



THE MARYLAND GENERAL ASSEMBLY

ANNAPOLIS, MARYLAND 21401-1991

December 16, 2008

Mr. James H. DeGraffenreidt, Jr.
President
State Board of Education
200 West Baltimore Street
Baltimore, Maryland 21201

Dear Mr. DeGraffenreidt:

During these times of financial crisis, and even before the current recession, we have felt passionately about the need for effective financial literacy education for all students in our primary and secondary schools. Currently, some of the local school systems offer financial literacy as an elective course and a few local school systems require completion of the course as a prerequisite for graduation; however we are not convinced that enough is being done to prepare all of our students to understand basic financial concepts including, but not limited to: establishing household budgets; understanding how credit can improve or impede financial progress; and determining how best to save and spend money.

To that end, during the 2008 session, we sponsored Senate Bill 533 (Chapter 186)/House Bill 1242 (Chapter 187), which established the Task Force to Study How to Improve Financial Literacy in the State. In November, the task force held a briefing to explore financial literacy education nationally, in other states, and in various counties in Maryland. During this briefing, in addition to hearing from the Maryland State Department of Education and other local school systems, the task force heard from the Maryland Coalition for Financial Literacy and from various financial institutions regarding partnerships and other initiatives that take place within schools and for school-aged children.

We were particularly inspired by the presentation from the National Association of Boards of Education (NASBE). Dr. Charlene Dukes, a member of the task force, also found the presentation to be very informative. Dr. Dukes has requested that the State Board of Education receive a copy of the 2006 NASBE publication *Who Will Own Our Children?* Please let us know if you have not received a copy and we will ensure that you receive a copy as soon as possible. In its report, NASBE asserts that a robust financial literacy education curriculum must be an integral part of the K-12 curriculum continuum if our students are going to succeed upon reaching adulthood and making their own financial-related decisions.

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The task force recognizes the purview of the State board to establish curriculum guidance and of local boards of education to determine curricula relating to its students. After receiving briefings on this topic for more than three hours last month, and after having contemplated our options extensively at a work session last week, we respectfully request that you give serious consideration to mandating financial literacy education for all students in the State.

Enclosed with this letter, please find the recommendations of the task force relating to financial literacy education. We welcome the opportunity to present to you at the January 27, 2009 meeting of the State board regarding our perspective and the importance of financial literacy education for the future economic well being of both our students and the citizens of our State. Additionally, we look forward to receiving updates from you regarding your progress in developing financial literacy curriculum and in implementing that curriculum throughout the State. We look forward to hearing from you by March 1, 2009, and again by June 1, 2009, in this regard.

Please contact our staff, Sara Fidler, at 410-946-5350 to schedule an appropriate time for us to present and discuss these issues further with you. We greatly appreciate the potential opportunity to positively impact all students in primary and secondary schools in the State with financial literacy education.

Sincerely,



Delegate Dana M. Stein
Co-chair



Senator C. Anthony Muse
Co-chair

DMS:CAM/SCF/mcp

Enclosure

cc: Members of the State Board of Education
Members of the Task Force to Study How to Improve Financial Literacy
Mr. Tony South
Ms. Renee Spence

Task Force to Study How to Improve Financial Literacy in the State

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Task Force to Study How to Improve Financial Literacy in the State

Recommendations Relating to Financial Literacy Education in Primary and Secondary Schools

The Task Force to Study How to Improve Financial Literacy in the State was created by Senate Bill 533 (Chapter 186)/House Bill 1242 (Chapter 187) of the 2008 session. Although the charge of the task force includes the study of financial literacy challenges facing both student and adult populations, at this time, the task force has only completed its study relating to the student population. The full task force has met three times: November 5, 2008, for an organizational meeting; November 20, 2008, for briefings relating to financial literacy education; and December 11, 2008, to review the recommendations of the Education Workgroup of the task force and to make final recommendations relating to financial literacy education in primary and secondary schools.

The briefings that were held at the November 20, 2008, meeting of the task force explored the issue of financial literacy education on a national level, a State level, and at the local level. These briefings additionally provided information relating to partnerships between schools and various financial institutions (credit unions and banks) and nonprofit organizations and coalitions. The agenda from this meeting is included as an appendix to this report.

