

Fiscal Estimate Narratives

DPI 6/9/2015

LRB Number	15-0587/1	Introduction Number	AB-0248	Estimate Type	Original
Description Incorporating financial literacy in public schools' curriculum and statewide standardized examinations and requiring that it be covered during orientation programs at the University of Wisconsin System and the technical colleges					

Assumptions Used in Arriving at Fiscal Estimate

This bill directs each school board to incorporate the state's model academic standards for financial literacy into the curriculum in grades kindergarten to 12.

The bill also requires the statewide standardized examinations to assess a pupil's financial literacy to the same extent that they assess a pupil's knowledge of mathematics, science, reading and writing, geography, or history.

Finally, the bill requires that each institution and campus within the University of Wisconsin System, and each technical college district board, incorporate in its orientation program for newly entering students information on financial literacy.

The cost to individual school boards to incorporate the state's model academic standards for financial literacy into the curriculum in grades kindergarten to 12 is unknown. The types of financial literacy programs and activities school districts currently provide their students will vary as will the degree schools districts have already incorporated the model standards. As such, the cost to schools is indeterminate at this time

The Department is also required under this legislation to ensure that the examination adopted or approved assess a pupil's financial literacy to the same extent that they assess a pupil's knowledge of mathematics, science, reading and writing, geography, or history.

However, it is unclear whether the term "same extent" would require a separate statewide assessment examination for Financial Literacy or whether financial literacy curriculum could be incorporated as part of an existing statewide assessment. Furthermore it is unclear whether the assessment would be apply to only 4th grade, 8 grade and once in high school, or whether it would also require pupils assessments in 9th, 10th and 11th grades.

The cost will vary depending on the approach the Department uses to assess financial literacy to the "same extent" that it assess a pupil's knowledge of mathematics, science, reading and writing, geography, or history.

Requiring the creation of a separate statewide standardized examination for financial literacy would require the Department to initiate an RFP process. The vendors under contact for existing statewide assessments do not currently provide financial literacy assessment products. In addition, any off-the-shelf financial literacy assessment would likely require customization in order to align with Wisconsin's Model Academic Standards for Personal Financial Literacy.

Creating a separate statewide financial literacy assessment examination would require a significant amount of time to allow for development, testing and piloting phases. The Department estimates it generally requires approximately 2 years of developing and testing before a new statewide assessment examination is ready to administer to pupils. If the Department is able to incorporate financial literacy into an existing statewide assessment, the overall time and costs could potentially be reduced to some degree.

Based on the development of previous statewide assessments, it is estimated it would require two years procuring, developing and testing a new statewide assessment.

- Year 1 (Item development, field testing, etc.) \$3,000,000.
(In 2003, the Department developed a two content test for this price. The cost to develop a single content

test could reduce costs, but it is unknown to what magnitude (That is, it may reduce costs by less than 50%).

- Year 2 (technical manuals, standard setting, test development, etc.) \$3-5 million.
- Year 3-5 (Assuming grades 4, 8 and 9-11 being tested) \$10-12 million per year, including the costs of printing, shipping and scoring.

The Department also noted a less costly option may be possible, whereby the Department would convene state educators together to develop a financial literacy assessment that could be distributed to school districts to administer on their own. Approximately 45% of school districts already require a course in Personal Financial Literacy (PFL) to graduate from high school. Since the course curriculums are already based on the State's Model Academic Standards for Financial Literacy, there is an existing body of knowledge and best practices to draw upon

This cost of this alternative option is indeterminate, but would be far less costly than administering a stand-alone statewide assessment. Local school districts may incur some additional costs to administer the tests. Under this alternative option, assessments would be administered only at the state-required grade levels and would not be a secure, standardized test with student level reporting. Furthermore, since there would be no centralized data collection, the Department would be unable to measure performance levels, desired levels of proficiency, or publicly share results.

Long-Range Fiscal Implications

This bill increases state expenditures but does not provide additional funding. The Department would not be able to absorb the increased costs and would need to seek additional funding.