

Department of Legislative Services  
Maryland General Assembly  
2010 Session

FISCAL AND POLICY NOTE

House Bill 853  
Ways and Means

(Delegates Stein and Krebs)

---

State Department of Education - Personal Financial Literacy State Curriculum

---

This bill requires each local superintendent of schools to certify to the State Superintendent of Schools that the Personal Financial Literacy State Curriculum is being taught in the school system by September 1 of each year. The Maryland State Department of Education (MSDE) must develop a process to monitor implementation of the curriculum. By December 1 of each year, MSDE must report on the monitoring and implementation of the curriculum.

---

Fiscal Summary

**State Effect:** Assuming the costs of hiring a financial literacy specialist and professional development are due to regulations that have been proposed and not the bill, expenditures are not affected. However if the proposed regulations are not adopted, general fund expenditures increase by an estimated \$152,900 in FY 2011 to provide training and technical assistance as local school systems implement the new curriculum, monitor the implementation of the curriculum, and report on the implementation. Future years reflect the elimination of one-time costs after FY 2011, annualization, regular salary increases, and inflation. Revenues are not affected.

**Local Effect:** Local school system expenditures increase minimally to allow selected teachers to attend curriculum training provided by MSDE.

**Small Business Effect:** None.

---

## Analysis

**Current Law:** With the advice of the State Superintendent of Schools, the State Board of Education establishes basic policy and guidelines for the program of instruction for public schools. Subject to State law and the bylaws, policies, and guidelines established by the State Board of Education, each local board of education must establish the curriculum guides and courses of study for schools in its jurisdiction.

**Background:** In response to the current nationwide financial crisis, the Task Force to Study How to Improve Financial Literacy in the State was created during the 2008 legislative session (Chapter 186 of 2008) to study the ability of high school students to understand basic financial concepts; assess the utility of financial literacy education as part of primary and secondary education; study the ability of consumers older than age 21 who have achieved a high school diploma to understand basic financial concepts; study the problems created for the average consumer by a lack of financial literacy or knowledge; and make recommendations regarding how to address these problems.

In December 2008, the task force submitted preliminary recommendations to the State board that were designed to address the issue of providing financial literacy education to students in primary and secondary schools. In its accompanying letter to the State board, the chairs of the task force expressed that, although some of the local school systems offer financial literacy education as an elective course and a few local school systems require completion of the course as a prerequisite for graduation, the task force was not convinced that enough was being done to prepare all students to understand basic financial concepts, including establishing household budgets, understanding how credit can improve or impede financial progress, and determining how best to save and spend money.

At the January 27, 2009 meeting of the State Board of Education, the legislative members of the task force presented these recommendations and emphasized to the State board the extreme urgency and need for financial literacy education in primary and secondary schools. In response, the State Superintendent of Schools directed an internal MSDE team consisting of representatives from the Division of Career and College Readiness and the Division of Instruction to implement an action plan. On February 26, 2009, the State Superintendent reported that, in response to the recommendations of the task force, MSDE would form a Financial Literacy Education Design Team to develop financial literacy education content standards – statements about what students should know and be able to do – and convene the Financial Literacy Advisory Council to oversee the work of the design team and help leverage resources. Membership on both the design team and the advisory council would include members of the task force; educators; and representatives of associations, nonprofit organizations, and financial institutions (including banks and credit unions).

Through the synthesis of the Jump\$tart Coalition for Personal Financial Literacy standards, the state financial literacy standards in Wisconsin, and other expert opinions and advice, the design team completed its charge of developing content standards. The content standards serve as the framework for Maryland's Personal Financial Literacy State Curriculum. The curriculum consists of the standards, objectives, and indicators to be used to develop local curricula. The curriculum is organized in grade bands of 3 to 5, 6 to 8, and 9 to 12 in order to ensure that financial literacy education is provided in a continuum throughout elementary, middle, and high school. In accordance with MSDE protocol, the draft curriculum was circulated to national, State, and local stakeholder groups, including local superintendents, assistant superintendents of instruction, supervisors of career and technology education, business education, family and consumer sciences education, and social studies, as well as members of the task force. MSDE invited comments on the draft that, upon receipt, were found to be valuable.

MSDE presented the final version of the curriculum to the State board in January 2010 and requested permission to publish the content standards in the *Maryland Register* at the February 2010 board meeting. Following the requisite period of public comment, MSDE will request permission from the State board to adopt the content standards as regulations. MSDE anticipates the curriculum will be adopted for the 2011-2012 school year. The proposed regulations require that by September 1, 2011, and every five years after that, local superintendents certify to the State Superintendent that the instructional program in the elementary, middle, and high school learning years meets, at a minimum, the financial literacy content standards described in the proposed regulations. To implement the proposed regulations, MSDE will need to hire a financial literacy content specialist to work with local school systems as they implement the new curriculum.

**State Expenditures:** MSDE reports that every required content area has a supervisory position housed at MSDE; therefore, requiring local school systems to certify that they are teaching the financial literacy curriculum will require MSDE to hire a financial literacy content specialist. However, since MSDE has submitted proposed regulations to implement the financial literacy curriculum, under which MSDE will need to hire a financial literacy content specialist, the Department of Legislative Services assumes the costs for hiring the specialist and providing professional development will be incurred with or without this bill.

If the proposed regulations are not adopted, general fund expenditures increase by an estimated \$152,866 in fiscal 2011, which accounts for the bill's October 1, 2010 effective date. This estimate reflects the cost of hiring an education program specialist to provide guidance and technical assistance to local school systems as they implement the new curriculum, to monitor the implementation of the curriculum, and to report on the implementation. A full-time salary, fringe benefits, start-up costs, and ongoing operating

expenses, as well as one-time contractual costs and travel expenses associated with professional development, are included in the estimate.

	<u>FY 2011</u>	<u>FY 2012</u>
New Position	1	
Salary and Fringe Benefits	\$61,416	\$83,247
Professional Development	80,000	0
Travel	5,000	0
Operating Expenses	1,733	2,848
Start-up Costs	<u>4,717</u>	<u>0</u>
<b>Total State Expenditures</b>	<b>\$152,866</b>	<b>\$86,095</b>

Future year expenditures reflect a full salary with 4.4% annual increases, 3% employee turnover, and 1% annual increases in ongoing operating expenses.

**Local Expenditures:** Local school system expenditures may include hiring substitutes or providing teacher stipends to allow teachers to attend curriculum training provided by MSDE.

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 1060 (Senator Muse, *et al.*) - Rules.

**Information Source(s):** Maryland State Department of Education, Garrett and Montgomery counties, Department of Legislative Services

**Fiscal Note History:** First Reader - March 16, 2010  
ncs/mwc

---

Analysis by: Caroline L. Boice

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510