

Commission on Financial Education and Capability

2023 Annual Report to the Maryland General Assembly and the Governor

In accordance with State Government Article Section 9-801 through 9-804 under the subtitle “Subtitle 8. Financial Education and Capability Commission”

Submitted: November 30, 2023

Table of Contents

Financial Education and Capability Commission Members	3
Executive Summary	4
Commission Background	4
Legislative Response	4
Process.....	5
2023 Recommendations	5
Meeting Summaries	7
Appendix A: 2023 Legislative Wrap-up for the Maryland Financial Education & Capability Commission	12
Appendix B: 2023 Financial Education and Capability Award Winners	13

Financial Education and Capability Commission Members

Co-Chairs: Senator Katherine A. Klausmeier and Delegate Dana M. Stein

Senator Benjamin Brooks
Delegate Marlon Amprey
Megan Schutz (designee for Maryland State Treasurer)
Stuart Campbell (designee for DHCD Secretary)
Dr. Allen Cox (Maryland Council on Economic Education)
Lynne Durbin, Esq. (Maryland State Employees Supplemental Retirement Plans Board)
Marquita Friday (designee for State Superintendent)
Bill Gruhn (Office of Attorney General)
Dr. Bruce Lubich (Maryland Association of CPAs)
Robin McKinney (CASH Campaign of Maryland)
Franklin McNeil (PNC Bank)
Lisa Norrington (Maryland State Education Association)
Antonio Salazar (Commissioner of Financial Regulation, Maryland Department of Labor)
Jacqueline Colkley (designee for Maryland Higher Education Commission)
Ken Venick (Apex Home Loans)
Meg Woodside (The Woodside Foundation)
Valorie Sanders (designee for the Comptroller)
Courtney Thomas (Allegany County Department of Social Services)
Jacqueline Turner (designee for the Executive Director of Family Investment, DHS)

Vacancy: Credit Union Representative, Nonprofit Organization for Financial Assistance & Free Financial Education for Postsecondary Education

Staff

The Commission is staffed by the CASH (Creating Assets, Savings, and Hope) Campaign of Maryland, a non-profit based in Baltimore dedicated to promoting the economic advancement of low- to moderate-income communities across Maryland. No state funds are provided for the staffing of the Commission or its activities. Commission staff includes Sue Rogan, Director of Strategic Partnerships, at CASH Campaign of Maryland.

Executive Summary

The Financial Education and Capability Commission, which was created through legislation in 2012, holds a series of meetings each year to discuss recommendations for improving the financial capability of Marylanders. Each year, the Financial Education and Capability Commission is required to report to the Governor and the General Assembly on its recommendations to improve financial capability for Maryland's low-to-moderate income communities.

This year, the Commission chose to discuss the following topics as they relate to financial capability: (1) resources from state departments (2) student loan debt. The Commission agreed on the following recommendations, which will be discussed at length in this report.

- **Recommendation #1-** Support student debt legislation that increases awareness of the Public Service Loan Forgiveness program, provides protections from student loan creditors, and addresses institutional debt.
- **Recommendation #2 -** Have a student loan debt briefing for relevant General Assembly legislative committees with a panel of student loan debt experts.

Commission Background

The Financial Education and Capability Commission was formed following the Great Recession of 2008. The Great Recession resulted in high foreclosure rates, job loss, increased credit card and student loan debt, and a lack of personal savings across Maryland. While some Maryland households have recovered from the crisis, many still experience economic insecurity. According to Prosperity Now's Scorecard, 16% (± 10) of Maryland households are liquid asset poor, meaning that they do not have enough money in accessible savings to live at the poverty level for three months. Additionally, 37% of Marylanders are credit-constrained consumers (borrowers with limited credit history or poor/fair credit), and 15% of Marylanders have accounts in collections.¹ This data shows that while Maryland is a state with a significant amount of wealth, more work is required to make sure all Maryland residents have access to education and opportunities that can help them reach financial security and independence.

Legislative Response

Maryland's General Assembly responded to the Great Recession of 2008 by bolstering consumer protection policies, providing relief for those with student loan debt, increasing oversight of predatory financial institutions, and increasing access to housing support. The momentum behind these efforts culminated in the creation of the Task Force to Study How to Improve Financial Literacy in the State, which released its final recommendations in 2010. Much of the Task Force's work focused on ways to expand financial education in public schools from grades K-12. Other recommendations focused on ways to integrate adult financial education into various state systems.

¹ Prosperity Now (2023). Prosperity Now Scorecard.