The current nationwide financial crisis and the distress that it is causing millions of American families persuaded the task force that the need for all people to be financially literate is both compelling and urgent. It is with that in mind that the task force makes the following recommendations to the State Board of Education. The task force recommends that the State Board of Education:

1. Develop and adopt K-12 Personal Financial Literacy standards through the Code of Maryland Regulations that define a set of knowledge and skills. These standards will supplement those in the content areas of social studies, government, and family and consumer science (FACS). Align these standards with State and national standards. Additionally require local superintendents to certify every five years that financial literacy content is included within local curriculum and is based on the identified standards.
2. In cooperation with the Maryland State Department of Education (MSDE), coordinate a design team including but not limited to local school systems; the Maryland State Teachers Association (MSTA); the Parent and Teacher Association (PTA); the Maryland Association of Boards of Education (MABE); nonprofit organizations and coalitions; the banking, financial, and credit industries including credit unions, and any other interested parties or stakeholders to create a systemic approach to implementing personal financial literacy standards by providing professional development, curriculum; and other resources.
3. Consider regulations for a K-12 Voluntary State Curriculum (VSC) aligned with State and national standards for personal financial literacy. Local school systems will determine when to implement, what to implement, and how to implement the VSC

similar to other content areas. MSDE will partner with local school systems; MSTA; PTA; MABE; nonprofit organizations and coalitions; the banking, financial, and credit industries including credit unions; and any other interested parties or stakeholders to provide resources and professional development to support local school systems' implementation efforts.

4. Require reporting from the 24 local school systems (with or without current programs), to be compiled by MSDE on a periodic basis, and then submitted to the State Board of Education, the Governor, and the General Assembly regarding existing financial literacy courses (or reasons for the lack thereof), the fiscal impact of these courses, and their effectiveness.
5. Develop a mechanism to evaluate the effectiveness of each local school system's financial literacy education program.
6. Oversee the creation of a statewide clearinghouse of public/private partnerships (including financial institutions, nonprofit coalitions, etc.) and model curricula relating to financial literacy education. Include web links to MSDE; the Treasurer's Office; the Department of Labor, Licensing, and Regulation; the Department of Housing and Community Development; the Attorney General's Office; the Maryland Banker's Association; etc. (as appropriate).

The task force has developed a timeline for next steps and anticipated reactions and responses to these recommendations.

December, 2008: The State Board of Education will be informed of these recommendations.

January 27, 2009: The chairs of the task force will present to the State Board of Education regarding the perspective of the task force relating to the need for financial literacy education in primary and secondary schools.

February 9, 2009: The task force will hold an organizational meeting to discuss how to study the adult populations and make recommendations relating to the obstacles faced by the average consumer in acquiring and using basic financial literacy concepts.

March 1, 2009: The State Board of Education will report to the task force regarding what, if any, preliminary steps have been taken to implement and/or enhance financial literacy education in the State. This report may include fiscal estimates relating to implementation/enhancement of financial literacy education.

June 1, 2009: The State Board of Education will follow up its report of March 1, 2009, detailing affirmative steps that have been taken to accomplish and further the goals of the task force.

If no action is taken by the State Board of Education or by MSDE regarding these recommendations and within this timeline, the task force will seriously consider introducing legislation during the 2010 session to require that these actions be taken.

Appendix

Task Force to Study How to Improve Financial Literacy in the State

Senator C. Anthony Muse, Co-chair

Delegate Dana M. Stein, Co-chair

Agenda

Thursday, November 20, 2008

1:00 p.m.

Room 130 House Office Building

Annapolis, Maryland

Financial Literacy Education in Primary and Secondary Schools

I. Nationally and in Other States

Robin Hovis, Member, Ohio State Board of Education;
Member, National Association of State Boards of Education,
Financial Literacy Report Committee

II. In Maryland

- A. Lynne M. Gilli, Program Manager, CTE Instructional Branch,
Maryland State Department of Education
- B. Marjorie Lohnes, Supervisor of Career and Technology Education,
Carroll County Public Schools
- C. Rex Shepard, Coordinator of Secondary Social Studies,
Baltimore County Public Schools
- D. Tina Nelson, Coordinator of Elementary Social Studies,
Baltimore County Public Schools
- E. Kathy Dill, Social Studies Supervisor, Talbot County Public Schools
- F. Allen Cox, Managing Director, Maryland Coalition for Financial Literacy

III. Financial Institution Partnerships and Programs

- A. Suzanne Curren, Director of Member Education,
Andrews Federal Credit Union
- B. Mindy Lehman, Vice President of Government Affairs,
Maryland Bankers Association
- C. Alison Tavik, Director of Communications,
Marketing & Consumer Education, Maryland Bankers Association
- D. Kulley Bancroft, Vice President, Public & Community Relations,
Sandy Spring Bank
- E. Lisa Monthly, Senior Vice President, Branch Administration,
Marketing, New Windsor State Bank

**Financial Literacy Programs and Resources in Maryland
Presented on November 20, 2008 to the
Task Force to Study How to Improve Financial Literacy in the State**

Instruction in financial literacy is delivered in Maryland schools through a number of programs. In both middle and high schools, it is taught mainly in Social Studies (Economics) and Family and Consumer Sciences programs (Consumer Resource Management). Content standards are specified for pre-kindergarten through grade twelve for Social Studies and for grades six through twelve for Family and Consumer Sciences (FACS).

