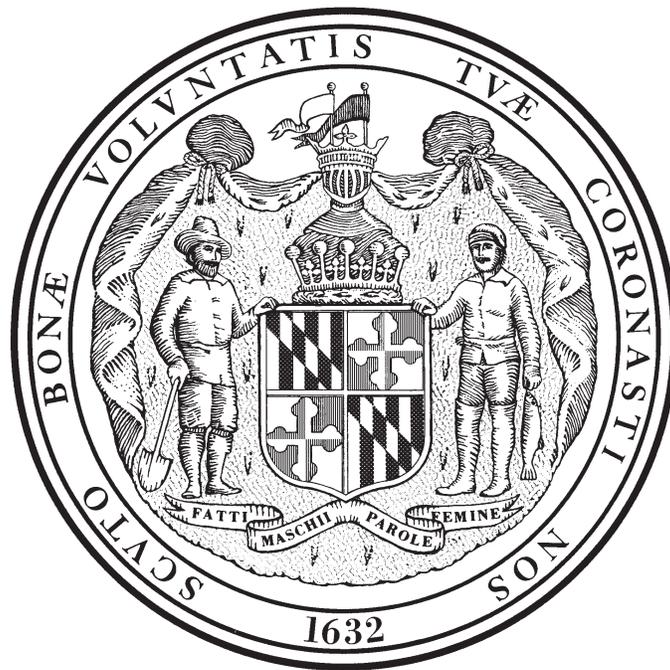


TASK FORCE TO STUDY  
HOW TO IMPROVE  
FINANCIAL LITERACY IN THE STATE



ANNAPOLIS, MARYLAND  
JANUARY 2010

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

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**Department of Legislative Services  
Office of Policy Analysis  
Annapolis, Maryland**

**January 2010**

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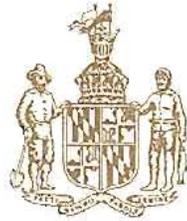
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THE MARYLAND GENERAL ASSEMBLY  
ANNAPOLIS, MARYLAND 21401-1991

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

**Senator C. Anthony Muse**  
Co-chair

**Delegate Dana M. Stein**  
Co-chair

January 13, 2010

The Honorable Martin O'Malley  
Governor  
State House  
Annapolis, Maryland 21401-1991

The Honorable Thomas V. Mike Miller, Jr.  
President of the Senate  
State House  
Annapolis, Maryland 21401-1991

The Honorable Michael E. Busch  
Speaker of the House of Delegates  
State House  
Annapolis, Maryland 21401-1991

Dear Governor O'Malley, President Miller, and Speaker Busch:

On behalf of the Task Force to Study How to Improve Financial Literacy in the State, we respectfully submit the task force's final recommendations and accompanying report.

The task force was established in 2008 and charged with five main objectives: (1) study the ability of high school students to understand basic financial concepts; (2) assess the utility of financial literacy education as part of primary and secondary education; (3) study the ability of consumers over the age of 21 who have achieved a high school diploma to understand basic financial concepts; (4) study the problems created for the average consumer by a lack of financial literacy or knowledge; and (5) make recommendations regarding how to address these problems.

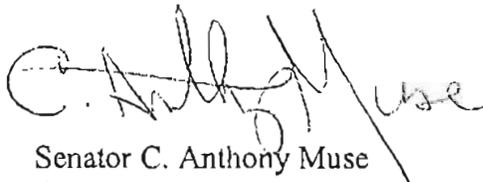
The Honorable Martin O'Malley  
The Honorable Thomas V. Mike Miller, Jr.  
The Honorable Michael E. Busch  
January 13, 2010  
Page 2

The work of the task force over the past year and a half has culminated in a number of recommendations designed to improve the financial literacy of both students and adults in the State. We believe that we have made a strong case that an investment in financial literacy education is an excellent investment in the economic future of Maryland, particularly during these times of economic distress.

We would like to express our appreciation to the members who served on the task force. We are truly grateful for their willingness to engage in public service that will enhance financial literacy education in the State for years to come. We would also like to recognize the valuable staff support provided to the task force.

On behalf of the task force, we would like to thank you for making financial literacy one of the top priorities of the State. We look forward to working with you to implement the recommendations contained in this report.

Sincerely,



Senator C. Anthony Muse  
Co-chair



Delegate Dana M. Stein  
Co-chair

CAM:DMS/JFW/mpc

# **Task Force to Study How to Improve Financial Literacy in the State 2009 Membership Roster**

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Senator C. Anthony Muse, Co-chair  
Delegate Dana M. Stein, Co-chair

Senator Katherine A. Klausmeier  
Delegate Susan W. Krebs  
Treasurer Nancy K. Kopp  
Commissioner Melanie Senter Lubin  
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Ms. Mary Ann Hewitt  
Ms. Robin McKinney  
Ms. Helen Ottley  
Ms. Jane R. Stern  
Mr. Kenneth Venick

## **Staff**

Sara C. Fidler, Lynne Blume Rosen, Jason F. Weintraub, Mya Coover, Nancy Scaggs;  
Department of Legislative Services  
Jay Hutchins, Jackie Lichter; Department of Labor, Licensing, and Regulation



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## Executive Summary

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In response to the current nationwide financial crisis and the distress that it is causing millions of American families, the Task Force to Study How to Improve Financial Literacy in the State was created during the 2008 legislative session 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 over the age of 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 recommendations of the task force are as follows:

**Recommendation 1. Require the Maryland State Department of Education (MSDE) to develop a process to monitor and report on local implementation of Maryland's Personal Financial Literacy State Curriculum. Require this information to be reported to the Governor and the General Assembly on an annual basis.**

**Recommendation 2. Urge the segment heads of higher education to mandate financial literacy education for students in postsecondary education programs. When possible, request meetings with the segment heads to further emphasize and elaborate on this perspective.**

**Recommendation 3. Recommend that the Governor, in consultation with MSDE and the Maryland Higher Education Commission (MHEC), establish a Financial Education Program Honor Roll to recognize and encourage best practices among school systems and institutions of higher education.**

**Recommendation 4. Write and send a letter to Arne Duncan, U.S. Secretary of Education, and Timothy Geithner, U.S. Secretary of the Treasury, describing the goals of the task force; its involvement in jump-starting the development of the State Curriculum; its presentations to institutions of higher education in the State in this regard; and its concern for the lack of centralized information and education on financial education among federal-level agencies and national governmental associations. The letter will urge Secretary Duncan and Secretary Geithner to take leadership of establishing cross-agency coordination and simplified public access to financial education resources among points of contact at the U.S. Department of Housing and Urban Development, the Federal Deposit Insurance Corporation (FDIC), Federal Reserve branches, the Conference of State Bank Supervisors, the potential new federal agency being formed for consumer financial protection, and any other appropriate governmental entities.**

**Recommendation 5.** Recommend that the Division of Workforce Development and Adult Learning in the Department of Labor, Licensing, and Regulation (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. Recommend that DLLR seek funding for resources and teacher training, as appropriate, to implement these programs.

