

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 262

(Senator Klausmeier, *et al.*)

Education, Health, and Environmental Affairs

Ways and Means

State Board of Education - Financial Literacy Examination

This bill requires the State Board of Education to report on a plan for creating a statewide financial literacy examination which each student would be required to take as a condition of graduation. The plan itself, however, may not require a student to pass the examination as a condition of graduation. The plan must be reported to specified committees of the General Assembly by December 31, 2011.

The bill takes effect June 1, 2011.

Fiscal Summary

State Effect: The required report can be developed with existing budgeted resources. Any expenditures related to requiring a student to take (and potentially pass) a financial literacy examination as a condition of graduation are not attributable to this bill but to future legislation or regulations. Revenues are not affected.

Local Effect: None associated with this bill; however, later implementation of such a requirement could significantly increase local school system expenditures.

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. 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 regulations, each local school system must implement personal financial literacy programs in elementary, middle, and high schools by September 1, 2011, that at least meet the content standards in the regulations.

Background: Pursuant to Chapter 186 of 2008, the Task Force to Study How to Improve Financial Literacy in the State was created 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, 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 Maryland State Department of Education (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 included 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.

In June 2010, MSDE adopted regulations based on the design team's content standards. The regulations require each local school system to implement personal financial literacy programs in elementary, middle, and high schools. 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 anticipates that local school systems will adopt the curriculum for the 2011-2012 school year.

Although financial literacy is now a required content area, MSDE reports that there are currently no financial literacy content specialists at MSDE. Generally, every required content area has a supervisory position housed at MSDE; however, current work relating to the financial literacy curriculum is being absorbed by four staff members from the Career and Technology Education and Social Studies curriculum support areas. The effect of this has been to limit staff availability for those responsibilities.

In addition, MSDE reports that there are no State monetary resources available to implement the current financial literacy curriculum or to provide professional development. For the past three years MSDE has used federal Perkins funds to provide professional development for select teachers on the Family Economics and Financial Education curriculum developed by the University of Arizona at Tucson. These funds are no longer available for training since they cannot be used to maintain an initiative once the program of study is required for all students. Additional curriculum assistance and professional development has been provided by the Maryland Coalition for Financial Literacy, a division within the Maryland Council of Economic Education.

Carroll and Allegany counties currently require high school students to complete a semester-long course in financial literacy. Seven additional counties offer semester- or year-long elective courses with financial literacy embedded into the curriculum.

Additional Information

Prior Introductions: Legislation related to financial literacy as a graduation requirement has been considered in previous sessions. HB 335 of 2010 was referred to the House Ways and Means Committee. Its cross file, SB 1030, was withdrawn after a hearing in the Senate Education, Health, and Environmental Affairs Committee. HB 764 of 2010 received a hearing in the House Ways and Means Committee, but no further action was taken. Its cross file, SB 264, passed the Senate with amendments and received a hearing in the House Ways and Means Committee, where no further action was taken. SB 714 of 2008 received an unfavorable report from the Senate Education, Health, and Environmental Affairs Committee. Its cross file, HB 1271, received a hearing in the House Ways and Means Committee, but no further action was taken.

Cross File: HB 127 (Delegate Walker, *et al.*) - Ways and Means.

Information Source(s): Maryland State Department of Education; Department of Labor, Licensing, and Regulation; Baltimore City; Montgomery, Washington, and Worcester counties; Department of Legislative Services

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