As part of the instructional program for FACS, the Maryland State Department of Education provides professional development to teachers interested in implementing the Family Economics and Financial Education (FEFE) resources as a stand-alone course, or as integrated units in a course in Personal Resource Management. Lesson plans and units can be downloaded for free from the Internet and include topics in financial goal setting, career planning, establishing good credit, taxes, insurance, and investing. Professional development on this course was provided to teachers during the summer of 2008 with the course being piloted in the 2008-2009 school year.

Financial literacy instruction is also delivered through Business Education courses (e.g. Financial Management, Introduction to Business, Business Management and/or Accounting). In addition, the National Academy Foundation's Academy of Finance (NAF/AOF) program includes financial literacy content in the Personal Finance course. Currently, there are 33 NAF/AOF sites in Maryland in 11 school systems.

Financial literacy is important to those who will need security clearances to enter into careers related to the Base Realignment and Closure (BRAC) in Maryland. Students with poor credit ratings will have difficulty obtaining security clearances. Thus, local school systems are implementing financial literacy education programs to help students make more informed decisions about their financial futures. A number of Maryland school systems participate in and/or use the following programs and resources:

A. National Council on Economic Education (NCEE)

Economics/America is a nationwide, comprehensive program for economic education in America's schools. The NCEE:

- Leads in the development of national and state content standards in economics;
- Assists in development of national, state and local standards-based curricula;
- Publishes classroom-tested materials and strategies for teachers and students;
- Provides university/college-based courses, workshops, and professional development for teachers; and
- Conducts evaluation, assessment, and research.

The state affiliate, the **Maryland Council on Economic Education (MCEE)**, works with many school systems throughout the state. The mission of the MCEE is to assure that Maryland's school children leave high school equipped with the economic knowledge and decision-making skills they need to make informed, rational decisions as consumers, workers, citizens, savers, investors and participants in the global economy. MCEE has focused its work on teachers and school systems, to more fully leverage its efforts and investments, and reach many more thousands of first- to twelfth-grade students. Their efforts include training teachers and giving them the curriculum and materials they need to provide financial education to students.

In July of 2003, the Board of Trustees for the MCEE added a new division to its organization, the **Maryland Coalition for Financial Literacy (MCFL)**. The purposes and objectives of the MCFL are to ensure that every Maryland adult and high school senior has the necessary skills to make informed financial decisions by:

1. Promoting a financial literacy graduation requirement in every Maryland school system;
2. Providing parents with information to use to transfer sound financial literacy skills to their children;
3. Creating an inventory of adult financial literacy materials and programs. Working with existing organizations to increase the effectiveness of delivery of financial information to the broadest possible adult audience; and
4. Promoting any other programs deemed appropriate, including, but not limited to, budgeting, banking, borrowing, spending, saving, investing and management credit.

Prior to the establishment of the MCFL, only Baltimore County required all students to take a half-credit course entitled Economics and Public Issues in which one-third of the course content is on personal finance. Additional school systems have added requirements in financial literacy.

B. The Stock Market Game - coordinated by the MCEE

The Stock Market Game (SMG) is an Internet-based real-world simulation program primarily used by students in grades four through twelve, postsecondary students, and others who want to learn more about investing and managing their financial future. The SMG enables participants to discover the risks and rewards involved in decision-making, the sources and uses of capital, and other related economic concepts. Over a 10-week period, participants invest a hypothetical \$100,000 in NASDAQ, Amex, and NYSE-listed common stocks. They research stocks, study how the financial markets work, choose their portfolios, manage budgets, follow companies in the news, and make decisions on whether to buy, sell, or hold. They can compare their portfolios' performance to peers on a weekly basis. The 10-week sessions run three times a year (one in the fall, one in the winter and one in the spring), and teachers can choose the session in which they want to participate. There is also a seven month session that runs throughout most of the school-year from September to April. In the 2006-2007 school-year, 18,544 elementary, middle and high school students participated in the SMG from Maryland, a huge increase from the 2003-2004 school-year when only 231 students participated. This year, it is expected that total numbers of participants will match and/or exceed previous years.