**Recommendation 6.** Establish a clearinghouse of State financial education services and programs (clearinghouse), that will exist in addition to services and programs made available through other nonprofit entities. House the clearinghouse within the Office of the Commissioner of Financial Regulation in DLLR. Authorize the commissioner to seek consultation, guidance, and assistance, both technical and substantive, from existing and developing programs. The clearinghouse would consist of a web site that would include web links to State financial education services and programs (including those administered by nonprofit entities), resources, and zip code search capability. Establish an annual reporting mechanism regarding types of outreach conducted, new financial literacy “hot topics,” etc. Consider the appointment of a cross-agency coordinator and/or liaison to assist with the implementation of the clearinghouse.

**Recommendation 7.** Create a special fund to finance the clearinghouse and other financial literacy services and programs.

- a. Structure the special fund to receive money from a portion of fines and penalties from the prosecution of mortgage fraud cases; the Investor Protection Trust, to the extent possible; and other sources as deemed appropriate.
- b. From the special fund, finance one or more individuals (at DLLR, MSDE, or both) to do outreach/marketing, establish links to financial education programs, implement financial education programs (including those at the primary and secondary education level), help develop related resources, and set up the web site and make sure it is current and accurate.
- c. Establish an annual reporting mechanism regarding use of the special funds.

**Recommendation 8.** Require residential mortgage lenders doing business in the State to provide notice of the existence of nonprofit housing counseling during application for a mortgage secured by owner-occupied residential property (including purchase money mortgages and refinances, but excluding home equity loans and second mortgages). Require the Department of Housing and Community Development (DHCD) and the Office of the Commissioner of Financial Regulation in DLLR to jointly develop the content of the notice.

- a. Apply the notice requirement to all lenders, not only to Maryland-chartered and licensed institutions.
- b. Recommend that DHCD and DLLR consult with financial institutions to determine the optimal time for

delivery of the notice, as well as to address the potential issue of federal preemption.

- c. Recommend that the Attorney General's Office assist with reviewing the potential issue of federal preemption.

**Recommendation 9.** Encourage State agencies to explore more sustainable sources of funding for nonprofit housing counseling and nonprofit financial education organizations.

**Recommendation 10.** Encourage the State to provide a variety of high quality financial education training opportunities for State employees and encourage local governments to do the same. Ensure adequate marketing of financial education opportunities.

**Recommendation 11.** In coordination with the clearinghouse, require the appropriate State agency, possibly the Office of the Comptroller, to develop and implement online marketing of financial education training opportunities for State employees.

**Recommendation 12.** If/when the State reinstates the supplemental retirement contribution match, recommend that the State automatically enroll State employees into 401(k), 403(b), and 457(b) plans with automatic contributions into these plans. Require these plans to include a notification to the employee of the option to opt-out.

**Recommendation 13.** Strongly recommend that any for-profit or nonprofit organization that receives a State contract or assistance over a certain dollar amount provide in-house financial education training, or use a financial

education provider from an approved list of providers, consisting of up to eight hours of paid training that teaches topics, including but not limited to budgeting, debt management, and retirement planning. Organizations must provide notice of the training to employees.

**Recommendation 14.** Recommend that the Governor establish a Workplace Financial Education Honor Roll program to recognize and encourage best practices among employers.

**Recommendation 15.** Recommend that the Maryland Department of Disabilities (MDOD) design a certification process for trainers and programs that provide financial education and training to individuals who receive public benefits. Coordinate this initiative with the Department of Human Resources (DHR).

**Recommendation 16.** Recommend that appropriate State agencies consult with MDOD to include add-on modules as part of financial education and training for individuals who either receive public benefits or are potentially eligible for public benefits based on low-income, disability, or both. Recommend that MDOD assist in designing these add-on modules.

**Recommendation 17.** Require DHR to:

- a. in coordination with the clearinghouse, maintain a list of approved financial education providers and courses;
- b. establish partnerships with financial education providers for clients to receive financial education, *i.e.*, institutions of higher education and other organizations;

- c. when making referrals, require case workers to provide clients with a list of approved financial education providers and courses and establish expected financial education outcomes for clients; and**
- d. make financial education training an eligible activity in family investment programs, including Temporary Cash Assistance and the Work Opportunities Program.**

**Recommendation 18: Recommend that local clerks of court offices provide financial education referral network information to individuals who apply for marriage licenses.**

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

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## **Introduction**

A survey conducted by the Federal Deposit Insurance Corporation (FDIC) in 2009 examined household trends among the “unbanked” (those without a checking and savings account) and the “underbanked” (those with a checking or savings account, but who fail to use them for their intended uses). According to the report, approximately 5.6% of households in Maryland are unbanked and another 20% are underbanked. The State’s percentage of unbanked households is better than the national average of 7.7%, but the percentage of underbanked households trails the national average of 17.9%. In addition, according to the Mid-Atlantic Information Office of the U.S. Department of Labor, Bureau of Labor Statistics, unemployment rates have increased from October 2008 to October 2009 in every county in Maryland. Still further troubling is the fact that in the third quarter of 2009, Maryland had the twelfth highest foreclosure rate in the country.

