecondary Education Data System (IPEDS). These statistics are then pulled from NCES and IPEDS and reported as part of the U.S. Department of Education's "College Scorecard" reporting system, a recent initiative by the federal government that highlights key indicators about the cost and value of institutions across the country. The subject areas reported in the College Scorecard appear to be similar to the ones required under the bill.²

High school financial literacy education

Under current law, the high school curriculum must include two units of social studies, which includes one-half unit in the study of world history and world civilizations. Additionally, the study of economics and financial literacy must be integrated into one or more existing social studies credits or into the content of another class. Beginning with students entering the ninth grade in the 2018-2019 school year (the class of 2022), the bill requires one-half unit of financial literacy instruction into the required high school curriculum, but permits school districts to choose whether that half-unit is part of the required two units of social studies instruction or the required five units of electives. Under the bill, financial literacy instruction must include a review of the information contained in the informed student documents and instruction on calculating interest and compound interest on loans, and emphasize personal finance; the concepts of credit; debt; and investments; and sound money management. Some school districts and community schools may incur minimal costs to update their high school curricula in accordance with the bill.

The bill also requires the Ohio Department of Education (ODE) to include information and instruction on the informed student document into the academic content standards and model curricula it adopts for financial literacy and entrepreneurship education. ODE may incur minimal increased costs to comply with this requirement. According to the ODE website, academic content standards for financial literacy were established in June 2012, while the financial literacy model curriculum was approved in February 2016.

Synopsis of Fiscal Effect Changes

The substitute bill delays any required curriculum updates by one year and provides more flexibility for school districts in prescribing a high school curriculum, as it requires students entering the ninth grade on or after July 1, 2018 (instead of July 1, 2017 in the As Introduced (previous) version) to receive one-half unit of instruction in financial literacy in either the two units of social studies instruction or the required five

² To view the information reported for an institution of higher education in the College Scorecard, please go here: <https://collegescorecard.ed.gov/>.

units of electives (instead of one-half unit of instruction in economics and financial literacy in the two units of social studies instruction, as in the As Introduced version).

The substitute bill may lower DHE's administrative cost in preparing the informed student documents by removing requirements in the previous version of the bill for each state institution of higher education's document to include information about comparable institutions in other states as well as various data on job placement rates and income of graduates.

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