The General Assembly sought to build off the recommendations of the Task Force to Study Financial Literacy in the State by creating a standing commission in 2012 entitled the Financial Education and Capability Commission. The legislative purposes of the Commission are to:

1. Monitor the implementation of public and private initiatives to improve the financial education and capability of residents of the state,
2. Make recommendations on the coordination of financial education and capability efforts across state agencies,
3. Submit an annual report on or before December 1 to the Governor and the General Assembly on its recommendations and the status of efforts undertaken by state agencies or in partnership with state agencies, and
4. Include a comprehensive discussion of statewide efforts to improve the financial education and capability of residents in the report of the Commission every three years, including initiatives funded by the state or a local government and those undertaken in the private sector by nonprofit organizations, financial institutions, and other persons.

Process

The Commission organized its first seating from December 2012 - January 2013 and has maintained its operations to date. This year virtual meetings took place in May, September, October, and November.

During 2023, the Commission heard from representatives from:

- Comptroller of Maryland
- Maryland Center for Collegiate Financial Wellness
- Maryland Department of Human Services
- Maryland Department of Service and Civic Innovation
- Maryland State Department of Education
- Maryland State Treasurer
- Office of Financial Regulation, and
- Student Borrower Protection Center

2023 Recommendations

Commission members heard from student loan debt experts and examined various recommendations. Based on those presentations, the Commission selected the following recommendations as priority policies for Maryland's 2024 legislative session.

Recommendation #1- Support student loan debt legislation that increases awareness of the Public Service Loan Forgiveness program, provides protections from student loan creditors, and addresses institutional debt.

- The Public Service Loan Forgiveness (PSLF) program is a federal program that was established under the College Cost Reduction and Access Act of 2007. It cancels the

remainder of an individual's federal student loan debt after 10 years of work for government or non-profit institutions². Maryland has a large public service sector, and over 180,000 public sector employees have student loan debt. PSLF has historically rejected many of its applicants due to its strict reporting requirements. Borrowers are required to verify their eligible work hours by having their employers complete an Employment Certification Form (ECF). There is a lack of awareness about the program and of necessary steps like completing the ECF from borrowers and employers. Only 18% of eligible public service workers in Maryland have an approved ECF³. Increasing awareness about the program and educating employers on the importance of the ECF form will increase the number of Marylanders who are eligible to have their federal student loan debt forgiven.

- Private student loan debt companies can sue borrowers in state court for falling behind on payments. These companies are receiving default judgments, and do not need to present evidence to the court that they have the authority to collect on these loans. In extreme cases, companies are robo-signing affidavits. Robo-signing is when lenders sign paperwork without anyone reviewing the information. This term is usually connected to mortgage lenders signing on foreclosures, but it is now being used for student loan debt lenders⁴. This leads to affidavits that contain false and misleading information. In some cases, this leads to companies pursuing debts that they do not have the right to collect or are not owed by the borrower. Requiring student loan debt companies to submit proof to the court will protect borrowers from predatory lenders.
- Students can acquire debt in many forms while pursuing their higher education. Institutional debt refers to the fines and fees that universities and colleges levy against their students. They are enforceable debts that have a wide range of consequences for students. Schools are not required to report the different types of institutional fees or the scope of their debt collection practices. Requiring schools to report this information will increase transparency on which student are most affected by these policies and ensure that collection practices are not predatory.

Recommendation #2 - Have a student loan debt briefing for relevant General Assembly legislative committees with a panel of student loan debt experts.

- Student loan debt affects over 850,000 Marylanders. These borrowers have over \$36 billion in federal student loan debts and an average balance of \$43,000 per borrower. In 2020, the U.S Department of Education suspended loan payments, stopped collections on defaulted loans, and reduced interest rates to zero percent⁵. This was to provide relief to borrowers due to the pandemic. The pause ended on September 30, 2023 and thousands of borrowers will begin making payments for the first time in three years.
- A briefing will give legislators information on student loan debt, resources, and give them an opportunity to ask questions. Maryland's General Assembly has access to student loan experts through the Student Loan Ombudsman in the Office of Financial

² <https://studentaid.gov/data-center/student/loan-forgiveness/pslf-data>

³ <https://protectborrowers.org/new-analysis-more-than-9-million-public-service-workers-with-federal-student-loans-eligible-for-debt-cancellation-fewer-than-2-percent-have-received-relief-and-only-15-percent-on-track/>

⁴ <https://studentloanborrowerassistance.org/wp-content/uploads/2013/05/robo-signing-2014.pdf>

⁵ <https://ncua.gov/regulation-supervision/letters-credit-unions-other-guidance/resumption-federal-student-loan-payments#:~:text=Background,interest%20rates%20to%20zero%20percent.>

Regulation and the Maryland Center for Collegiate Financial Wellness. Both of these organizations can share with legislators trends that are happening with Maryland borrowers and resources they can share with their constituents. The Student Borrower Protection Center is a national organization that can share national trends, and federal resources.