In response to these types of statistics and other similar information attesting to the current nationwide financial crisis and the distress that it is causing millions of American families, the Task Force to Study How to Improve Financial Literacy in the State was created during the 2008 legislative session by Senate Bill 533 (Chapter 186)/House Bill 1242 (Chapter 187). Chaired by Senator C. Anthony Muse and Delegate Dana M. Stein, the task force was charged with studying the ability of high school students to understand basic financial concepts; evaluating the current provision of financial literacy education in Maryland’s public schools; assessing the utility of financial literacy education as part of primary and secondary education; studying the ability of consumers over the age of 21 who have achieved a high school diploma to understand basic financial concepts; studying the problems created for the average consumer by a lack of financial literacy or knowledge; and making recommendations regarding how to address these problems. Membership of the task force included legislators, State agency representatives (Department of Housing and Community Development (DHCD); the Office of Financial Regulation in the Department of Labor, Licensing, and Regulation (DLLR); the Attorney General’s Office; the Treasurer’s Office; the Maryland State Department of Education (MSDE); and the State Board of Education (State board)), representatives from financial institutions, representatives from nonprofit organizations focused on improving financial literacy, and representatives from teachers unions.

The full task force met seven times. During those meetings, task force members were briefed by the National Association of State Boards of Education, MSDE, local school systems, the Maryland Coalition for Financial Literacy, the Maryland/DC Credit Union Association, the Maryland Bankers Association, DHCD, the Maryland Council on Economic Education, the higher education community, the State Treasurer, the Commissioner of Financial Regulation in

DLLR, the Department of Human Resources (DHR), CASA of Maryland, the Comptroller, Junior Achievement, the Jump\$tart Coalition for Personal Financial Literacy, the Director of the Pennsylvania Office of Financial Education, the Maryland Department of Disabilities (MDOD), and others. In order to analyze and synthesize the information provided during the briefings, the task force broke into four workgroups: K-12 Education; Higher Education and General Education; Financial Regulation; and Human Resources. Each workgroup forwarded draft recommendations to the full task force. After discussion of the workgroup recommendations, the final recommendations of the task force were approved.

This report provides background information and the rationale for the recommendations of the task force designed to improve financial literacy in the State. In brief, the recommendations include directing the State board to develop and adopt financial literacy education standards and curriculum for students in primary and secondary schools; urging institutions of higher education in the State to mandate financial literacy education for their students; directing the establishment of a clearinghouse of financial literacy resources; establishing a special fund to finance the clearinghouse and other financial literacy services and programs; providing notice of housing counseling; providing financial education to both public- and private-sector employees; and providing financial education to individuals who receive public benefits.

## **Financial Literacy Education as Part of Primary and Secondary Education**

In December 2008, the task force submitted preliminary recommendations to the State board that were designed to address the issue of providing financial literacy education to students in primary and secondary schools. In its accompanying letter to the State board, the chairs of the task force expressed that although some of the local school systems offer financial literacy education as an elective course, and a few local school systems require completion of the course as a prerequisite for graduation, the task force was not convinced that enough was being done to prepare all students to understand basic financial concepts, including establishing household budgets, understanding how credit can improve or impede financial progress, and determining how best to save and spend money.

The preliminary recommendations were as follows:

1. Develop and adopt K-12 Personal Financial Literacy standards through the Code of Maryland Regulations (COMAR) 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 sciences. 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 order to create a systemic approach to implementing personal financial literacy standards by providing professional development curriculum and other resources, the task force recommends that MSDE coordinate a design team, in cooperation with the task force, 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.
3. Consider regulations for a K-12 Voluntary State Curriculum (VSC) aligned with State and national standards for personal financial literacy.<sup>1</sup> Local school systems will determine when to implement, what to implement, and how to implement the VSC similar to other content areas. In order to provide resources and professional development to support local school systems' implementation efforts, MSDE will partner with local school systems; MSTTA; PTA; MABE; nonprofit organizations and coalitions; the banking, financial, and credit industries including credit unions; and any other interested parties or stakeholders.
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, 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, DLLR, DHCD, the Attorney General's Office, the Maryland Bankers Association, etc. (as appropriate).

At the January 27, 2009 meeting of the State board, the legislative members of the task force presented these recommendations and emphasized to the State board the extreme urgency and need for financial literacy education in primary and secondary schools. In response, the State Superintendent of Schools (State Superintendent) directed an internal MSDE team consisting of representatives from the Division of Career and College Readiness and the Division of Instruction to implement an action plan. On February 26, 2009, the State Superintendent reported that, in response to the recommendations of the task force, MSDE would form a Financial Literacy Education Design Team (design team) to develop financial literacy education content standards – statements about what students should know and be able to do – and convene

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<sup>1</sup> The word “voluntary” is no longer used to describe the State Curriculum. However, in December 2008, when the preliminary recommendations were released, “voluntary” was still being used.

the Financial Literacy Advisory Council (advisory council) to oversee the work of the design team and help leverage resources. Membership on both the design team and the advisory council would include members of the task force; educators; and representatives of associations, nonprofit organizations, and financial institutions (including banks and credit unions).

Through the synthesis of the Jump\$tart Coalition for Personal Financial Literacy standards, the state financial literacy standards in Wisconsin, and other expert opinions and advice, the design team completed its charge of developing content standards. The content standards serve as the framework for Maryland's Personal Financial Literacy State Curriculum (State Curriculum). The State Curriculum consists of the standards, objectives, and indicators to be used to develop local curricula. The State Curriculum is organized in grade bands of 3-to-5, 6-to-8, and 9-to-12 in order to ensure that financial literacy education is provided in a continuum throughout elementary, middle, and high school. In accordance with MSDE protocol, the draft State Curriculum has been circulated to national, State, and local stakeholder groups, including local superintendents, assistant superintendents of instruction, supervisors of career and technology education, business education, family and consumer sciences education, and social studies, as well as members of the task force. MSDE invited comments on the draft that, upon receipt, were found to be valuable.

MSDE anticipates presenting a final version of the State Curriculum to the State board in January 2010. Subsequently, MSDE will request permission to publish the content standards in COMAR. Following the requisite period of public comment, MSDE will request permission from the State board to adopt the content standards as regulations.

The task force supports and appreciates the work that MSDE has completed so expeditiously in response to its preliminary recommendations. However, task force members want to ensure that continued monitoring takes place relating to implementation of the State Curriculum at the local level.

