

Department of Legislative Services
 Maryland General Assembly
 2017 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 243 (Senator Robinson, *et al.*)

Judicial Proceedings and Education, Health,
 and Environmental Affairs

Correctional Services - Inmates - Financial Literacy Training

This bill requires the Department of Public Safety and Correctional Services (DPSCS) to offer financial literacy training to an inmate who has been sentenced to a term of incarceration in the Division of Correction (DOC) and who is within one year of being released from a correctional facility. The financial literacy training must (1) aim to provide an inmate with an understanding of how to manage money and build wealth and (2) include instruction in how to create and follow a household budget and how to invest money wisely for retirement. DPSCS may consult or collaborate with any public or private agency, entity, or individual in developing the curriculum for the financial literacy training.

Fiscal Summary

State Effect: Assuming that DPSCS is not able to delegate authority for offering the required financial literacy training program to the Department of Labor, Licensing, and Regulation (DLLR), general fund expenditures increase by *at least* \$3,391,900 in FY 2018 for DPSCS to hire administrators and instructors to offer the required training. Future year expenditures reflect annualization. Revenues are not affected.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	3,391,900	4,206,900	4,411,200	4,627,500	4,856,700
Net Effect	(\$3,391,900)	(\$4,206,900)	(\$4,411,200)	(\$4,627,500)	(\$4,856,700)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: On July 1, 2009, the Adult Education and Adult Correctional Education services in the State were transferred from the Maryland State Department of Education (MSDE) to the Division of Workforce Development and Adult Learning in DLLR. The goal of the Office of Adult Education and Literacy Services in the division is to ensure that Maryland adults have access to basic skills instruction to enable them to be effective workers, family members, partners in children's education, and citizens. The Office of Correctional Education in the division has similar goals, but serves adults who are incarcerated. The Office of Correctional Education provides educational opportunities to more than 9,000 inmates with services offered at each DOC facility, the Patuxent Institution, and all prerelease units. Individuals in State correctional facilities participate in financial literacy workshops that last for four weeks. The goal of the workshops is to enable inmates to create financial plans for use upon reentry into society.

An inmate is mandated to take education classes if the inmate does not have a GED or high school diploma, has at least 18 months remaining on the inmate's sentence, and is not exempt due to a medical, developmental, or learning disability. After earning the high school diploma, inmates are eligible for occupational programs or advanced education at a local partnering college. DLLR indicates that studies show that offenders who participate in correctional education programs are less likely to reoffend following release from a correctional facility.

In response to the nationwide financial crisis during the late 2000s and the distress that it caused millions of American families, Chapter 186 of 2008 created the Task Force to Study How to Improve Financial Literacy in the State; the task force was required 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 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.

The task force recommended that the Division of Workforce Development and Adult Learning in DLLR incorporate the State curriculum into the relevant adult education standards, where possible, to maintain consistency and vertical alignment among the K-12, adult, and correctional services populations. In addition, the task force recommended that DLLR seek funding for resources and teacher training, as appropriate, to implement these programs.

In June 2010, MSDE adopted regulations to 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 have been required to 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.

State Expenditures: Although DLLR currently provides adult correctional education services that include financial literacy, this estimate assumes that DPSCS must provide the financial literacy training required by the bill and is not able to delegate the responsibility to DLLR. If DPSCS must provide the required training, general fund expenditures increase by *at least* \$3,391,851 in fiscal 2018, which accounts for the bill's October 1, 2017 effective date. This estimate reflects the cost of hiring one full-time administrator and two part-time instructors for each of the 23 DPSCS correctional facilities to administer and provide instruction for the required training. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. The estimate does not include costs to develop the curriculum; it is assumed that DLLR can assist DPSCS with curriculum development using existing budgeted resources.

Full-time Positions	23
Part-time Positions	46
Salaries and Fringe Benefits	\$3,039,347
Operating Expenses	<u>352,504</u>
Total FY 2018 State Expenditures	\$3,391,851

Future year expenditures reflect full salaries with annual increases and employee turnover and ongoing operating expenses.

Because the adult correctional education services that DLLR provides go beyond financial literacy, it is assumed that DLLR continues to provide adult correctional education services; thus, the bill does not materially affect DLLR's finances.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland State Department of Education; Department of Labor, Licensing, and Regulation; Department of Public Safety and Correctional Services; Department of Legislative Services

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fn/lgc

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