Meeting Summaries

May Meeting:

During the May meeting, the Commission discussed the 2023 legislative session. During the 2023 legislative session, the Commission supported bills related to higher education and consumer protection. Refer to Appendix A to see a detailed overview. Commission members also discussed possible topics for the next meetings in 2023.

September Meeting:

The September meeting focused on hearing the priorities of the Comptroller's Office and the Department of Service and Civic Innovation. The Commission heard from Comptroller Brooke Lierman and Secretary Paul Monteiro.

Comptroller Brooke Lierman is Maryland's 34th Comptroller and the first woman to serve in the position. Her goals consist of improving efficiency and accountability throughout the office. This includes creating the first Chief Information Officer who oversees IT work across the agency. The goal is to modernize the state's IT system and move from a main frame to the cloud with a public facing portal. There will also be improvements to the general accounting system to increase transparency.

The General Assembly passed the bill Office of the Comptroller - Taxpayer Advocate Division ([HB 707/ SB 660](#)) to create the Office of the Taxpayer Advocate. The goal of this position is to better serve taxpayers by helping them solve complex problems, collecting data on tax issues, and surveying taxpayers to get their feedback. This will contribute to making the tax process work smoothly for the public.

Other priorities for the Comptroller's Office:

- Focus on tax administration to advance equity across the state
- Collect data to understand how families and businesses are using tax credits and identifying demographic trends in who is claiming different tax credits
- Improve the way the state audits taxpayers to reduce the burden on Black taxpayers
- Evaluate how fines and fees are enforced on businesses and individuals who file late, and consider policies on payment plans or other options, and
- Provide more financial education to the public

Secretary Paul Monteiro was appointed secretary of the newly created Department of Service and Civic Innovation. This department was created through the Serving Every Region Through Vocational Exploration (SERVE) Act of 2023 ([HB 546/ SB 551](#)) with the purpose of promoting

service and volunteerism in the state of Maryland. This created two new [service pathways](#) for youth and adults, in addition to existing volunteer and service opportunities.

The Service Year option is for individuals who completed high school within the past three years through either traditional school or completed a GED. This program helps young adults who are unsure about what they want to do next while giving back to the state of Maryland. It provides a year of discernment to give Maryland youth time to develop their skills and determine where their path will lead. Placing participants in a work context will help them decide what career path they are interested in. At the end of the service award, participants will receive \$6,000. If they go to college, it will be used toward their tuition. If they go into the workforce or an apprenticeship program, they will receive it as a stipend.

Maryland Core is for adults of any age. The program is for individuals whose first plan did not work out, who were laid off/whose jobs became automated, who want to connect with their community, and people who are deciding if they will attend college.

Both programs launched fall of 2023, and they are both full-time programs where participants are paid \$15/hour. Professional development is offered throughout the term to support participants in becoming the most competitive version of themselves. Secretary Monteiro described success as every participant cultivating hard and soft skills as they give back to the state, and by the end of the program, they are moving into their next step.

October Meeting:

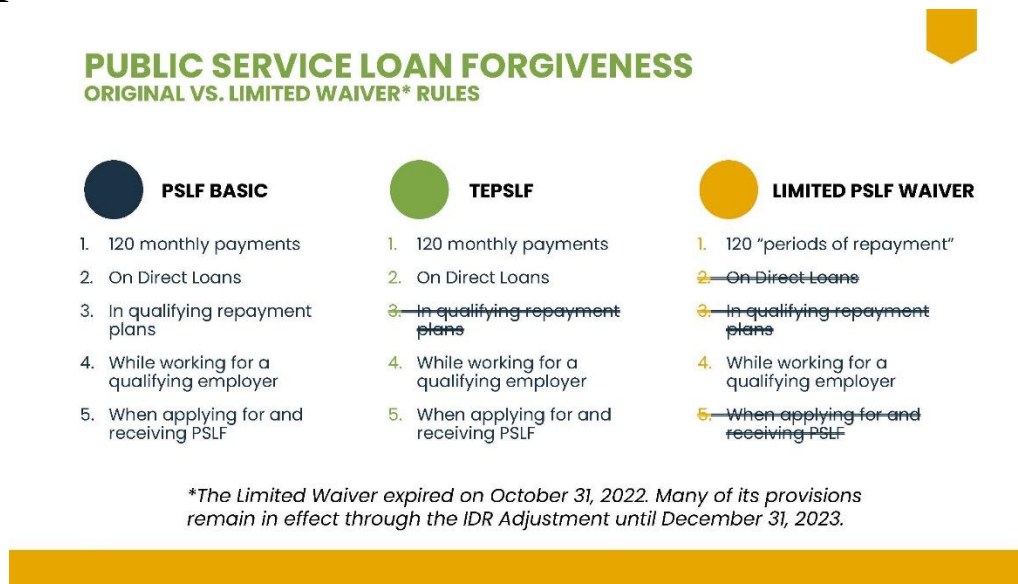
The October meeting focused on higher education and student loan debt. Commission members heard from Maryland State Treasurer Dereck Davis, Dr. Tisa Silver Canady from the Maryland Center for Collegiate Financial Wellness (MCCFW), Bob Yeager from the Office of Financial Regulation (OFR), and Amy Czulada from the Student Borrower Protection Center.

Treasurer Davis explained that due to issues within the Maryland Prepaid College Trust Program (Prepaid Plan), the General Assembly passed [SB 959](#) to move oversight of all Maryland 529 programs to the State Treasurer and abolish the Maryland 529 Board. The Prepaid Plan closed enrollment on June 1, 2023. In July of 2023, the Treasurer's Office announced that Prepaid Plan account holders were entitled to 6% retroactive earnings compounded monthly on payments made before November 1, 2021. Over 31,000 account balances were updated with 11,500 reviewed manually. Per the legislation, a claims process was also established, and an online [portal](#) was opened in October to accept the filing of claims.

Commission members received an update on the [Survey of Postsecondary Institutions](#) (SPIN) and the [Maryland Center for Collegiate Financial Wellness](#) (MCCFW) from Dr. Tisa Silver-Canady. As of June 2023, MCCFW has helped cancel \$7.27 million in debt, hosted 23 free virtual student debt clinics, and served 200+ individuals with 1:1 strategy sessions. MCCFW's [Know More Owe Less](#) program goal is to partner with organizations to make sure employees across the state is aware of the Public Service Loan Forgiveness (PSLF) program and equipped them to successfully apply. MCCFW launched a podcast- [The Cresset Academy](#) - to be the premier destination for Maryland's campus-based professionals and stakeholders to share their

successes, challenges, lessons, ideas, and tools for helping all college and career school students in Maryland. Commission members were shown the differences between the original and the limited PSLF in figure 1.

Figure 1



Commission members also heard from Bob Yeager from the Office of Financial Regulation (OFR). The Student Loan Ombudsman was established by the [Financial Consumer Protection Act of 2018](#) and operates as a separate position designated by the Commissioner of Financial Regulation. The Ombudsman’s mission is to serve as a liaison between student loan borrowers and student loan servicers. Complaints can be filed with the Student Loan Ombudsman to resolve issues such as:

- Loan servicer communication failures,
- Errors in crediting principal and interest payments and/or misapplied payments,
- Inaccurate interest rate calculations,
- Billing errors,
- Loan modification and consolidation errors, and
- Inappropriate collection activity or tactics

Consumers can complete the [Student Loan Consumer Complaint Form](#) or contact the [Student Loan Ombudsman](#). The Ombudsman and two members from OFR’s Consumer Services Unit are specially trained on student loan matters. OFR now offers video chat and can be reached at studentloan.ombudsman@maryland.gov.

The General Assembly passed [HB 913](#) which requires student financing companies to register with OFR through NMLS (Nationwide Mortgage Licensing System). This requirement will go into effect on March 15, 2024, and OFR will publish an advisory on how student financing companies can comply.

Amy Czulada from the Student Borrower Protection Center (SBPC) presented on the student loan debt crisis. SBPC is a nonprofit organization focused on eliminating the burden of student

debt for millions of Americans. 92% of loans are backed by the federal government amounting to over \$1.4 trillion in student loan debt. There is a growing number of private loans (\$140 billion), and student loan debt is now by far the largest type of non-mortgage consumer credit. Over 9 million people owe more than \$50,000, and now almost two thirds of borrowers are above 30 years old. The pause on student loan debt ended on August 30, 2023. Interest began accruing on September 1, 2023 and payments were due October 2023. There is a high chance that borrowers face confusion due to 20% of borrowers graduating during the pandemic and 16 million people having a servicer different from the original.