C. Junior Achievement (JA)

Junior Achievement is about passionate people inspiring students to learn the economics of life through free enterprise education. JA enables caring adults to share their experience with students to show them what it takes to be successful. JA has curriculum specifically targeted to elementary, middle and high school students. The following are courses from each of their three programs:

Elementary School:

JA BizTown helps young people discover, investigate and become productive citizens in an 8,000- to 10,000-square-foot replica of a real city. The students operate the stores, bank, post office, broadcast center, snack shop, newspaper office and city hall-all outfitted with modern office equipment and business supplies. During the Junior Achievement BizTown experience, students learn first-hand what it takes to create a business, run a newspaper, supervise employees and hold elected office, as well as personally earn and manage money.

JA Dollars and \$ense encompasses economics and business curriculum for students in grades three through five. It is an after school program where students engage in academically enriching and experiential learning sessions in economic education.

Middle School:

JA Economics for Success focuses on personal skills and interests, career options, and personal and family financial management. JA classroom volunteers reveal how students' decisions about education, careers, spending, and investing impact their economic roles in society.

JA Finance Park helps students build a foundation for making intelligent, lifelong, personal financial decisions through hands-on, realistic site-based experiences.

High School:

The National Endowment for Financial Education (NEFE) High School Financial Planning Program introduces students to the importance of making wise financial decisions. The program demonstrates the importance of planning, goal-setting, and thoughtful decision-making within the context of personal financial decisions.

D. National Academy Foundation (NAF) – Academy of Finance (AOF)

For about 20 years, the Academy of Finance, a member program of the National Academy Foundation, has provided public high school students with the knowledge and skills required to succeed in the world of finance. According to the U.S. Department of Labor, employment in the financial services, insurance and real estate fields continues to rise. Some of the courses in the Academy of Finance include:

- Financial Planning is a one-semester course that introduces students to the financial planning process and the components of a comprehensive financial plan. Students learn how to prepare a financial plan that includes saving, investing, borrowing, risk management (insurance), and retirement and estate planning.
- Banking and Monetary Policy is a one-semester course that presents a survey of the principles and practices of banking and credit in the United States. Students learn about the major functions of banks and other depository institutions, in-house operations and procedures, central banking through the Federal Reserve System and modern trends in the banking industry. The credit component provides an overview of credit functions and operations including credit risk evaluation, loan creation and debt collection. This course culminates in the Fed Challenge project. The High School Fed Challenge project is an academic competition that provides participants with an insider's view of how the Federal Reserve makes monetary policy. It promotes a better understanding of the nation's central bank; the forces influencing U.S and international economic conditions and the nuances involved in making monetary policy decisions.
- Economics is a one-semester course covering macro- and microeconomics that provides an understanding of how the market economy functions in a global setting. It provides students with a survey of economic concepts, including all of the basic principles recommended by the National Council on Economic Education. In addition, a unit on capital markets acquaints the students with the role that various markets and securities play in the U.S. economy.

E. Operation Hope – Banking On Our Future

Since 1996, Operation Hope has organized volunteers across the nation from financial institutions to go into the classrooms and community based organizations to deliver financial literacy education to youth. Through the Banking on Our Future program, low to moderate income students ages 10 to 18 in underserved communities, learn:

- The basics of savings and checking accounts;
- Planning a budget;
- The importance of credit; and
- Investments.

F. The Wall Street Journal Classroom Edition

Since its inception, The Wall Street Journal Classroom Edition has been recognized for educational, editorial and graphic excellence. An estimated 750,000 students read the Classroom Edition newspaper every month during the academic year in over 4,500 secondary schools across America. Individuals, organizations and corporations sponsor nearly one-third of all subscriptions. The Classroom Edition's news staff selects business, economics and finance articles written by award-winning Wall Street Journal reporters, with an eye toward the interests of today's teenagers. It includes coverage that connects with their world and their interests. The content matters to them because it is timely, relevant and real. The Classroom Edition covers the companies, brands, media, people and products that are part of students' everyday lives...from Nike to Napster; they focus on the business behind the headlines.

In addition to the student newspaper, the Classroom Edition program includes extensive support materials for teachers. A monthly Teacher Guide- a launching pad for thoughtful discussions and skill-building activities and assignments, linked to each issue's hottest stories- is included with every subscription. The teacher also receives a daily subscription to The Wall Street Journal at no extra cost.

The Classroom Edition website blends stories from the newspaper with original content-including links to daily news headlines, a Site of the Day, columns written by Classroom Edition editors and interactive features. With an estimated 20,000 visitors per month, the Classroom Edition website plans continued improvements in coming months to satisfy the ever growing demand for business news, information and educational resources.

