

Department of Legislative Services
 Maryland General Assembly
 2009 Session

FISCAL AND POLICY NOTE

House Bill 1502 (Prince George's County Delegation)
 Ways and Means

Prince George's County - Board of Education - Financial Literacy Curriculum
 Content
 PG 418-09

This bill requires the Prince George’s County Board of Education to develop curriculum content for a semester-long course in financial literacy and requires that a student complete a course in financial literacy in order to graduate from high school in the county.

Fiscal Summary

State Effect: General fund expenditures will increase by \$659,300 in FY 2013 and by \$748,000 in FY 2014. Revenues are not affected.

(in dollars)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	0	0	659,300	748,000
Net Effect	\$0	\$0	\$0	(\$659,300)	(\$748,000)

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

Local Effect: Prince George’s County school expenditures may increase by an estimated \$4.9 million in FY 2011 to implement mandatory financial literacy courses in all high schools. Revenues are not affected. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Bill Summary: The Prince George's County Board of Education must develop curriculum content for a semester-long course in financial literacy, which must include instruction regarding:

- choosing a career and earning income;
- economic and financial decision making;
- basic economic concepts including opportunity cost, cost/benefit analysis, and supply and demand;
- saving and investing money;
- credit;
- charitable giving;
- household budgeting;
- insurance;
- consumer awareness;
- understanding contractual agreements; and
- fraud and identity theft.

A student must complete a course in financial literacy in order to graduate from high school in Prince George's County.

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: Chapters 186 and 187 of 2008 created the Task Force to Study How to Improve Financial Literacy in the State. The task force was established to (1) study the current ability of high school students to understand basic financial concepts; (2) evaluate the current provision of financial literacy education in Maryland's public schools; (3) assess the utility of financial literacy education as part of primary and secondary education; (4) study the current ability of consumers older than age 21 who have achieved a high school diploma to understand basic financial concepts; and (5) study the problems created for the average consumer by a lack of financial literacy or knowledge, including specified items.

The Maryland State Department of Education (MSDE) advises that it is in the process of developing financial literacy content standards, as a result of the work of the task force. All local school systems will be offered these content standards as well as the opportunity to participate in related professional development. MSDE further advises that teachers from Prince George's County public schools, along with other Maryland teachers, have received professional development on using and implementing family economics and financial education curriculum.

State Expenditures: Teachers' retirement cost for local school systems are paid entirely by the State government. Pursuant to this legislation, teacher salaries will increase by \$3.8 million beginning in fiscal 2011. This will affect State paid teachers' retirement cost beginning in fiscal 2013. Assuming a retirement contribution rate of 16.51% in fiscal 2013 and 17.84% in fiscal 2014, State general fund expenditures will increase by \$659,300 in fiscal 2013 and \$748,000 in fiscal 2014.

Local Expenditures: Prince George's County school expenditures may increase by an estimated \$4.9 million in fiscal 2011 to hire teachers qualified to teach mandatory financial literacy courses (\$4.6 million) and to purchase textbooks and materials needed for the courses (\$344,100). The information and assumptions used to develop this estimate are stated below.

- The mandatory courses would be developed in the 2009-2010 school year and would be taught beginning in the 2010-2011 school year.
- There are approximately 42,350 students in grades 7 through 10 in Prince George's County public schools in fiscal 2009 (an average of 10,590 per grade), so in fiscal 2011, approximately 10,590 high school grade students would receive the required instruction.
- It is estimated that each teacher would have approximately 200 students per year. Given that the financial literacy courses would be one semester long and assuming that a teacher could teach approximately four classes of 25 students or five classes of 20 students per semester. In total, 53 new teachers would be needed.
- The average cost per teacher for salary and benefits is estimated at \$87,000. The total cost for 53 teachers would be approximately \$4.6 million.
- Enough textbooks and other course materials would be needed for 5,295 students each semester. The materials would cost an estimated \$65 per student, or \$344,100 in total.

After fiscal 2011, costs for textbooks and course materials could decrease if the same materials are reused. To the extent that existing teachers are qualified to teach financial literacy, costs for teachers could be somewhat less than \$4.9 million. Additional school system costs could also be incurred for curriculum development and support.

Additional Information

Prior Introductions: None.

Cross File: None, however, Senate Bill 500 is identical.

Information Source(s): Prince George's County, Department of Legislative Services

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Analysis by: Scott P. Gates

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