**Recommendation 1. Require MSDE to develop a process to monitor and report on local implementation of the State Curriculum. Require this information to be reported to the Governor and the General Assembly on an annual basis.**

## **Financial Literacy Education as Part of Higher Education**

Similar to the current ad hoc delivery of financial literacy education at the primary and secondary education level, there is no consistent or standardized delivery of financial literacy education in higher education. Services and programs at institutions of higher education include the provision of financial literacy education as part of freshman orientation; elective courses; "credit cafes" where students receive credit counseling and free credit reports; workshops and seminars conducted both on and off campus; and financial mentors. Task force members were particularly impressed with the Finance 411 program offered by the Community Financial Center

of Prince George's Community College and the Wi\$e Up program offered by the University of Maryland, Eastern Shore.<sup>2</sup>

Balancing respect for the purview of the governing body of each institution of higher education to set its own curriculum with the belief that college students would greatly benefit from financial literacy education, letters were sent to the University System of Maryland (USM) Board of Regents, Morgan State University (MSU), St. Mary's College of Maryland (St. Mary's), the Maryland Association of Community Colleges (MACC), and the Maryland Independent College and University Association (MICUA) emphasizing the urgency and need for financial literacy education at the college level. College students often have their first experiences with debt (either through student loans or the obtaining of their first credit cards), overspend on food and entertainment, and save very little, if any, money in a savings account. Further, once these students leave college and enter the workforce, without proper financial literacy education and preparation, dire consequences could result, including job loss, poor credit rating, bankruptcy, and housing foreclosure.

**Recommendation 2. Urge the segment heads of higher education to mandate financial literacy education for students in postsecondary education programs. When possible, request meetings with the segment heads to further emphasize and elaborate on this perspective.**

## **Recommendations of the President's Advisory Council on Financial Literacy**

In January 2008, the President's Advisory Council on Financial Literacy (council) was created by executive order. Throughout 2008, the council solicited public feedback and launched roundtable discussions and town hall meetings with varied constituencies, including underserved communities, educators, individuals from the financial services industry, and others etc. In its most recent report, the *Annual Report of 2008*, the council submitted recommendations to improve financial literacy. Although the change in the federal Administration briefly slowed down the work of the council, the council has re-commenced its work by holding a public meeting on November 3, 2009. Current members of the council serve through January 2010. After that time, members may be reappointed and/or newly appointed.

Several of the 2008 council recommendations inspired members of the task force. Of note, the task force endorsed the council's definitions for "financial literacy" and "financial education" to facilitate programmatic decision-making based on a common understanding of these terms. The council defines "financial literacy" as "the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being" and defines "financial education" as "the process by which people improve their understanding of financial products, services, and concepts, so they are empowered to make informed choices, avoid

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<sup>2</sup> For further information relating to financial literacy services and programs offered by institutions of higher education in the State, please refer to the Appendix of this report.

pitfalls, know where to go for help and take other actions to improve their present and long-term financial well-being.” Other recommendations of the council with which the task force was particularly impressed include mandating financial education in primary and secondary education and creating and implementing “Honor Roll” programs to encourage best practices.

**Recommendation 3. Recommend that the Governor, in consultation with MSDE and the Maryland Higher Education Commission (MHEC), establish a Financial Education Program Honor Roll to recognize and encourage best practices among school systems and institutions of higher education.**

**Recommendation 4. Write and send a letter to Arne Duncan, U.S. Secretary of Education, and Timothy Geithner, U.S. Secretary of the Treasury, describing the goals of the task force, its involvement in jump-starting the development of the State Curriculum, its presentations to institutions of higher education in the State in this regard, and its concern for the lack of centralized information and education on financial education among federal-level agencies and national governmental associations. The letter will urge Secretary Duncan and Secretary Geithner to take leadership of establishing cross-agency coordination and simplified public access to financial education resources among points of contact at the U.S. Department of Housing and Urban Development, the Federal Deposit Insurance Corporation (FDIC), Federal Reserve branches, the Conference of State Bank Supervisors, the potential new federal agency being formed for consumer financial protection, and any other appropriate governmental entities.**

## **Adult Education and Adult Correctional Education**

On July 1, 2009, the Adult Education and Adult Correctional Education services in the State were transferred from MSDE to the Division of Workforce Development and Adult Learning in DLLR. The goal of the new 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 their children’s education, and citizens. The new Office of Correctional Education in the division has similar goals but serves adults who are incarcerated. These individuals participate in financial literacy workshops which last for four weeks. The goal of the workshops is to enable inmates to create financial plans for use upon reentry into society. The task force was encouraged to learn about these workshops but also wanted to see further steps be taken to better serve the adult populations, both those who are incarcerated and those who are not.

**Recommendation 5. Recommend 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. Recommend that DLLR seek funding for resources and teacher training, as appropriate, to implement these programs.**

## The Example of the Pennsylvania Office of Financial Education

In April 2004, Pennsylvania Governor Edward Rendell signed an executive order creating the Pennsylvania Office of Financial Education (office). The office is housed within the Department of Banking and is funded by assessments, fees, and fines paid by state-regulated financial institutions. The office functions with a small staff consisting of a director, three financial education specialists, and one administrative position. These individuals work to increase the availability of financial education in Pennsylvania schools, communities, and workplaces on an operating program budget of less than \$200,000.<sup>3</sup> Specific efforts include helping teachers incorporate age-appropriate personal finance principles into existing curricula, showing employers how to provide financial education and training to their employees, and helping community-based organizations offer high quality financial education and counseling. The office is the point of contact for all of the state agencies that have financial education initiatives. Its school-based program is a collaborative effort between the Department of Banking and the Department of Education, with the coordinator having an office in both agencies.

At the July 30, 2009 task force meeting, the director provided task force members with an overview of financial literacy services and programs currently offered in Pennsylvania. One of the office's significant accomplishments is a state-specific, noncommercial web site designed for Pennsylvania residents entitled *Your Money's Best Friend* ([www.moneysbestfriend.com](http://www.moneysbestfriend.com)). This web site provides materials on a variety of topics including banking basics, coping with job loss, filing taxes, bankruptcy, and talking with one's family about personal finances. The Office of Financial Education pre-screens and pre-approves all links and information posted to the web site, which primarily consists of materials provided by government agencies and nonprofit organizations. The *Your Money's Best Friend* web site also includes a feature that allows users to enter their zip codes to find community-based resources. This year, the office added a Resources for Educators section to the web site that provides links to curricula and resources for schools, employers, and nonprofit organizations to use in developing their financial education programs.

Visits to the office's web site, as illustrated in **Exhibit 1**, were high during 2007, the initial year of the launch of the web site. The director attributes some of this web traffic to heavy promotion of the web site that occurred in 2007. Web traffic then dropped during 2008. However, during the first six months of 2009, web traffic had already come close to the level of web traffic during 2008 and was anticipated to continue to increase throughout the rest of 2009. During the beginning of the nationwide financial crisis visits remained steady, but as the crisis continued and increased, so did visits to the web site.

