

**Department of Legislative Services**  
Maryland General Assembly  
2012 Session

**FISCAL AND POLICY NOTE**  
**Revised**

Senate Bill 476

(Senator Klausmeier, *et al.*)

Education, Health, and Environmental Affairs  
and Finance

Ways and Means

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**State Government - Financial Education and Capability Commission**

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This bill creates the Financial Education and Capability Commission to (1) monitor the implementation of public and private initiatives to improve the financial education and capability of residents of the State; and (2) make recommendations on the coordination of financial education and capability efforts across State agencies. The bill requires the commission to report to the Governor and the General Assembly, by December 1 of each year, on its recommendations and the status of the State's efforts to improve the financial education and capability of residents of the State. The Maryland Creating Assets, Savings, and Hope (CASH) Campaign provides staff for the commission.

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**Fiscal Summary**

**State Effect:** Any expense reimbursements for members are expected to be minimal and absorbable within existing budgeted resources.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary:** The commission consists of 23 members, 12 of whom are appointed by the Governor, who serve for a term of four years. The terms of the members are staggered. The Senate President and the Speaker of the House of Delegates must both designate one member to be a co-chair of the commission.

At the end of a term, an appointed member continues to serve until a successor is appointed and qualifies. Additionally, if a member is appointed after a term begins, the member serves only for the remainder of the term. Commission members may not be compensated but may be reimbursed for expenses. The commission must meet at least two times each year at the times and places determined by the commission.

Every three years, the commission has to include in its annual report a comprehensive discussion of statewide efforts to improve the financial education and capability of residents of the State, including State- or local government-funded initiatives and those undertaken in the private sector by nonprofit organizations, financial institutions, and other persons.

**Current Law/Background:** The Maryland CASH Campaign is a statewide network of organizations that coordinates the provision of free tax preparation services and access to high-quality financial services, financial education, and coaching. Three main initiatives are the focus of the Maryland CASH Campaign's work: capacity building and training, financial education, and research and advocacy.

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 of Education 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. The majority of local school systems adopted the curriculum for the 2011-2012 school year.

Allegany, Carroll, Charles, and Garrett counties currently require high school students to complete a semester-long course in financial literacy. In Frederick and Queen Anne's counties, students may take a semester-long financial literacy course or courses with integrated financial literacy content. In all the other counties and Baltimore City, except in Montgomery County, financial literacy content is integrated into one of the courses required for graduation. Montgomery County received a one-year waiver to integrate financial literacy into a course required for high school graduation.

The task force also made several recommendations relating to the financial education of adults, including encouraging both the State and private employers who receive a State contract or assistance to provide financial education training. In a recent poll conducted by the Society for Human Resource Management, despite an increase in demand for financial literacy, 36% of companies report that they do not provide financial education for their employees. Of those that do offer financial literacy programs, 65% of employers only provide information related to employer-provided benefits, and 43% only provide information relating to retirement. In addition to financial education in the workplace, the task force made recommendations focused on improving both the financial education for recipients of public benefits as well as applicants for marriage licenses.

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 515 (Delegate Stein, *et al.*) - Ways and Means.

**Information Source(s):** Maryland State Department of Education; Maryland Higher Education Commission; Department of Labor, Licensing, and Regulation; Maryland CASH Campaign; Department of Legislative Services

**Fiscal Note History:** First Reader - February 14, 2012  
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