November Meeting:

During the November meeting, Commission members heard from Augustin Ntabaganyimana from the Department of Human Services (DHS) and Marquita Friday from the Maryland Department of State Education (MSDE).

Augustin Ntabaganyimana from DHS presented about Maryland's safety net programs that DHS administers. Maryland's Supplemental Nutrition Assistance Program (SNAP) serves about 615,000 individuals monthly and provides more than \$1 million in SNAP benefits monthly. These numbers are 10% above pre-pandemic levels. The Maryland Emergency Food Assistance Program (MEFP) meets the immediate needs of individuals who need food assistance. Roughly \$10 million in emergency food assistance is distributed yearly. This has been a lifeline for many households during the pandemic. It was established under the Family First Response Act in March 2020. It provided SNAP assistance to children unable to access free school meals due to the pandemic until the pandemic health emergency expired on May 11, 2023. December 2023 is the last month emergency food assistance can be issued. DHS is working on implementing a summer EBT program, so they can provide benefits to children who are unable to access free school meals in the summer months. The program estimates the 500,000 children will be served and will provide \$60 million in total benefits. DHS is working to implement this program in the summer of 2024, and aims to directly certify 80% of eligible children.

Mr. Ntabaganyimana explained that there has been a rise in Electronic Benefit Transfer (EBT) fraud. In December 2022, Congress passed the [Consolidated Appropriations Act](#) to protect and replace SNAP benefits stolen via card skimming, card cloning, and other similar methods. The law requires states to replace such benefits that were stolen between October 1, 2022 and September 30, 2024⁶. Maryland was the first state to submit and enact a plan to replace stolen SNAP benefits in January 2023. DHS began replacing benefits in March 2023 and they have replaced over \$15 million in benefits to over 30,000 households. DHS is also working on a long-term solution to prevent benefits from being stolen. They are working with Conduent, a business that provides digital solutions to commercial and governmental entities, to manage benefits on EBT cards, establish a lock and unlock feature on EBT benefits on an app, and develop a transaction tracker. Maryland is working towards becoming the first state to have an EBT card with a chip, because they are more difficult to clone.

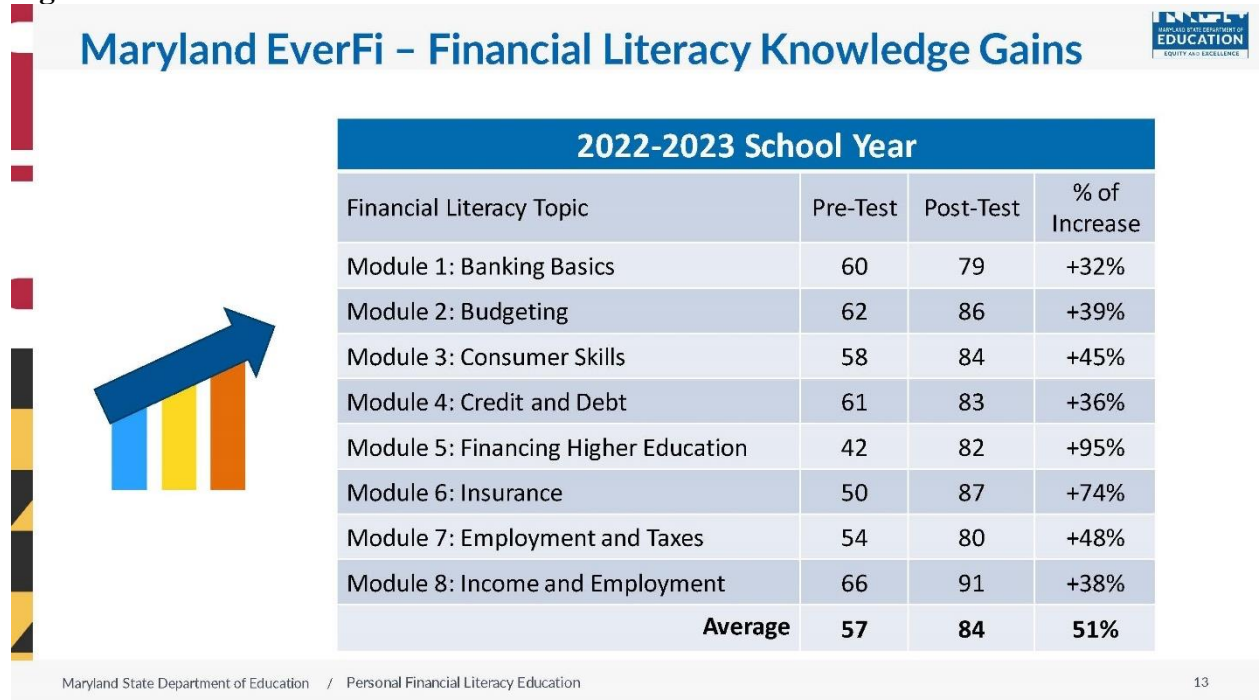
Every year the Commission receives an update on the implementation by local school systems of standards and objectives in the program of instruction in financial education specified in

