

**Department of Legislative Services**  
Maryland General Assembly  
2016 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

Senate Bill 503 (Senator Klausmeier, *et al.*)  
Education, Health, and Environmental Affairs

**Education - Online Instructional Program for Financial Literacy**

This bill requires the Maryland State Department of Education (MSDE), in consultation with the Financial Literacy Education Advisory Council, to develop and implement an online instructional program that provides a financial literacy curriculum for high school students. Beginning in the 2017-2018 school year, the online instructional program for financial literacy must be available for high school students to participate in on a *voluntary* basis. If a high school student demonstrates competency in all of the requirements of the program, the student must receive a certification in financial literacy.

The bill takes effect July 1, 2016.

**Fiscal Summary**

**State Effect:** General fund expenditures increase by \$91,300 beginning in FY 2017 for MSDE to hire a half-time financial literacy specialist to assist and train teachers, track students who demonstrate competency and award certifications in financial literacy, modify statewide data collection systems, and maintain the online course. To the extent the bill increases enrollment in the online financial literacy course, special fund revenues and expenditures increase beginning in FY 2018.

(in dollars)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
SF Revenue	\$0	-	-	-	-
GF Expenditure	\$91,300	\$99,400	\$101,300	\$103,200	\$105,300
SF Expenditure	\$0	-	-	-	-
Net Effect	(\$91,300)	(\$99,400)	(\$101,300)	(\$103,200)	(\$105,300)

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

**Local Effect:** To the extent the bill increases the number of online financial literacy courses requested by students, local school system expenditures increase due to the \$25

MSDE course fee and providing teachers to facilitate the course by either training teachers or paying MSDE to provide the facilitator.

**Small Business Effect:** None.

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## Analysis

**Bill Summary:** To successfully complete the program, students must demonstrate competency in:

- managing money, including establishing and maintaining a household budget;
- managing credit and debt, including maintaining creditworthiness and making informed decisions about incurring debt;
- saving and investing to build financial security and wealth; and
- financial planning to manage financial risks and preserve wealth.

**Current Law:** MSDE must provide Maryland virtual learning opportunities that include (1) offering a distance learning program to provide Maryland public school students with equal opportunities to develop a strong academic foundation; (2) offering expanded educational choices not otherwise available to students through online courses and services; and (3) expanding the professional development opportunities available to educational staff in Maryland public schools through online courses and services.

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 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.

### **Background:**

*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

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public schools in the State. Through the synthesis of the Jump\$Start Coalition for Personal Financial Literacy standards, the state financial literacy standards in Wisconsin, and other expert opinions and advice, content standards were developed that 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 June 2010, MSDE adopted regulations based on the content standards, which 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.

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. In past 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.

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

Seven counties – Allegany, Calvert, Caroline, Carroll, Charles (beginning with the 2017), Frederick, and Garrett counties – currently require high school students to complete a stand-alone course in financial literacy (either one-half or semester long) in order to graduate. In Queen Anne's, St. Mary's, and Talbot counties, high school students must take a stand-alone financial literacy course or the required course with integrated financial literacy content. In the other 14 systems, financial literacy content is integrated into one of the courses required for graduation.

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

MSDE advises it expended \$250,000 from its federal Race to the Top grant to develop a one-credit online financial literacy course, which is currently being piloted in Charles County. From there, the course will be available to all students and school systems in the 2016-2017 school year through Maryland Virtual Learning Opportunities (MVLO), which MSDE uses to provide online learning to students, schools, and school systems. The course developed by MSDE requires a trained and approved facilitator to deliver the course, lead discussions, and grade assignments and assessments. To proctor an online course, MSDE requires teachers to comply with the MVLO guidelines for facilitating online learning experiences which includes coursework and completing a “shadowing” experience.

The course, which was designed to be taught completely online but can also be taught as a hybrid, provides students with 120 hours of financial literacy instruction and includes the following six units:

- plan for your financial future;
- prepare for college and careers;
- develop essential money management skills;
- become a savvy consumer;
- build your wealth; and
- protect your wealth.

Each unit consists of multiple modules, which are designed to measure student learning and inform instructional practices. These units also align with the six overarching standards that are in Maryland’s State Curriculum for Personal Financial Literacy Education.

The course incorporates a variety of formative assessment types including discussion forums, written assignments, journals, presentations, and portfolio items. Furthermore, each module features a pre- and post-assessment. Instructors use all of these assessments to determine student mastery of the financial literacy concepts and skills that are included in the curriculum.

**State Fiscal Effect:** General fund expenditures increase by \$41,283 in fiscal 2017 for MSDE to hire a half-time financial literacy specialist. Also, beginning in fiscal 2017, general fund expenditures for MSDE increase by an estimated \$50,000 per year to modify the statewide data collection systems and to maintain the online course. To the extent the bill increases the number of sections of the online financial literacy course offered, special fund revenues and expenditures increase as described below. The information and assumptions used in this estimate are shown below.

- MSDE advises that to meet the requirements of the bill, it will need to hire a contractor at an annual cost of \$300,000 to develop a test that is aligned with the course to effectively demonstrate student's competency leading to a financial literacy certification. The Department of Legislative Services (DLS) advises that it is assumed that MSDE can set a passing score for the already developed course and/or the formative assessments required by the course that will demonstrate that a student is competent in the financial literacy topics required by the bill.
- MSDE advises that to meet the requirements of the bill it will need to hire a contractor at an annual salary of \$125,000 to modify the statewide data collections system. DLS advises that is an excessive amount for an annual cost to modify the statewide data collections system; however, since it is assumed that MSDE maintains the records of students certified in financial literacy, there will be a cost of approximately \$50,000 in fiscal 2017 to update the statewide data collections system. In fiscal 2018 and beyond, it is assumed that the annual cost to maintain the online financial literacy course with current information and to meet current technology requirements will total \$50,000 per year.
- MSDE advises that a full-time financial literacy specialist is required to meet the requirements of the bill. DLS advises that only a half-time financial literacy specialist is required to assist and train teachers proctoring the course, track students who demonstrate competency, make updates to the course, and award certifications in financial literacy. Thus, in fiscal 2017, general fund expenditures increase by \$36,694 for salary and fringe benefits and by \$4,589 in start-up and operating costs.
- MSDE charges local school systems a minimum fee of \$25 per section of the financial literacy course offered. MSDE charges a fee of \$250 per student per course to provide a trained facilitator if the local school system does not have one (which incorporates the \$25 per section fee). To the extent the bill increases the sections of the online financial literacy course offered or the MSDE facilitators requested, special fund revenues and expenditures increase beginning in FY 2018. To the extent the bill increases the number of facilitated sections requested by local school systems, special fund revenues and expenditures increase further. This amount cannot be reliably determined at this time.

**Local Expenditures:** To the extent the bill increases the number of online financial literacy courses requested by students, local school system expenditures increase due to the \$25 MSDE course fee and providing teachers to facilitate the course by either training teachers or paying MSDE to provide the facilitator. Paying MSDE to provide a facilitator costs \$250 per student (which includes the \$25 course fee). Training a local teacher to

facilitate the course has an indeterminate cost but requires at least the teacher to complete coursework and complete a “shadowing” experience with an experienced facilitator.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland State Department of Education, Department of Legislative Services

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