

Legislative Analysis



HIGH SCHOOL MATH REQUIREMENTS; FINANCIAL LITERACY

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Senate Bill 834 (Substitute H-1)
Sponsor: Sen. Michael Switalski
House Committee: Education
Senate Committee: Education

First Analysis (9-16-08)

BRIEF SUMMARY: The bill would include the following courses as those satisfying the math credit requirements under the Michigan Merit Standard Curriculum: financial literacy; a math support course; pre-algebra; or another mathematics course approved by the board of the school district or charter school. The bill specifies that math courses need not be taken in any particular order, and it would allow a student to complete Algebra II over two years with a credit awarded for each of those years.

FISCAL IMPACT: Senate Bill 834 would have no fiscal impact on the state or school districts.

THE APPARENT PROBLEM:

The Michigan Merit Standard Curriculum requires high school students to complete four math credits, including Algebra I, Geometry, Algebra II, and one additional course before graduating from high school. The Revised School Code does not prohibit a high school from offering a financial literacy course, or additional algebra courses so that students can meet the "one additional course" requirement. Nonetheless, some believe that explicit statutory reference to the courses would help signal their importance, and encourage more schools to offer, and more students to enroll in, such courses.

Why financial literacy? In a national financial literacy survey administered by the Jump\$tart Coalition in 2006, Michigan students answered only 52.4 percent of the survey questions correctly, on average. In 2008, Michigan students answered 54.5 percent of the questions correctly, a slight increase. While above the national average of 48.3 percent, nearly half of all Michigan students are financially illiterate.

To help address this knowledge gap, Public Act 111 of 2002 amended the Revised School Code to require the Michigan Department of Education to establish a model financial literacy course, and encourage school districts and public school academies to offer financial education courses as part of their curriculum.

Why pre-Algebra, math support, and two-year Algebra II courses? During testimony offered throughout the summer of 2008, given before the House Education Subcommittee on High School Alternatives, many educators testified about the difficulty that many high school students encounter when trying to successfully complete Algebra I, the first of four math courses required by the Michigan Merit Standard Curriculum. Some schools

have reported Algebra I failure rates as high as 40 percent. It is reasonable to expect that students' Algebra II failure rates will be higher still. Those who testified fear that students who fail algebra repeatedly will drop out of school before high school graduation, having been pushed out of the school house door by Michigan's rigorous mathematics curriculum.

Many educators argue that in order that all students meet Michigan's mathematics requirements, some will need more flexibility in their class schedules, more math support courses, and also more time during which to complete their coursework. Legislation has been introduced to achieve that end.

THE CONTENT OF THE BILL:

Senate Bill 834 (H-1) would amend the Revised School Code (MCL 380.1278a) to include a course in financial literacy among specific courses that satisfy the math credit requirements under the Michigan Merit Standard Curriculum. In addition, the bill would include the following courses as those satisfying the math credit requirements: a math support course, pre-algebra, or another mathematics course approved by the board of the school district or charter school. Further, a student could complete Algebra II over two years with a credit awarded for each of those years.

Currently, the code requires a student (beginning with those entering Grade 8 in 2006) to meet certain requirements before receiving a high school diploma. The requirements include the successful completion of at least four credits in math, including at least Algebra I, geometry, and Algebra II (or an integrated sequence of that course content that consists of three credits), and an additional math credit, such as trigonometry, statistics, pre-calculus, calculus, applied math, accounting, business math, or a retake of Algebra II.

Senate Bill 834 (H-1) would add a course in financial literacy (as described in Section 1165 of the code) as one of the additional math credits possible for students to study.

(Section 1165 of the code, added by Public Act 111 of 2002, requires the Department of Education to make available to schools one or more model programs for youth financial education, which must be designed to incorporate financial education throughout the curriculum for grades K through 12. The model program(s) 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 and public school academy is encouraged to adopt and implement the model program or one or more similar financial education programs.)

In addition, Senate Bill 834 (H-1) would add the following courses as those that could fulfill the additional math credits possible for students to study: a math support course, pre-algebra, or another mathematics course approved by the board of a school district or charter school.

Further, Senate Bill 834 (H-1) specifies that a student could complete Algebra II over two years, with a credit awarded to the student for each of those years.

