

Commission on Financial Education and Capability

2022 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, 2022

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Financial Education and Capability Commission Members

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

Senator Ronald N. Young
Maryland State Treasurer Dereck Davis
Stuart Campbell (designee for DHCD Secretary)
Dr. Allen Cox (Maryland Coalition for Financial Literacy)
Lynne Durbin, Esq. (Maryland State Employees Supplemental Retirement Plans Board)
Jennifer Griffin (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)
Maureen O'Prey (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

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 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) financial education in public higher education and (2) student loan debt.

Commission Background

The Financial Education and Capability Commission 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, 22% 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, half of Marylanders are using subprime credit, and 21% 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.

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

¹ Prosperity Now (2022). Prosperity Now Scorecard.

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 2022, the Commission heard from representatives from:

- CASH Campaign of Maryland
- Maryland State Department of Education
- Maryland Center for Collegiate Financial Wellness, and
- Office of the Commissioner of Financial Regulation

2022 Recommendations

In lieu of recommendations, this year the Commission decided to receive updates from organizations that support the commission's goal. This led to Commission members hearing a detailed update from the Maryland State Department of Education on how local school systems are implementing financial education requirements. Commission members also received an update on the Survey of Postsecondary Institutions, which the Commission endorsed in [2020](#). They also learned more about the changing environment of student loan debt and forgiveness from the Maryland Center for Collegiate Financial Wellness and the Office of the Commissioner of Financial Regulation. Lastly, Commission members were able to hear about Baltimore City's Guaranteed Income Pilot.

A. Meeting Summaries

May Meeting:

At May's meeting the Commission discussed the 2022 legislative session, including bills relevant to the [Commission's 2021 recommendations](#). During the 2022 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 2022.

September Meeting:

During the September meeting, the Commission heard from Marquita Friday from Maryland State Department of Education (MSDE). She provided an update on the implementation by local school systems of standards and objectives in the program of instruction in financial literacy specified in 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.

In the state of Maryland, all 24 school systems offer financial education in grades 3-12. There are 16 school systems that have financial education in high school courses like Family and Consumer Science, Algebra I, Business Education and more. Also, there are 8 school systems that require financial education as a graduation requirement².

The majority of curriculums used to support financial education come from:

- Junior Achievement,
- The Maryland Council on Economic Education,
- Take Charge Today – Formerly Family Economics & Financial Education, and
- EverFi

October Meeting:

During the October meeting, 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.

MCCFW has been engaged in financial wellness on college campuses in many ways. They have partnered with The University of Maryland School of Social Work for the Student Loan Coaching Program. This program trains students and financial social work graduates to become peer coaches, who then have one on one sessions with their peers to teach them about different student loans options. MCCFW is also working with The University of Maryland School of Social Work on the FirstGen Wellness Program. This program will provide extra support to first generation graduate students.

On July 26th, MCCFW held the 2nd annual Advancing Collegiate Financial Wellness as an Essential Ingredient for Student Success Symposium. This event had featured speakers including U.S. Senator Chris Van Hollen, Assistant Secretary Emily Dow, PhD from Maryland Higher Education Commission, Robin McKinney from CASH Campaign of Maryland, and Dr. Tisa Silver Canady, MCCFW's founder and director.

MCCFW has also conducted multiple webinars on the Limited Public Service Loan Forgiveness (PSLF) Waiver. They partnered with multiple organizations across the state, and helped many Marylanders take advantage of this opportunity. Commission members were shown the differences between the original and the limited PSLF in figure 1.

² Allegany, Calvert, Caroline, Carroll, Charles, Frederick, Garrett, and Prince George's

Figure 1

PUBLIC SERVICE LOAN FORGIVENESS

ORIGINAL VS. LIMITED WAIVER* RULES

PSLF BASIC	TEPSLF	LIMITED PSLF WAIVER
1. 120 monthly payments	1. 120 monthly payments	1. 120 "periods of repayment"
2. On Direct Loans	2. On Direct Loans	2. On Direct Loans
3. In qualifying repayment plans	3. In qualifying repayment plans	3. In qualifying repayment plans
4. While working for a qualifying employer	4. While working for a qualifying employer	4. While working for a qualifying employer
5. When applying for and receiving PSLF	5. When applying for and receiving PSLF	5. When applying for and receiving PSLF

*The Limited Waiver is temporary and set to expire on October 31, 2022.

Visit <https://www.mccfw.org/events> to learn more about MCCFW events and programs.

