



Initiative 23-0022

October 25, 2023

RECEIVED

Hon. Rob Bonta  
Attorney General  
1300 I Street, 17<sup>th</sup> Floor  
Sacramento, California 95814

Oct 25 2023

Attention: Ms. Anabel Renteria  
Initiative Coordinator

INITIATIVE COORDINATOR  
ATTORNEY GENERAL'S OFFICE

Dear Attorney General Bonta:

Pursuant to Elections Code Section 9005, we have reviewed the proposed statutory initiative (A.G. File No. 23-0022) related to personal finance education.

## BACKGROUND

**Graduation Requirements.** The state sets minimum course completion requirements in order for students to graduate from public high schools. At the discretion of local governing boards, schools may add other requirements for high school graduation. A 2017 survey found that most school districts require an additional year of math and about half of the state's school districts set their minimum graduation requirements to match the course requirements for admission to the state's public universities (known as the "A-G" requirements). Figure 1 on the next page compares the state minimum graduation requirements to the A-G requirements.

**Schools Determine Course Offerings.** Schools are responsible for preparing students for college and career, but have discretion over which specific courses to offer. For example, while students must take a language other than English to meet the A-G requirements, schools determine which language courses to offer. (High schools submit proposed A-G courses to the University of California for review and approval.) Schools also determine which electives to offer based on student and community interest.

**Some High Schools Offer Personal Finance Content.** Offering a course in personal finance is not required by the state. Some high school economics courses include personal finance content. For example, state-level guidance for the required high school economics course specifies teachers could provide an overview of what a credit card is and how interest is calculated. Some schools offer a stand-alone personal finance course, while other schools

  
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incorporate personal finance topics in other elective courses (such as business). In 2016-17 (the most recent year for which statewide data are available), less than 1 percent of high school students in California took a stand-alone personal finance course.

Figure 1

**Comparing State Minimum Course Graduation and A-G Requirements**

Year-Long Courses

Course	Graduation	A-G
English	3	4
Math	2	3
Science	2	2
Social Studies	3 <sup>a</sup>	2
Visual and Performing Arts, World Language, or CTE	1	3 <sup>b</sup>
Physical Education	2	—
College-preparatory elective	—	1 <sup>c</sup>

<sup>a</sup> Includes requirement for a one-semester course in American government and civics and a one-semester course in economics.

<sup>b</sup> Two years of a language other than English and one year of visual and performing arts.

<sup>c</sup> One year or two semesters.

CTE = career technical education.

**No Specific Credentialing Requirements for Personal Finance Educators.** Most high school teachers have a teaching credential for the specific subject they teach. For example, a high school math teacher would hold a single subject teaching credential in math. No specific credential exists for personal finance educators. Some districts that offer personal finance courses are taught by teachers with social science credentials, but this is not an explicit state requirement. Personal finance teachers could hold another credential (such as a career technical education teaching credential).

**Teacher Training Is Locally Determined and Funded.** Teachers negotiate with their school district—through the collective bargaining process—on the amount of required time dedicated to teacher training each year. If teachers attend training during the school day, the district generally must pay the cost of hiring a substitute teacher. If these activities occur when school is not in session, the district typically compensates staff at a negotiated hourly or daily rate. The topics of the training also can be decided through collective bargaining. The amount and topics of training vary across school districts.

**Schools Purchase Instructional Materials.** Schools are responsible for purchasing instructional materials needed for courses. Instructional materials could include textbooks, technology-based materials, and tests. Schools typically conduct an evaluation of instructional materials and adopt materials that best meet their needs.

**State Constitution Guarantees a Minimum Level of Funding for Schools.** A constitutional amendment approved by the voters in 1988 (Proposition 98) established a minimum funding requirement for K-12 schools and community colleges. This minimum requirement changes over

time based on changes in state revenues, or the economy and the number of students attending school. The state meets the minimum requirement by providing schools with funding from local property tax revenue and state tax revenue.

## PROPOSAL

### *Requires Students to Complete a Personal Finance Course to Graduate High School.*

Beginning with students graduating in the 2029-30 school year, the measure requires the completion of a one-semester personal finance course as a requirement for graduating from high school. By the 2026-27 school year, schools must offer a one-semester personal finance course to high school students. The course could either be an existing personal finance course that has been approved as meeting the A-G requirements or a locally developed course approved by the local governing board. The course may include a variety of content related to personal finance, such as developing budgeting skills, understanding the tax system, and understanding retirement accounts. The local governing board may further require a full-year course in personal finance to graduate from high school.

## FISCAL EFFECTS

As we discuss below, this measure could result in various increased costs to schools in the first few years that would be supported with funds provided to schools under the existing minimum funding requirement for K-12 schools and community colleges. The magnitude of these costs would depend on various factors related to how schools implement the measure, and would decrease over time. While the measure requires an increase in the number of courses required for graduation, the measure does not require an increase in the total number of courses a school must offer.

***Potential Increased Teacher Costs.*** This measure could result in higher costs for schools to hire additional teachers for personal finance courses. Schools may need to hire new teachers or would otherwise need to assign current teachers to teach new personal finance courses. In the first few years of implementation, we estimate teacher costs could increase by tens of millions of dollars. Over time, these costs could potentially be offset by savings associated with reducing or eliminating other course offerings.

***Potential Increased Local Curriculum Development Costs.*** This measure could result in costs for schools to develop personal finance courses. Personal finance courses also need to be reviewed and approved by the local governing board or submitted to the University of California if they are intended to meet A-G requirements. Depending on implementation choices, costs could potentially reach \$10 million on a one-time basis.

***Potential Increased Teacher Training Costs.*** The measure could result in costs for schools to provide teachers with training. The magnitude of the training would be at the discretion of the district. We estimate providing additional teacher training could increase costs on a one-time basis by up to \$1 million in the initial year as districts prepare to offer personal finance courses. Over time, any ongoing training for personal finance teachers could potentially be offset by a reduction in teacher training previously provided for other courses that may be reduced or eliminated depending on implementation choices.

***Potential Increased Instructional Materials Costs.*** The measure could result in costs to schools for instructional materials. We estimate costs could potentially increase by up to tens of millions of dollars on a one-time basis. Costs of instructional materials in the out-years could potentially be offset by a reduction in costs for instructional materials previously provided for other, elective courses that may be reduced or eliminated depending on implementation choices.

***No Change to School Funding Requirement.*** The measure makes no change to the minimum funding requirement for schools. As a result, schools would pay for the costs noted above with their existing funds. This means schools likely would need to spend less on other priorities.

***Summary of Fiscal Effects.*** We estimate that this measure would have the following major fiscal effects:

- Potential increased costs to schools that could reach in the high tens of millions of dollars annually in the first few years and then likely decline over time. Costs could be related to additional teachers, curriculum development, and instructional materials and would depend on how the measure is implemented.

Sincerely,



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for Gabriel Petek  
Legislative Analyst



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for Joe Stephenshaw  
Director of Finance