Finally, the bill also specifies that the wording of the law does not require completion of mathematics courses in any particular sequence.

HOUSE COMMITTEE ACTION:

The House Education Committee adopted an H-1 substitute for Senate Bill 834. That substitute changes the Senate-passed version of the bill in three ways:

First, the bill was amended to include the following courses, in addition to financial literacy, as those courses that would meet the fourth year high school math requirement: a math support course, pre-algebra, or another mathematics course approved by the board of a the school district or charter school;

Second, the bill specifies that a student may complete Algebra II over two years, with a credit awarded for each of those years; and

Third, the bill also specifies that mathematics courses need not be completed in any particular sequence.

ARGUMENTS:

For:

This bill allows high school students to fulfill their four-credit math requirement by taking Pre-Algebra, or a mathematics support class, or another math course approved by the board of the school district or charter school. Further, students can earn two credits taking Algebra II, if they take the course over a two-year period, instead of during one year. This flexibility will help students meet the math requirements of the Michigan Merit Standard Curriculum.

During testimony offered throughout the summer of 2008, given before the House Education Subcommittee on High School Alternatives, many testified about the difficulty that many students encounter when trying to successfully complete Algebra I. Some schools have reported Algebra I failure rates as high as 40 percent. It is reasonable to expect that Algebra II failure rates will be higher. In order that all students meet these mathematics requirements, some will need more flexibility in their class schedules, more math support courses, and also more time during which to complete the coursework.

For:

The bill would help to raise awareness of the importance of financial literacy, and would encourage more students to take financial literacy classes, by specifically including such a course among those that count toward the required math credits under the Michigan Merit Standard Curriculum.

Students today face a financial world that is increasingly complex, and developing the skills to manage money prudently is an important part of a student's education. That need is not being met in many Michigan schools, however. In a recent Jump\$tart survey that included among other things, questions on saving, insurance, investing, and managing credit cards, less than 55 percent of the Michigan students who responded to the survey did so accurately. The survey is administered every two years, and since 2000, the average results have varied by no more than two percentage points.

A course in financial literacy would help students understand the key concepts of personal finance and prepare them to be smart consumers. For example, one aspect of the ongoing mortgage crisis is that many homebuyers did not understand the details and the possible risks associated with the terms of their mortgages. Credit card agreements also frequently contain complex provisions that many consumers may not fully understand. Giving students the knowledge to make informed decisions in these and other situations can be of lasting benefit.

Financial courses also can help students understand mathematical concepts, by putting those concepts into everyday terms. For instance, students could use the concept of present value to determine whether it is better to take lottery winnings as a lump sum payment or to receive a larger amount paid over a number of years. Also, students could calculate the odds of winning the lottery and determine whether the potential payout justified the cost of a ticket. Using such concrete examples would get students actively engaged in learning, giving them a stronger intuitive grasp of fundamental financial concepts that would benefit them for the rest of their lives.

POSITIONS:

The Michigan Department of Education supports the bill as amended. (9-16-08)

The Michigan Credit Union League supports the bill. (9-16-08)

The Michigan Jumpstart Coalition supports the bill. (9-16-08)

The Michigan Bankers Association supports the bill. (9-16-08)

The Asset Building Coalition of Michigan & the Asset Building Policy Project support the bill. (9-16-08)

The Michigan Association of School Administrators supports the bill. (9-16-08)

The Community Economic Development Association of Michigan supports the bill. (9-16-08)

The American Federation of Teachers - Michigan supports the bill. (9-16-08)

The Michigan Council on Economic Education supports the bill. (9-16-08)

The Michigan Association of United Ways supports the bill. (9-16-08)

United Way of Southeastern Michigan supports the bill. (6-16-08)

The Family & Consumer Science Educators supports the bill. (9-16-08)

Calhoun Intermediate School District supports the bill, as amended. (9-16-08)

Macomb Intermediate School District supports the bill. (9-16-08)

Ottawa, Muskegon, and Kalamazoo Intermediate School Districts support the bill. (9-16-08)

The Michigan Chamber of Commerce and the Michigan Business Leaders for Education Excellence have not taken a position on the bill. (9-16-08)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.