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<sup>3</sup> The office reports that additional funding is provided to the office for staff salaries, benefits, and office expenses.

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**Exhibit 1**  
**Usage of the Pennsylvania Office of Financial Education Web Site**

| <u>Year</u>                    | <u>Visits</u> | <u>Visits per Month</u> |
|--------------------------------|---------------|-------------------------|
| January 2008 to September 2008 | 25,327        | 2,814                   |
| October 2008 to December 2008  | 8,573         | 2,858                   |
| <i>2008 – Total</i>            | <i>33,900</i> | <i>2,825</i>            |
| January 2009 to June 2009      | 28,016        | 4,669                   |

Source: Pennsylvania Office of Financial Education, September 2009 ([www.moneysbestfriend.com](http://www.moneysbestfriend.com))

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### **Existing Financial Education Clearinghouse Resources in Maryland**

There are considerable financial education efforts underway in Maryland. Financial education classes are available through nonprofits, State and local agencies, educational institutions, financial institutions, realtors, faith-based institutions, and many others. Two statewide organizations seek to better coordinate and support these efforts are the Maryland CASH (Creating Assets, Savings, and Hope) Campaign and the Maryland Coalition for Financial Literacy (coalition).

In January 2010, the Maryland CASH Campaign ([www.mdcash.org](http://www.mdcash.org)) will launch the MD CASH Academy. The MD CASH Academy will provide an online class schedule and registration system for financial education, open to all Maryland residents. Classes will be available in-person and residents can register through the Internet, by telephone, by fax, or by mail. Residents will be able to search for classes by county, topic, instructor, or date. This model is replicated from the successful Delaware Money School ([www.delawaremoneyschool.com](http://www.delawaremoneyschool.com)), which coordinates over 700 classes annually, as well as the Connecticut Money School ([ctmoney.org](http://ctmoney.org)), which launched in April 2009.

The coalition ([www.mdfinancialskills.org](http://www.mdfinancialskills.org)) and its parent organization, the Maryland Council on Economic Education (council) ([www.econed.org](http://www.econed.org)), offer an online clearinghouse of financial education materials that are primarily geared toward the financial education of youth. The coalition also hosts quarterly member meetings for those interested in promoting financial education, especially within local school systems. The council conducts teacher trainings, assists local school systems to create and/or adapt financial and economic education curricula, and coordinates a saving and investing simulation (The Stock Market Game) across the State.

It is the intent of the task force to establish a clearinghouse of State financial education services and programs that will coordinate and complement existing services and programs made available through other nonprofit entities and clearinghouses.

**Recommendation 6. Establish a clearinghouse of State financial education services and programs (clearinghouse), that will exist in addition to services and programs made available through other nonprofit entities. House the clearinghouse within the Office of the Commissioner of Financial Regulation in DLLR. Authorize the commissioner to seek consultation, guidance, and assistance, both technical and substantive, from existing and developing programs. The clearinghouse would consist of a web site that would include web links to State financial education services and programs (including those administered by nonprofit entities), resources, and ZIP code search capability. Establish an annual reporting mechanism regarding types of outreach conducted, new financial literacy “hot topics,” etc. Consider the appointment of a cross-agency coordinator and/or liaison to assist with the implementation of the clearinghouse.**

## **Financing Both the Clearinghouse and Other Financial Literacy Education Initiatives**

In order to finance the clearinghouse and other financial literacy education services and programs in the State, a special fund should be created.

### **Fines and Penalties Collected by the Office of Financial Regulation**

The Office of Financial Regulation in DLLR generates fines and penalties paid to the general fund and consumer recoveries paid directly to harmed individuals. Fines and penalties are imposed on unlicensed individuals, civil penalties are collected from consent orders, and fines are imposed on licensed entities that are subject to compliance examinations for violations of law. In fiscal 2007, \$416,000 was generated, in fiscal 2008, \$392,000 was generated, and in fiscal 2009, \$801,000 was generated from fines and penalties for the general fund. It may be worth noting that the significant year-over-year growth from fiscal 2008 to 2009 can be partially attributed to a one-time \$642,000 fine imposed on one licensee in June 2009, of which \$321,000 accrued to the general fund.

### **Investor Protection Trust**

The Investor Protection Trust (IPT) is a nonprofit organization founded in 1993 as a part of a multi-state securities settlement that provides noncommercial investor education at the state and national levels. The IPT funds its own investor education programs and also utilizes grants to underwrite investor education and protection initiatives conducted by third-party organizations.

In April 2003, the North American Securities Administrators Association, the Securities and Exchange Commission, the Financial Industry Regulatory Authority, and the New York Stock Exchange reached a settlement with 10 investment firms for conflicts of interest between their respective research and investment banking operations. Seven of the 10 firms agreed to pay \$80 million for investor education purposes. Of that amount, \$30 million has been paid to state securities regulators for investor education purposes. Those funds comprise the Investor Education Fund (IEF), which is overseen by the IPT.

As of July 2009, approximately \$450,000 is set aside in IEF solely for investor protection education programs and initiatives within Maryland. However, these funds are limited in scope, and must be used for programs that focus on investor education including the purchase, management, and sale of investment products such as stocks, bonds, mutual funds, or other investment vehicles.

In addition, IPT also processes and handles investor education funds that are directly contributed as a result of state consent orders. When IPT receives contributions that result from a state consent order, the funds are restricted by the terms, limitations, and conditions set forth in the order. If IPT receives a request by a state securities administrator to disburse funds that meet IPT funding criteria, IPT will generally approve an application for use of the restricted funds. As of July 2009, approximately \$47,000 is available in IPT restricted funds.

The Maryland Securities Commissioner advises that a separate Maryland-specific investor education special fund housed within the Securities Division of the Office of the Attorney General would be necessary to obtain and manage, in Maryland, IPT-type funds obtained in future settlements. A separate fund would allow for the opportunity to direct, within the confines of investor education purposes, how IPT directed funds would be spent.

