

Department of Legislative Services  
 Maryland General Assembly  
 2020 Session

FISCAL AND POLICY NOTE  
 First Reader

House Bill 1499 (Delegate Parrott, *et al.*)  
 Ways and Means

Education - Public High Schools - Financial Literacy Curriculum

This bill requires the State Board of Education to (1) develop curriculum content for a semester-long course in financial literacy that contains specified content and (2) establish criteria for a student to demonstrate financial literacy competency based on that content. Each local board of education must implement the curriculum in every public high school under the board’s jurisdiction. In order to graduate from a public high school, a student must complete the course and demonstrate financial literacy competency as defined by the State Board of Education. **This bill takes effect July 1, 2020.**

Fiscal Summary

**State Effect:** General fund expenditures increase by an estimated \$136,300 in FY 2021 to develop the graduation criteria and provide training and technical assistance as local school systems implement the new curriculum and graduation requirement. Future year estimates reflect the elimination of one-time contractual costs, annualization, and regular salary increases. Revenues are not affected.

(in dollars)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	136,300	93,500	95,700	99,000	102,300
Net Effect	(\$136,300)	(\$93,500)	(\$95,700)	(\$99,000)	(\$102,300)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** Local school system expenditures may increase, potentially significantly for some school systems, beginning in FY 2022 depending on how local school systems choose to implement the bill. Local school system retirement costs may also increase beginning in FY 2024. **This bill imposes a mandate on a unit of local government.**

**Small Business Effect:** Minimal.

## Analysis

**Bill Summary:** The curriculum content must include training on (1) creating and following a budget; (2) methods to avoid credit card debt; (3) financial life planning, including retirement planning; (4) wills; (5) stocks; (6) writing checks; (7) balancing a check book; and (8) any additional financial skills, as determined by the State board.

**Current Law/Background:** 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 regulations, 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. Policies, rules, and regulations for the graduation of students from Maryland public schools are established by local boards of education and the State Board of Education.

According to State regulations, each local school system must provide personal financial literacy programs in elementary, middle, and high schools that at least meet the content standards in the regulations.

The current credit requirements required to earn a public high school diploma are shown in the **Appendix – State Public High School Diploma Credit Requirements**. Local school systems may establish graduation requirements beyond the minimum requirements established by the board.

### *Maryland's Personal Financial Literacy Standards*

Chapter 186 of 2008 established the Task Force to Study How to Improve Financial Literacy, which began the movement toward developing financial literacy standards for public schools in the State. In June 2010, the Maryland State Department of Education (MSDE) adopted the [Maryland State Standards for Personal Financial Literacy Education](#) and the standards were then revised in 2016. The standards consist of the standards, objectives, and indicators to be used to develop local curricula. The standards are 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 each grade band, students are expected to learn the skills related to the following six standards: (1) make informed, financially responsible decisions; (2) relate careers, education, and income; (3) plan and manage money; (4) manage credit and debt; (5) create and build wealth; and (6) manage risks and preserve wealth. The standards are directly aligned with regulations.

By September 1, 2011, and every five years after that, local superintendents must 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 regulations. MSDE advises that financial literacy concepts are also embedded in the economics strand of the social studies content standards.

Although financial literacy is now a required content area, MSDE reports that there are currently no financial literacy content specialists at MSDE and no State monetary resources available to implement the current financial literacy content standards, to provide professional development, or to develop curriculum content in these areas.

#### *Online Financial Literacy Course Created by MSDE*

MSDE advises that it spent \$250,000 from its federal Race to the Top grant to develop a one-credit, online financial literacy course. The course is available to all students and school systems through Maryland Virtual Learning Opportunities, which MSDE uses to provide online learning to students, schools, and school systems. MSDE advises that the online course includes discussion forums, written assignments, presentations, and portfolio items and features a pre- and post-assessment.

#### *Current High School Courses in Financial Literacy*

As of 2018-2019 school year, the most recent information available, nine counties offer a stand-alone course in financial literacy. Of those, seven counties – Allegany, Calvert, Caroline, Carroll, Charles, Frederick, and Garrett – require high school students to complete the course (either one-half or semester long) in order to graduate. In Frederick County, students may choose from among 13 different courses that include financial literacy content to meet the requirement. In Queen Anne’s and St. Mary’s counties, high school students may take a stand-alone financial literacy course or the required course with integrated financial literacy content. In the other 15 systems, financial literacy content is integrated into one of the courses required for graduation. Additional information about financial literacy courses taken by Maryland students can be found in [\*MSDE’s Personal Financial Literacy Education 7th Annual Report\*](#).

**State Expenditures:** General fund expenditures increase by an estimated \$136,334 in fiscal 2021, which accounts for a 90-day start-up delay following the bill’s July 1, 2020 effective date. This estimate reflects the cost of hiring an education program specialist in MSDE to provide guidance and technical assistance to local school systems as they implement the financial literacy curriculum. This estimate also reflects a full-time contractual education program specialist for nine months to help develop the required

curriculum and establish criteria for a student to demonstrate the financial literacy competency standards established by the State board.

