

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 811
 Appropriations

(Delegate Wolek, *et al.*)

Education, Energy, and the Environment

Higher Education - Financial Well-Being Pilot Program - Establishment

This bill establishes the Financial Well-Being Pilot Program at the University of Maryland, College Park Campus (UMCP) and Morgan State University (MSU). The program’s purpose is to provide comprehensive financial guidance, support, and coaching to help students (1) facing significant personal financial burdens, complex student loan debts, or high levels of financial anxiety or (2) lacking in financial literacy knowledge or skills. The program must be jointly administered by the Maryland Higher Education Commission (MHEC), UMCP and MSU. By August 1, 2024, MSU and UMCP must each hire one full-time financial well-being coach to provide personalized financial coaching services to students who may benefit from such services. Additionally, UMCP and MSU must create a system to identify students for the program. The bill requires interim and final reports from UMCP, MSU, and MHEC on the program’s status and effectiveness. **This bill takes effect July 1, 2024, and terminates July 31, 2027.**

Fiscal Summary

State Effect: In total, UMCP and MSU higher education expenditures increase by an estimated \$315,500 in FY 2025 for contractual staff and to develop a system to identify students who may benefit from financial coaching services. Future years reflect annualization, the elimination of one-time costs, and the termination of contractual staff in FY 2028. MHEC can produce the required reports using existing resources. Revenues are not affected.

(in dollars)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenues	\$0	\$0	\$0	\$0	\$0
Higher Ed Exp.	315,500	208,900	218,000	18,200	0
Net Effect	(\$315,500)	(\$208,900)	(\$218,000)	(\$18,200)	\$0

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary:

Students Who May Benefit from Financial Coaching Services

“Students who may benefit from financial coaching services” is defined as students who: (1) are dealing with significant personal financial burdens or complex student loan debts; (2) are experiencing high levels of anxiety due to personal financial burdens; or (3) lack financial literacy knowledge or skills.

Financial Well-being Coach

A financial well-being coach must assist students with their financial literacy as specified. While providing specified support services, the coach must focus on (1) the behavioral and emotional aspects of personal finances and (2) how a student can successfully achieve personal financial goals and establish healthy habits. A financial well-being coach must carry a caseload comparable to that of an academic advisor at the institution. Each student must be surveyed before and after financial coaching services to evaluate the effectiveness of the services. At the end of the pilot program, the coach must create a document with best practices, processes, and guidance that other institutions of higher education can use to create a financial well-being coaching program.

A financial well-being coach may provide financial coaching services to students in group and individual coaching settings as well as during drop-in advisory hours. When scheduling individual coaching sessions, certain students, as specified, must be prioritized.

Reporting Requirements

By June 1, 2025, UMCP and MSU must submit an interim report to MHEC on the status and effectiveness of the pilot program, followed by a final report by June 1, 2026. Similarly, MHEC must submit an interim report to each institution of higher education, the Governor, and the General Assembly on the operation of the pilot program by July 1, 2025, followed by a final report on the operation and results by July 1, 2026.

Current Law: Institutions of higher education are not required to provide comprehensive financial guidance, support, and coaching to help students who may benefit from financial coaching services.

State Expenditures: In total, USM and MSU higher education expenditures increase by an estimated \$315,494 in fiscal 2025. This estimate reflects hiring two coaches, as required, on August 1, 2024, to assist students with financial literacy, produce the required reports, and develop a best practices document and \$50,000 in one-time costs to develop a system to identify students for the program (as required by the bill). This estimate is based on UMCP estimated costs of \$100,000 annually to hire a financial well-being coach and another \$100,000 annually to develop and implement a system to identify students. Additionally, while MSU anticipates increased expenditures to implement the bill, specific details regarding these additional costs were not provided. The Department of Legislative Services (DLS) advises that a system for identifying students can likely be developed for \$50,000 in one-time costs for each institution.

Contractual Positions	2.0
Salaries and Fringe Benefits	\$200,615
One-time Development Costs	100,000
Operating Expenses	<u>14,879</u>
Total FY 2025 State Expenditures	\$315,494

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses, the elimination of system development costs in fiscal 2026, and the elimination of the contractual positions when the bill terminates on July 31, 2027 (fiscal 2028).

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.

MHEC can produce the required reports using existing resources.

Additional Comments: The bill is unclear as to the intended duration of the pilot program, given the requirement for a final report after the second year of implementation but a termination date more than a year later. DLS assumes financial well-being coaching continues to be provided for a third year without a related reporting requirement and that the contractual coaches remain available until termination of the bill. Otherwise, contractual services and the related costs terminate in fiscal 2027 rather than fiscal 2028.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Maryland Higher Education Commission; University System of Maryland; Morgan State University; Department of Legislative Services

Fiscal Note History: First Reader - February 18, 2024
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