### **Staffing Needs for Financial Literacy Services and Programs**

The Office of the Commissioner of Financial Regulation in DLLR receives limited general funds, which are devoted to regulating license categories such as collection agencies, but operates mostly from special funds that are collected from license and chartering fees of financial institutions, mortgage lenders, loan originators, and others. The current collection of fees does not cover the cost of regulation or the staffing of the office because consumer demands relating to investigation, enforcement, and complaint response continue to rise; statutory oversight requirements have been made more stringent; and the number of institutions paying fees has declined. Implementation of the clearinghouse would require dedicated resources and staff to do marketing and outreach relating to financial literacy services and programs, to assemble and review materials, to interact with various sources of information on an ongoing basis, and to develop and implement a system for the public to access the information. Additionally, implementation of requirements relating to the Office of Adult Education and Literacy Services and the Office of Correctional Education would also have staffing needs in excess of current capacity in order to train teachers and principals and provide professional development for adult education program administrators.

MSDE will also require additional staffing and monetary resources to implement the State Curriculum. Every required content area (*i.e.*, State Curriculum) has a supervisory position housed at MSDE; however, current work relating to the State Curriculum is being absorbed by existing staff members with no additional funding being provided. The effect of this has been to limit staff availability for responsibilities relating to career and technology education. Further, implementation of the State Curriculum will require ongoing professional development and technical assistance to local school systems, as well as the monitoring and overseeing of local implementation of the State Curriculum.

**Recommendation 7. Create a special fund to finance the clearinghouse and other financial literacy services and programs.**

- a. Structure the special fund to receive money from a portion of fines and penalties from the prosecution of mortgage fraud cases; the Investor Protection Trust, to the extent possible; and other sources as deemed appropriate.**
- b. From the special fund, finance one or more individuals (at DLLR, MSDE, or both) to do outreach/marketing, establish links to financial education programs, implement financial education programs (including those at the primary and secondary education level), help develop related resources, and set up the web site and make sure it is current and accurate.**
- c. Establish an annual reporting mechanism regarding use of the special funds.**

## **Providing Notice of Housing Counseling**

The Maryland Homeownership Preservation Task Force (homeownership task force) convened in 2007 to address the rising number of residential foreclosures in the State. Among other objectives, the homeownership task force was charged with reviewing outreach, counseling, and education programs that focus on foreclosure prevention and recommending changes to existing initiatives. Noting that several jurisdictions require housing counseling for certain types of high-cost loans and reverse mortgages, the homeownership task force's education workgroup studied the idea of mandating housing counseling statewide and encouraging State agencies to explore more sustainable sources of funding for nonprofit housing counseling and nonprofit financial education organizations. Ultimately, the homeownership task force did not endorse a housing counseling requirement due to capacity concerns among the existing network of counseling providers.

Along similar lines, House Bill 944 of the 2008 legislative session, as introduced, would have prohibited a mortgage lender and financial institutions from completing a subprime loan application until the mortgage lender or financial institution received proof that the borrower had completed homebuyer education or housing counseling. House Bill 944 would have required mortgage brokers, mortgage lenders, and financial institutions to provide applicants for advisory

loans with a list of housing counselors and education providers approved by DHCD. The parameters of the legislation would have applied to loans that permitted interest-only payments; may have resulted in negative amortization; had high points and fees as a percentage of the total loan; or had high variable interest rates over a certain indexed amount. The legislation was amended by both chambers. In the version of the bill that passed the House, for specified loans, lenders were prohibited from closing certain types of nontraditional “advisory” loans until the lender received proof that the borrower had completed homebuyer education or obtained housing advice. In the version of the bill that passed the Senate, among other differences, this requirement could be waived if the borrower chose to decline homebuyer education or housing advice. The two versions of the bill were not reconciled, and the legislation ultimately failed.

In response to the concern regarding the capacity of housing counselors to handle demand for housing counseling, DHCD reports that in addition to the national network of credit and housing counselors who are accessible via toll-free telephone numbers, Maryland currently has 47 HUD-certified nonprofit housing counseling organizations that provide access to citizens throughout the State. These 47 organizations have more than 100 housing counselors available. Within the last two years, in partnership with nonprofit stakeholders, DHCD has provided extensive training and support to a network of 35 nonprofit organizations to expand their capacity to provide housing counseling, particularly with respect to foreclosure prevention. Further, NeighborWorks America, the national expert in housing counseling and training, is in the process of expanding online training tools for consumers in this regard.

The task force considered the potential issue of preemption in connection with imposing on federally chartered institutions a requirement that they provide a notice of the existence of nonprofit housing counseling to certain mortgage loan applicants. The task force recognizes the complexity of this issue, particularly when viewed in the context of proposed federal financial regulatory reform legislation and recent case law.

**Recommendation 8. Require residential mortgage lenders doing business in the State to provide notice of the existence of nonprofit housing counseling during application for a mortgage secured by owner-occupied residential property (including purchase money mortgages and refinances, but excluding home equity loans and second mortgages). Require DHCD and the Office of the Commissioner of Financial Regulation in DLLR to jointly develop the content of the notice.**

- a. Apply the notice requirement to all lenders, not only to Maryland-chartered and licensed institutions.**
- b. Recommend that DHCD and DLLR consult with financial institutions to determine the optimal time for delivery of the notice, as well as to address the potential issue of federal preemption.**
- c. Recommend that the Attorney General’s Office assist with reviewing the potential issue of federal preemption.**

**Recommendation 9. Encourage State agencies to explore more sustainable sources of funding for nonprofit housing counseling and nonprofit financial education organizations.**

## **Financial Education in the Workplace**

Financial education in the workplace is a critical tool used to assist Maryland citizens facing the current financial turmoil in the United States and its potential fall-out on the personal finances of our citizens. In a recent poll conducted by the Society for Human Resource Management, despite an increase in demand for financial literacy, 36% of companies report that they do not provide financial education for their employees. Of those that do offer financial literacy programs, 65% of employers only provide information related to employer-provided benefits (retirement, medical insurance, and Flexible Spending Accounts) and 43% only provide information relating to retirement.

