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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

**S.B. 1**  
**134<sup>th</sup> General Assembly**

## **Fiscal Note & Local Impact Statement**

[Click here for S.B. 1's Bill Analysis](#)

**Version:** As Introduced

**Primary Sponsors:** Sens. Wilson and McColley

**Local Impact Statement Procedure Required:** Yes

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### **Highlights**

- The bill's financial literacy course requirement may require school districts and other public schools to hire new teachers to meet staffing needs and to purchase additional textbooks and other classroom materials. These costs may total in the millions of dollars or more statewide.
- The bill requires up to \$1.5 million of unclaimed funds to be transferred to the newly created High School Financial Literacy Fund, a custodial fund, to reimburse school districts, other public schools, and nonpublic schools for the cost of additional teaching license validation to teach the bill's required financial literacy course. Reimbursements per teacher are the lesser of \$500 or the actual cost of training.

### **Detailed Analysis**

#### **Financial literacy course requirement**

To receive a high school diploma from a public school or chartered nonpublic school, a student must complete a minimum of 20 units of study in specific subject areas (one unit generally equates to a minimum of 120 hours of instruction). The subject areas and the state minimum units are listed in the table below. In addition to the general subject areas, current law requires a student to receive instruction in economics and financial literacy integrated into one of the social studies courses or another course that they take.

Under current law, the manner in which financial literacy instruction is integrated into a district or school's curriculum is a local decision. The Ohio Department of Education (ODE) indicates that the financial literacy content may be incorporated into another course, or some districts may require students to take a stand-alone financial literacy course for one-half unit that

can meet either a graduation requirement for social studies or an elective. It is unclear how many districts have opted for the latter.

<b>Current Law State Minimum Curriculum Requirements</b>	
<b>Subject Area</b>	<b>Unit Minimum</b>
English Language Arts	4 units
Mathematics	4 units
Science	3 units
Social Studies	3 units
Health	0.5 units
Physical Education	0.5 units
Electives	5 units
<b>Total</b>	<b>20 units</b>

The bill modifies the state minimum curriculum to require students entering ninth grade for the first time on or after July 1, 2021 (the class of 2025) to take one-half unit of financial literacy instruction (equating to at least 60 hours of instruction or, practically, a semester course). This is in addition to the study of economics and financial literacy that must be integrated into social studies or other courses. The bill does not increase the overall minimum 20 units required but rather decreases the minimum electives from 5 units to 4.5 units for these students to accommodate the new financial literacy course requirement.

### **New teachers**

The primary expense associated with the requirement is likely the possibility of having to hire additional teachers. An official with the Buckeye Association of School Administrators (BASA) indicated that most districts would use a teacher already on staff to teach the newly required financial literacy course. However, while the number of units of electives is reduced commensurately, BASA also indicated that some larger districts may need to hire one or more new teachers to solely teach the one-half unit course. The number of new teachers required will vary by school district. As a point of reference, the average starting salary for new teachers in urban and suburban school districts was roughly \$41,000 in FY 2020, according to survey data from the Ohio Education Association. Fringe benefit costs represent about 40% of salaries, for total salary and benefit costs averaging about \$57,000 per beginning teacher. If more experienced or educated teachers are hired, the cost would be greater. The overall costs of the requirement may be significant, potentially reaching into the millions of dollars or more statewide. The following scenario illustrates the potential cost. If, hypothetically, the 178 urban and suburban school districts hired an average of one new beginning teacher, the additional salary and benefits cost would be a little over \$10 million statewide (\$57,000 per teacher x 178 teachers).

## **Textbooks and course supplies**

Districts may also incur additional expenses for textbooks and other course materials and supplies. As noted above, the overall cost is uncertain since some districts may already offer a full course on the subject and have the requisite materials, while others may not. In addition, BASA indicated that many school districts currently may use existing resources available online and resources that are provided by local financial institutions. Also, there may be arrangements in which businesses or other charitable organizations donate financial literacy curriculum and materials to public schools. In fact, the bill specifically allows schools to utilize public-private partnerships that exist in business and industry while developing curriculum. To the extent that new materials are required, the cost to an individual district will generally depend on the district's size. Larger districts and those with multiple high school buildings may face higher costs for course materials and supplies. As a point of reference, BASA estimates that the cost of textbooks and other supplies for a cohort of high school students can reach \$10,000 for rural and small town districts and between \$50,000 and \$100,000 for larger suburban and urban districts.

## **Educator license financial literacy validation**

Beginning in the 2023-2024 school year, each public school and chartered nonpublic school generally must require an individual to have an educator license validation in financial literacy to provide the instruction for the one-half unit course. This validation is not currently required for individuals who provide instruction in economics and financial literacy that are integrated into social studies units or other classes. The requirement in the bill does not affect individuals teaching those classes. In addition, the bill exempts nonpublic schools accredited through the Independent Schools Association of the Central States (ISACS) from complying with the licensure validation requirement for the new one-half unit of instruction if the school does not have any students attending it using a state scholarship (students attending these schools are also exempt from the financial literacy requirement, unless they attend the school using a state scholarship).

The bill requires districts and other public schools to cover any costs necessary for an individual to meet the requirements for the license validation. Since the State Board of Education must establish an advisory committee to consult on rules regarding the license validation, the acceptable programs and their associated costs are uncertain. One potential option may be the National Financial Educators Council (NFEC), which offers a certification for financial education instructors. The fee for initial certifications is \$297 with an annual renewal cost of \$97. To obtain the certification, an individual must complete 40 hours of training (although it is possible to test out of some hours) and complete an examination. More extensive training requirements presumably would carry a higher cost.

The bill provides up to \$1.5 million of unclaimed funds to reimburse school districts, public schools, and chartered nonpublic schools for the costs necessary for an individual employed by the entity to meet the license validation requirements. ODE must reimburse the district or school, per teacher, the lesser of \$500 or the total cost incurred by the teacher to obtain the license validation. If the \$1.5 million is insufficient to cover all reimbursement requests, the Department may limit the number of teachers for which a district or school can request reimbursement or prorate reimbursement amounts.

The bill creates the High School Financial Literacy Fund, a custodial fund outside the state treasury, to receive the unclaimed funds and distribute reimbursements to schools for the cost of teachers obtaining a financial literacy license validation. ODE may use a portion of the fund to administer the reimbursement program. The Treasurer of State and the Director of Commerce must enter into an agreement specifying the terms of repayment, including interest, to fully reimburse the amount of unclaimed funds remitted to the fund. If the Treasurer fails to repay the Department of Commerce according to the agreement, the amount of cash owed under the repayment plus the applicable interest must be transferred from the General Revenue Fund.