

Department of Legislative Services
 Maryland General Assembly
 2022 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

House Bill 985
 Ways and Means

(Delegate Walker, *et al.*)
 Education, Health, and Environmental Affairs

Education - Public High Schools - Financial Literacy Curriculum

This bill requires the State Board of Education (SBE) to develop curriculum *content* for a half-credit course in financial literacy. The course developed by the SBE must include instructional content based on the SBE-approved instructional program on financial literacy for high school students in existence on June 30, 2022. Each local board of education must implement the curriculum and make the course available to students in every public high school under the board’s jurisdiction. The bill also repeals a reporting requirement for the Maryland State Department of Education (MSDE) related to the certification of local financial literacy instruction. **This bill takes effect July 1, 2022.**

Fiscal Summary

State Effect: General fund expenditures may increase by an estimated \$31,600 in FY 2023, as explained below. Revenues are not affected.

(in dollars)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	31,600	0	0	0	0
Net Effect	(\$31,600)	\$0	\$0	\$0	\$0

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

Local Effect: Local school system expenditures may increase for some school systems in FY 2023. Potential impact in future years, depending on implementation. Costs may be absorbable by some if not all systems. Revenues are not affected. **This bill may impose a mandate on a unit of local government.**

Small Business Effect: Minimal.

Analysis

Current Law: With the advice of the State Superintendent of Schools, SBE 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 SBE, 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 SBE.

According to State 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. 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 bill maintains this requirement but repeals a requirement that MSDE provide a summary of local certification reports to the Governor and General Assembly every five years. At the high school level, financial literacy is embedded in courses required for graduation or offered as a stand-alone graduation requirement. Additional information about financial literacy courses taken by Maryland students can be found in the Maryland State Department of Education's (MSDE) [Personal Financial Literacy Education 2019-2021 Report](#).

MSDE offers a one-credit, online financial literacy course available to all students and school systems through Maryland Virtual Learning Opportunities, which MSDE uses to provide online learning to students, schools, and school systems.

State Expenditures: MSDE has developed [financial literacy education standards](#) (*i.e.*, content standards), which are also in regulations. They are (1) make informed, financially responsible decisions; (2) relate careers, education, and income; (3) plan and manage money; (4) manage credit and debt; (5) create and build wealth; and (6) manage risks and preserve wealth. Using the existing content standards, MSDE created an online Personal Finance course, which is currently available for students to take for high school credit. It is assumed that the course content developed under the bill is based on these standards.

The Department of Legislative Services advises that for MSDE to develop curriculum *content* based on the existing standards, MSDE general fund expenditures increase by an estimated \$31,559 in fiscal 2023 for MSDE to hire a half-time contractual position to lead the work. This estimate assumes a 90-day startup delay following the bill's July 1, 2022 effective date. It assumes that the contractual work is completed by June 30, 2023, which will allow local school systems and schools to train their staff in the curriculum prior to the 2023-2024 school year. In addition, MSDE staff time may be temporarily redirected from other projects.

Contractual Position	0.5
Salary and Fringe Benefits	\$24,613
Operating Expenditures	<u>6,946</u>
Total MSDE FY 2023 Expenditures	\$31,559

Future year expenditures reflect the termination of the contractual position on June 30, 2023, after developing the curriculum content.

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.

Termination of the reporting requirement has no material effect on MSDE staffing but may enable MSDE to redirect staffing resources to other related endeavors.

Local Expenditures: Local school systems have the flexibility to implement the bill in the manner that best uses the resources available for their schools. At a minimum, costs are likely to increase by nearly \$2.7 million to purchase textbooks and materials needed for the required semester-long stand-alone course in the 14 counties that do not currently offer a stand-alone financial literacy course. This estimate assumes that the 10 counties that currently offer a stand-alone high school course do not need to purchase additional supplies. However, if the new curriculum developed by SBE does not align with existing financial literacy courses in these 10 systems or if systems with elective courses need to add financial literacy teachers to offer the required courses to all high school students, costs may increase for these systems.

It is assumed that local school systems will choose to train existing teachers in the new required curriculum. It is assumed that this training, conducted with the assistance of the education specialist hired by MSDE, can be handled with existing resources by most if not all school systems. To the extent that the training cannot be accommodated during the school system’s existing professional development days, local school systems may need to pay teachers to attend the trainings as specified in their contracts.

Alternatively, MSDE’s online course, which became available to all school systems after the 2016-2017 school year, could potentially be used to meet the bill’s requirements without significant additional personnel expenditures, *if* the existing online course content conforms with the curriculum content developed under the bill. Although there may be other costs, such as computer costs, associated with that option, the impact of those costs may be more limited in the current environment because many school systems have provided laptops to every student during the COVID-19 pandemic.

Additional Information

Prior Introductions: HB 1299 of 2021, HB 508 of 2020, HB 371 of 2019, and HB 921 of 2018 each received a hearing in the House Ways and Means Committee, but no further action was taken. Similar bills have also been introduced from 2010 through 2016.

Designated Cross File: None.

Information Source(s): Baltimore County Public Schools; Prince George's County Public Schools; Maryland State Department of Education; Montgomery County Public Schools; Department of Legislative Services

Fiscal Note History: First Reader - February 24, 2022
fnu2/mcr Third Reader - March 22, 2022
Revised - Amendment(s) - March 22, 2022

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