### **Providing Financial Education to State and Local Government Employees**

The Maryland Supplemental Retirement Plans (MSRP) consists of an independent, self-funded Board of Trustees (and staff) who are responsible for the administration and oversight of 401(k), 403(b), 457, and 401(a) plans for the benefit of State employees. Previously, MSRP devoted its educational resources and initiatives towards saving for retirement, including understanding the plans and the investments in those plans; however, MSRP reports that it soon became clear that there was a need for broader educational programs for State employees. To that end, MSRP developed educational offerings to address personal finance and financial literacy such as “Stretching Your Dollars,” a course regarding good money habits and fiscal responsibility. Unfortunately, MSRP reports that attendance fluctuates at these seminars and can include as few as 5 individuals or as many as 40 individuals. MSRP has set a goal to increase attendance, particularly among younger employees. Some State agencies, such as the Division of Correction, will grant administrative leave for attendance at pre-retirement seminars offered by the State Retirement Agency; however, they do not grant administrative leave for general financial education seminars. Task force members agreed that increased participation in these seminars, or in other types of financial education, would greatly benefit both State and local government employees.

Unfortunately, many employees are not aware of opportunities for financial education programs, possibly due to a lack of adequate marketing of financial education opportunities.

**Recommendation 10: Encourage the State to provide a variety of high quality financial education training opportunities for State employees and encourage local governments to do the same. Ensure adequate marketing of financial education opportunities.**

**Recommendation 11:** In coordination with the clearinghouse, require the appropriate State agency, possibly the Office of the Comptroller, to develop and implement online marketing of financial education training opportunities for State employees.

### **Automatic Enrollment in State Supplemental Retirement Plans**

The task force was made aware of the issue of a lack of enrollment of State employees in supplemental retirement plans. Individuals who do not enroll in a plan initially tend to remain unenrolled. Automatic enrollment in these plans would be responsive to this issue. Furthermore, according to MSRP, automatic enrollment would save the State money because such a system would be more efficient than the current paper system. However, automatic enrollment may infringe upon an individual's autonomy in choosing how best to spend his or her paycheck. Additionally, in the current climate of salary reductions and furloughs, money contributed automatically might have a more immediate need elsewhere in the individual's finances. At such time as the (State) economy improves, as potentially indicated by the reinstatement of the State supplemental retirement contribution match, the task force was persuaded that automatic enrollment, with an opt-out provision, would be advisable.

**Recommendation 12:** If/when the State reinstates the supplemental retirement contribution match, recommend that the State automatically enroll State employees into 401(k), 403(b), and 457(b) plans with automatic contributions into these plans. Require these plans to include a notification to the employee of the option to opt-out.

### **Providing Financial Education to Private-sector Employees**

The lack of financial education and participation in retirement savings plans is not a problem limited to State employees. Private-sector employees would also benefit from the provision of financial education. The task force learned that despite extensive communication campaigns by the retirement planning services industry to encourage individuals to participate in retirement plans, increase deferred compensation, make appropriate asset allocations for their age and risk, and rebalance portfolios as the marketplace fluctuates, results of the campaigns have been disappointing. Further, data was presented that indicates that for individuals eligible for voluntary plans over a third of nonparticipants in a retirement or pension plan thought that they were participating, 10% did not know that a plan was even available, and individuals with low financial literacy skills were a third less likely to participate in a plan.

The task force would like to have the State strongly recommend to most State contractors that they take steps to increase the availability of financial education training for their employees.

**Recommendation 13:** Strongly recommend that any for-profit or nonprofit organization that receives a State contract or assistance over a certain dollar amount provide in-house financial education training, or use a financial education provider from an approved list of providers, consisting of up to eight hours of paid training that teaches topics, including but

**not limited to budgeting, debt management, and retirement planning. Organizations must provide notice of the training to employees.**

### **Workplace Financial Education Honor Roll Program**

The task force echoes the recommendation of the President's Advisory Council to support the increasingly important role of employers as providers and conduits of financial education to their employees and believes that it is important to address the availability and quality of financial education in both public and private-sector workplaces. The task force believes that employers may be able to learn from each other if best practices are acknowledged and shared.

**Recommendation 14: Recommend that the Governor establish a Workplace Financial Education Honor Roll program to recognize and encourage best practices among employers.**

### **Financial Education for Recipients of Public Benefits**

The rules that govern the receipt of public benefits are complicated and difficult to explain to recipients. These individuals and their households confront significant challenges when choosing whether they should seek employment or acquire assets because they do not want to risk jeopardizing the receipt of public benefits. The Maryland Department of Disabilities (MDOD) reports that 50-60% of individuals with disabilities are not working and are not looking for work for this very reason. Due to the clients that they serve, MDOD and the Department of Human Resources (DHR) are ideally suited to address the financial education needs of these individuals, and to monitor and certify the entities that deliver the public benefits component of financial education to recipients of public benefits.

**Recommendation 15: Recommend that MDOD design a certification process for trainers and programs that provide financial education and training to individuals who receive public benefits. Coordinate this initiative with DHR.**

**Recommendation 16: Recommend that appropriate State agencies consult with MDOD to include add-on modules as part of financial education and training for individuals who either receive public benefits or are potentially eligible for public benefits based on low-income, disability, or both. Recommend that MDOD assist in designing these add-on modules.**

**Recommendation 17: Require DHR to:**

- a. **in coordination with the clearinghouse, maintain a list of approved financial education providers and courses;**

- b. **establish partnerships with financial education providers for clients to receive financial education, *i.e.*, institutions of higher education and other organizations;**
- c. **when making referrals, require case workers to provide clients with a list of approved financial education providers and courses and establish expected financial education outcomes for clients; and**
- d. **make financial education training an eligible activity in family investment programs, including Temporary Cash Assistance and the Work Opportunities Program.**

### **Financial Education Information for Applicants for Marriage Licenses**

With marriage comes a new set of financial responsibilities and pressures. The debt of a spouse that existed before the marriage can become a significant source of stress in a marriage. In addition, money management problems are often cited as a primary cause of divorce. The task force was convinced that applicants for a marriage license would benefit from information regarding how to manage money and plan for their joint financial future.

**Recommendation 18: Recommend that local clerks of court offices provide financial education referral network information to individuals who apply for marriage licenses.**

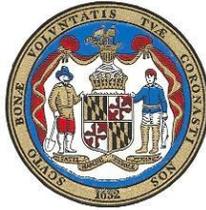
### **Conclusion**

The need for financial literacy and/or financial education is not limited to one specific sector or type of individual. The task force believes that financial literacy and financial education must be imparted to *all* sectors and individuals. Specifically, this report identifies financial literacy and financial education service delivery for students in primary and secondary education, students in higher education, adult individuals who participate in adult education programs, individuals in correctional institutions, employees of public-sector employers, employees of private-sector employers, and individuals who receive public benefits. Neither the recommendations of this report, nor the types of individuals to whom this report is addressed, are intended to be exhaustive. However, the recommendations of the task force are intended to make significant progress in the fight against financial illiteracy and to help to ensure that fewer people are negatively impacted by debt, foreclosure, job loss, savings loss, and other financially driven strife.