Commission members also heard from Sean McEvoy from the Office of the Commissioner of Financial Regulation (OCFR). 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:

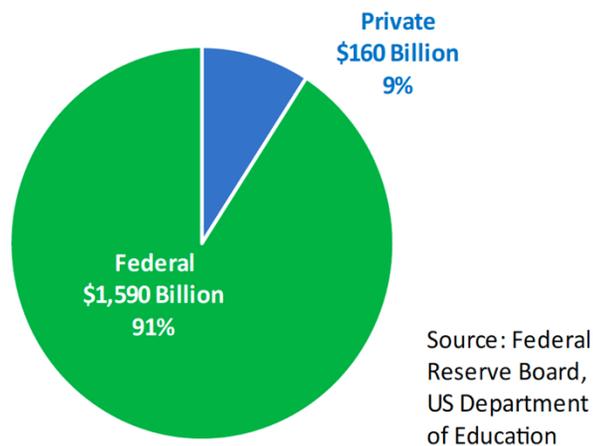
- Loan Servicer communications failures;
- Errors in crediting principal and interest payments and/or misapplied payments;
- Inaccurate interest rate calculations;
- Billing errors;
- Loan modification and consolidation errors; and
- Inappropriate collection activity or tactics.

Consumers can complete the [Student Loan Consumer Complaint Form](#) or contact the [Student Loan Ombudsman](#). Mr. McEvoy shared [advice](#) about dealing with your student loan provider and information about the [Biden-Harris Administration's Student Debt Relief Plan](#).

Mr. McEvoy explained that student loan debt is increasing for consumers and is becoming a growing industry. Student loan debt is now the 2nd highest consumer debt category in the United States, behind mortgage debt, and is higher than both credit cards debt and auto loans. As shown in figure 2, \$1.59 trillion in student loan debt is owed to the U.S. Department of Education and \$160 billion in student loan debt is owed to private organizations. He went on to explain that the average federal loan debt at graduation for student borrowers has also increased by 72.2%, from

\$18,000 in 2007 to \$28,950 in 2019³. Fifty-five percent of Maryland’s students graduate with debt and average \$30,461 in student loan debt⁴.

Figure 2



November Meeting:

During the November meeting, members heard from Robin McKinney about Baltimore City’s Guaranteed Income program.

Guaranteed Income programs provide recurring cash payments to a targeted group of people to meet their financial needs. It provides resiliency by ensuring that participants have funds to deal with emergency expenses or navigate out of a difficult financial situation, promotes self-determination so people can decide for themselves what they most need to improve their lives, and preserves dignity by removing requirements to prove necessity.

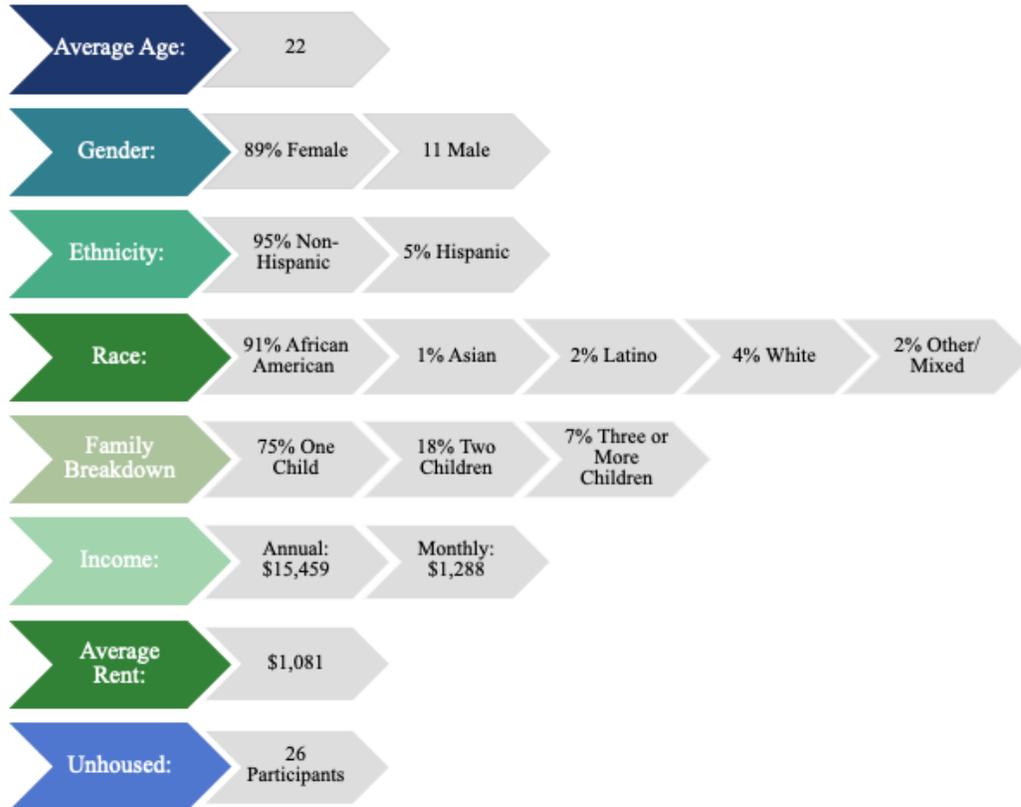
Baltimore City launched their program on May 2nd, 2022. The application was open for one week, and over 4,000 applications were submitted. Eligible applicants were placed into a randomized lottery and 200 participants were selected to receive \$1,000 in monthly payments for 24 months. An additional 158 participants are in a control group and will not receive any benefits. The program requires that participants are residents of Baltimore City, 18-24 years old at time of application deadline, biological or adoptive parents or guardians, have full or partial care-taking responsibilities, and have an income at or below 300% of the federal poverty level based on their household size.