Salaries, fringe benefits, start-up costs, and ongoing operating expenses, one-time contractual costs ending in fiscal 2022, and travel associated with professional development, are included in the estimate.

	<b><u>FY 2021</u></b>
Positions	1
Contractual Position	1
Salary and Fringe Benefits	\$73,074
Contractual Salary and Fringe Benefits	51,285
Travel	1,242
Operating Expenses	953
Start-up Costs	<u>9,780</u>
<b>Total State Expenditures</b>	<b>\$136,334</b>

Future year expenditures reflect contractual expenditures ending in fiscal 2022, a full salary with annual increases, employee turnover, and ongoing operating expenses.

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State's implementation of the federal Patient Protection and Affordable Care Act.

This estimate assumes that there is no State cost beyond the contractual salary for nine months for students to demonstrate financial literacy competency. If a standardized assessment is required, expenditures could increase by millions.

MSDE advises that in addition to an educational program specialist, MSDE will need to hire two full-time contractual content specialists to develop the curriculum described in the bill at a costs of approximately \$140,000 annually. The Department of Legislative Services advises that one full-time education program specialist and a full-time contractual education specialist for nine months is sufficient to develop the required curriculum content, develop the criteria to demonstrate financial literacy, and provide training and technical assistance as local school systems implement the new curriculum and graduation requirement.

As discussed below, to the extent additional teachers are hired to meet the requirements of the bill, State retirement costs could also increase in the future.

**Local Expenditures:** Local school systems have the flexibility to implement the bill in the manner that best uses the resources available for their schools. At a minimum, costs are likely to increase by approximately \$2.1 million to purchase textbooks and materials needed for the required semester stand-alone course in the 15 counties that do not currently offer one. In addition, some school systems with an existing course may need to purchase additional materials and update their courses to cover all the topics required by the bill. Actual costs will depend on the curriculum content developed.

It is assumed that the method that the State board chooses for students to demonstrate financial literacy competency will have minimal fiscal impact. However, to the extent that the method requires additional funds, local school system expenditures increase.

MSDE's online course, which became available to all school systems after the 2016-2017 school year, could be used to meet the bill's requirements without significant additional personnel expenditures. MSDE advises that the course covers the topics required by the bill. The need to hire additional teachers could also be limited to the extent that existing teachers are qualified, or could become qualified, to teach financial literacy. Furthermore, as some existing courses are eliminated to make room for mandatory financial literacy courses, teacher positions in other fields could also be reduced to make room in school system budgets. *For illustrative purposes*, if school systems choose to hire an additional teacher for each of the estimated 215 high schools statewide that do not currently offer a stand-alone financial literacy course, local school expenditures could increase by an estimated \$17.6 million beginning in fiscal 2022.

Local school boards are responsible for the actual normal cost of pensions for qualifying personnel. To the extent that additional financial literacy teachers are hired, local retirement expenditures increase beginning in fiscal 2024.

These estimates assume no additional costs in the nine local school systems that have implemented elective or mandatory semester-long financial literacy courses. If the curriculum developed by the State Board of Education does not align with existing financial literacy courses in these nine systems or if systems with elective courses need to add financial literacy teachers to offer the required courses to all high school students, costs may increase for these systems.

## **Additional Information**

**Prior Introductions:** Similar bills, HB 371 of 2019, HB 921 of 2018, and HB 476 of 2016 each received a hearing in the House Ways and Means Committee, but no further action was taken. Similar bills have also been introduced from 2010 through 2015.

**Designated Cross File:** None.

**Information Source(s):** Maryland State Department of Education; Baltimore City Public Schools; Baltimore County Public Schools; Montgomery County Public Schools; Department of Legislative Services

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# Appendix – State Public High School Diploma Credit Requirements

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According to State regulations, to be awarded a high school diploma, a student must be enrolled in a Maryland public school system and have earned a minimum of 21 credits in specified subjects as detailed in **Exhibit 1**.

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## Exhibit 1 Distribution of Credits Required to Graduate High School

<u>Subject</u>	<u>Credits</u>
English	4.0
Fine Arts	1.0
Mathematics <sup>1</sup>	3.0
Physical Education	0.5
Health Education	0.5
Science	3.0
Social Studies	3.0
Technology Education	1.0
World Language <i>or</i> American Sign Language <i>or</i> Advanced Technology Education <sup>2</sup>	2.0
Electives <sup>2</sup>	3.0

<sup>1</sup>However, beginning with students entering grade 9 in the 2014-2015 school year, each student must enroll in a mathematics course in each year of high school that the student attends, up to a maximum of four years of attendance, unless in the fifth or sixth year a mathematics course is needed to meet a graduation requirement.

<sup>2</sup>Alternatively, a student may successfully complete a State-approved career and technology program for four credits and one credit in an elective.

Note: The credits must meet other requirements specified in the Code of Maryland Regulations. Elective programs and instruction must be developed at the discretion of the local school system, be open to enrollment for all students, and focus on in-depth study in required subject areas, exploration, or application and integration of what has been learned. In addition, all students must complete a locally designed high school program of environmental literacy approved by the State Superintendent of Schools.

Source: Code of Maryland Regulations; Department of Legislative Services

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