⁶ [USDA. Addressing Stolen SNAP Benefits](#)

COMAR 13A.04.06. Annually, local education systems are surveyed on their implementation of financial education content. [MSDE’s website](#) lists the results of the survey.

There are 17 school systems that have financial education in high school courses like Family and Consumer Science, Algebra I, Business Education and more. Also, there are 7 school systems (Allegany, Baltimore, Calvert, Caroline, Carroll, Charles, and Prince George’s Counties) that require financial education as a graduation requirement. MSDE conducted a Financial Literacy Needs Assessment and identified that curriculum resources is the most needed resource for grades 1- 12. All 24 School Systems use MCEE’s Curriculum Resources and 20 School Systems use EverFi’s Curriculum Resources. See figure 2 to see the increase in financial knowledge from Maryland students using EverFi.

Figure 2



Appendix A: 2023 Legislative Wrap-up for the Maryland Financial Education & Capability Commission

Successes

Family Prosperity Act of 2023 ([HB 547/ SB 552](#)): This bill permanently expanded the Earned Income Tax Credit (EITC). Single Maryland filers who are unable to claim dependents will now receive a 100% match to the federal EITC, and filers with dependents will now receive a 45% match to the federal EITC. The bill also established a state Child Tax Credit (CTC). This credit helps fill the gap of families left out of the federal CTC, by providing a \$500 refundable tax credit for families making less than \$15,000 and which have children under 6 years old.

Higher Education - Maryland 529 Program – Reform ([HB 1290/ SB 959](#)): Oversight of Maryland 529 Programs was transferred to the State Treasurer’s Office and the Maryland 529 Board was abolished.

Financial Institutions - Student Financing Companies - Required Registration and Reporting ([HB 913](#)): Private student financing companies are required to register with OFR through the Nationwide Mortgage Licensing System.

Commissioner of Financial Regulation - Name and Organization of Office ([HB 379/ SB 929](#)): The Commissioner of Financial Regulation in the Maryland Department of Labor was changed to the Office of Financial Regulation.

Department of Service and Civic Innovation and Maryland Corps Program Service Year Option Pathways - Established (Serving Every Region Through Vocational Exploration Act of 2023) ([HB 546/ SB 551](#)): Created the Department of Service and Civic Innovation and programs to engage Maryland’s youth through service.

Institutions of Higher Education - Transcripts - Prohibition on Punitive Measures Related to Student Debt ([HB 384/ SB 248](#)): Higher education institutions cannot withhold transcripts from students who owe institutional debt.

Department of Human Services - Electronic Benefits Transfer Cards - Theft of Benefits (Prevent Electronic Benefits Theft Act of 2023) ([HB 502/ SB 2](#)): This bill ensures that victims of EBT theft are reimbursed of stolen funds.

Appendix B: 2023 Financial Education and Capability Award Winners

Each year, the CASH Campaign of Maryland, Maryland Council of Economic Education, and the Maryland State Department of Education present Financial Education and Capability Awards to teachers and organizations that serve as leaders in financial education. Each award winner received a certificate and \$1,000 prize. Private funds were raised through The Woodside Foundation and the Maryland Society of Accounting & Tax Professionals (MSATP) to provide five \$1,000 awards.

Elementary School Teacher or Program:

- **Karen Yancey**, Marley Elementary School

Middle School Teacher or Program:

- **Amanda Price**, Northern Middle School

High School Teacher or Program:

- **Kurt Marx**, Stephen Decatur High School

Community Champion Award (Individual Educator):

- **Michelle Coates**, Volunteer

Outstanding Organization Award:

- **Human Services Programs of Carroll County**, Economic Mobility Program