Participant names were randomly selected and provided by research partners at Abt Associates. CASH onboarded participants in the program from June to August. The onboarding process consisted of a notification email, notification phone call, benefits counseling, and orientation. All

³ The Federal Reserve Bank of New York’s Center for Microeconomic Data Quarterly Report on Household Debt and Credit , (1st Quarter, 2022)
⁴ The Institute for College Access and Success: 16th Annual Report on Student Debt and the Class of 2020 (November 2021)

appointments were conducted over the phone due to concerns of COVID-19 and transportation barriers. CASH staff had the opportunity to speak with participants and hear their stories and aspirations during the onboarding process. Many shared their plans to further their education, seek meaningful employment, and move into safer neighborhoods. Refer to figure 3 to see the profile of the cohort group.

Figure 3



The first payment was disbursed on August 15th, 2022, and participants will continue to receive monthly payments on the 15th of every month until the program ends on July 15th, 2024. Participants are divided into two cohorts that both receive \$1,000 a month for 24 months. There are 130 members of the treatment cohort, and they will conduct quantitative surveys every 6 months and will have qualitative interviews at the 12-month mark. There are 70 members of the storytelling cohort, and they will not conduct surveys. They will have an opportunity to share their experience with receiving guaranteed income and have started sharing their stories with news outlets. The [Baltimore Banner](#) interviewed two of these participants, and two other participants spoke at a webinar on [Implementing Guaranteed Income Programs: Insights from Baltimore](#). Baltimore City’s spending data will also be available on a [data dashboard](#) launched by Mayors for a Guaranteed Income, Center for Guaranteed Income Research, and the Stanford Basic Income Lab.

Appendix A

2022 Legislative Wrap-up for the Maryland Financial Education & Capability Commission

Successes

Maryland Senator Edward J. Kasemeyer College Investment Plan – State Matching Contribution – Age of Account Holder ([HB 444/SB 411](#)): Additional guidelines were added to the legislation of the state 529 contribution match program. Save4College account holders must be at least 18 years old in order to be eligible for the state match program. These changes strive to prevent abusive practices and allows the program to function as originally intended, helping low to moderate income families save for future college expenses. To find out more information about Maryland 529 accounts, please visit [here](#).

Fiduciary Institutions - Investigation of Financial Abuse and Financial Exploitation - Records Disclosure ([SB 175](#)): This legislation allows for better communication between Adult Protective Services (APS) staff and financial institution staff to improve responses to financial elder abuse.

Labor and Employment – Family and Medical Leave Insurance Program – Establishment (Time to Care Act of 2022) ([HB 0008/SB 275](#)): This legislation created a program for Maryland worker that provides 12 weeks of family and medical paid leave and protects workers against job loss for taking leave.

For Future Consideration

Making Car Insurance More Affordable ([HB 125](#) and [HB 57](#)): Under current law, auto insurance companies are permitted to use factors unrelated to a person’s driving record in determining rates. These bills aimed to eliminate discriminatory practices in establishing auto insurance rates and promote access to transportation by prohibiting insurance companies from using non-driving factors to establish rates.

Appendix B

2022 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 Maryland Society of Accountants and Tax Professionals to provide six \$1,000 awards.

Elementary School Teacher or Program:

- **Kelli Lewis**, North Salisbury Elementary School

Middle School Teacher or Program:

- **George Jerome**, Arundel Middle School

High School Teacher or Program:

- **Jessie Moore**, Atholton High School

Community Champion Award (Individual Educator):

- **Heath Carelock**, Financial Empowerment Center at Prince George's Community College

Outstanding Organization Award:

- **Maryland Department of Disabilities**, Assistive Technology Program

Woodside Award

- **Walter "Skip" Lee**, Anne Arundel County Public Schools