G. Private Secondary Schools

Initial research did not reveal a single curriculum or course on financial literacy used by private secondary schools in Maryland. However, according to the 2008-2009 on-line course description book for the Bryn Mawr School, a course is offered entitled "Finance". The Finance course is an elective for high school seniors and covers topics such as personal financial decision making and the issue of risk versus reward in any financial transaction. At the request of MSDE, Ron Goldblatt, the Executive Director of the Association of Independent Maryland Schools (AIMS), is contacting the directors of the AIMS member schools to determine, what courses are offered in private schools on the topic of financial literacy. An update will be provided at a future meeting. Mr. Goldblatt can be reached at 410-761-3700.

H. Maryland's Career Development Standards

Already included in the Code of Maryland Regulations (COMAR) 13A.04.10 is a requirement for each local school system to provide students with a systemic instructional program in career development and decision making in accordance with the Maryland Career Development Framework. Embedded in the Career Development Framework are standards and indicators related to personal finance and resource management. The decision making process is a cross-cutting standard in the Career Development Framework and applies to making informed financial decisions. Local school systems are required to certify that the instructional program meets these COMAR requirements effective September 1, 2009 and every five years thereafter.

I. Family and Consumer Sciences (FACS)

Family and Consumer Sciences education in Maryland empowers individuals and families across the life span to manage the challenges of living and working in a diverse, global society. The Maryland State Department of Education developed a voluntary state curriculum for FACS that spans sixth through twelfth grades. A major focus of the FACS program is to teach students how to address the resource concerns of individuals, families and consumers (Standard 3). A strong component of that standard is financial literacy. At the school system level, the content is delivered through a variety of courses or through the use of instructional materials available through Family Economics and Financial Education, the Maryland Council on Economic Education, and a variety of other sources.

- Family Economics and Financial Education (FEFE) - FEFE’s mission is to provide educators with curriculum materials as well as the skills and confidence to effectively teach family economics and financial education. It is worth noting that the FEFE curriculum, developed by the University of Arizona, John and Doris Norton School of Family and Consumer Sciences, is available for download from the internet at no cost. The curriculum consists of 11 topical units and includes real-world scenarios called “Life in…” and is aligned to the FACS national standards. In these scenarios, students are given situations where they make financial and personal decisions based on the limitations and/or constraints of the situation. Below are the units of study that make up the curriculum:

1. Values, Needs Versus Wants	7. Major Expenditures: Housing, Transportation and Food
2. Goal Setting and Life Planning	8. Financial Institutions
3. Career Development	9. Credit
4. Paychecks and Spending Plans	10. Consumer Protections
5. Saving	11. Insurance
6. Investing	

In August 2008, 43 Family and Consumer Sciences and Business Education teachers participated in a three-day workshop sponsored by the Maryland State Department of Education on the FEFE curriculum resources. Future plans include a follow-up survey to be distributed to the participating teachers to identify next steps for additional professional development.

J. Maryland’s Voluntary State Curriculum (VSC) in Social Studies and the Core Learning Goals for Government

Both the VSC for Social Studies and the Core Learning Goals for high school government contain standards related to economics education. Standard number four in Social Studies focuses on students being able to identify the economic principles and processes that are helpful to producers and consumers when making decisions. Goal four of the High School Core Learning Goals for Government requires students to demonstrate an understanding of economic principles, institutions, and processes necessary to formulate government policy. The High School Core Learning Goals, including Goal 1 – Political Systems; Goal 2 Peoples and Nations of the World; Goal 3 – Geography; and Goal 4 - Economics provide students with an understanding of the historical, geographic, economic, and political aspects of monetary policy. Almost 14% of the Government High School Assessment (HSA) is based on economics and there are several High School Assessment Bridge Plans that focus on the content related to economics.

Additional information on certain initiatives was provided to the Task Force by the following speakers: Marjorie Lohnes, Supervisor of Career and Technology Education from Carroll County Public Schools; and Rex Shepard (Secondary Social Studies) and Tina Nelson (Elementary Social Studies) from Baltimore County Public Schools.

For further information, please contact Dr. Lynne Gilli, Program Manager, Maryland State Department of Education, Division of Career Technology and Adult Learning, Career and Technology Education (CTE) Instructional Branch, 200 West Baltimore Street, Baltimore, Maryland 21146. Telephone number: 410.767.0518 or email address lgilli@msde.state.md.us

Recommendations and Issues to Consider from
Who Will Own Our Children?

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Please see Pages 20-22 of the Report