# Appendices

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## MARYLAND STATE TREASURER

Nancy K. Kopp

December 16, 2009

The Honorable C. Anthony Muse  
304 House Office Building  
Annapolis, MD 21401

The Honorable Dana M. Stein  
304 James Senate Office Building  
Annapolis, MD 21401

Dear Senator Muse and Delegate Stein:

I would like to thank you for your effective leadership of the Maryland Task Force to Study How to Improve Financial Literacy and lend my support for the recommendations of the task force. It has been an honor to serve on the task force with you. I appreciate all of the hard work that you and the members have put into a very comprehensive report and look forward to continuing to work together as the recommendations are disseminated and implemented.

The strides made by the Maryland State Department of Education in adding financial literacy to the statewide curriculum are critical and have been hastened and enriched by the involvement of the task force. The recommendation to require ongoing implementation reporting to the Governor and General Assembly helps to ensure that the new standards are taken as seriously as they must be, if Maryland's students are to avoid undue financial risks and contribute to our mutual economic success going forward.

Similarly, the recommendation to urge access to financial literacy education for post-secondary students transmits an appropriate sense of urgency to the heads of our higher education institutions, several of whom have instituted innovative programs to build financial awareness.

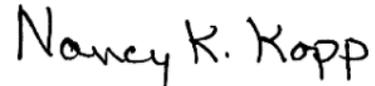
Many of the recommendations, if implemented, will act to integrate financial education throughout the activities of state and local government, including through the clerks of court; the Department of Labor, Licensing and Regulation; the Department of Disabilities; the Department of Human Resources and local government human resource activities. Additionally, outreach to the private sector via the Commissioner of Financial Regulation and working alongside non-profit organizations such as the Maryland Coalition on Financial Literacy and the Baltimore and Maryland Cash Campaigns is properly included in the recommendations.

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December 16, 2009  
Page Two

The process implemented by the task force has been inclusive and innovative under your leadership. If the recommendations are implemented with the same energy, a much-improved level of financial literacy fitness statewide should result.

Sincerely,

A handwritten signature in black ink that reads "Nancy K. Kopp". The signature is written in a cursive, slightly slanted style.

Nancy K. Kopp  
State Treasurer

cc: Sara Fidler, DLS

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Peter Franchot  
*Comptroller*

January 7, 2010

The Honorable C. Anthony Muse  
304 James Senate Office Building  
Annapolis, MD 21401

The Honorable Dana M. Stein  
304 House Office Building  
Annapolis, MD 21401

Dear Senator Muse and Delegate Stein:

Please accept my congratulations and appreciation for your successful efforts in leading the Maryland Task Force to Study How to Improve Financial Literacy. The work of this group was more timely and critical than ever in light of the nation's worst economic downturn since the Great Depression.

Obviously, no amount of financial literacy education could have prevented our nation's economic crisis. I do believe, however, that fewer Marylanders would be dealing with the loss of homes, possessions and life savings today if they had been provided with the tools to make sound financial decisions. In order to prevent history from repeating itself, I believe that the public and private sectors must work together to ensure that future generations are equipped with these essential life skills -- such as understanding the basic principles of household budgeting, the benefits of saving and investing for the future, the proper use of credit, and the importance of understanding the "fine print." The work of this Task Force is an important and positive step in that direction.

As useful as these steps will be, I would suggest that we need to take this historic opportunity to go even further by requiring Maryland high school students to successfully complete a standalone financial literacy course in order to graduate, as several other states have already done. I have had the pleasure of visiting schools throughout the State that take the need for financial education very seriously.

Whether I was in rural or metropolitan classrooms, the message was always the same -- students understand the need for financial education before they head into the "real world." Those students that have had the opportunity to take standalone personal finance courses have a crucial advantage over their peers as they transition to higher education and the workforce. I have also learned that these students are bringing their coursework home and sharing this information with their parents, many of whom are doubtlessly struggling to make ends meet in this difficult economy.

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School officials also agree that financial education doesn't have to be cost prohibitive. Many jurisdictions which already have existing programs in financial literacy use current teachers and must only pay for the cost of new textbooks to implement the new course. In fact, Carroll County created a financial literacy graduation requirement for all of its eight high schools at a cost of only \$37,000. These costs will be significantly less in future years.

I strongly believe financial education should be a graduation requirement for all Maryland high school students. Allowing each jurisdiction to create their own stand alone course, following state curriculum standards, would give local educators the ability to tailor a program to their community's unique needs. Counties which have already implemented such courses have experienced tremendous success. I argue that all jurisdictions should be given the opportunity to do the same.

Maryland students are exceptionally fortunate to be a part of the best school system in the country. Our public school system is recognized by our peers as one of the most progressive and innovative in the U.S. Given the consequences of inaction, I sincerely hope that we will seize the opportunity to rise to the national forefront on this vital initiative as well. Again, I thank you for this important body of work and your ongoing efforts on behalf of Maryland's children and working families.

Sincerely,



Peter Franchot  
Comptroller

cc. Sara Fidler, DLS



**KATHLEEN M. MURPHY**  
PRESIDENT & CEO

January 6, 2010

The Honorable C. Anthony Muse  
James Senate Office Building, Room 304  
11 Bladen St., Annapolis, MD 21401

The Honorable Dana M. Stein  
House Office Building, Room 304  
6 Bladen St., Annapolis, MD 21401

**RE: Community Reinvestment Act**

Dear Co-Chairs Senator Muse and Delegate Stein:

In response to your request for information on the Community Reinvestment Act (CRA), the Maryland Bankers Association (MBA) is pleased to submit the following summary of the CRA. The summary includes an overview of the CRA and specifics on how financial literacy programs may receive positive consideration under the CRA.

Banks, as FDIC insured depositories, deploy deposits back into the community in the form of loans and investments. They have a regulatory responsibility to reinvest in their communities. Banks are measured on how well they serve the low and moderate income needs of their communities in the specific areas of affordable housing, neighborhood revitalization, economic development and services. Unlike credit unions, banks must comply with the Community Reinvestment Act (CRA) and are regulated and measured by federal banking regulators on how well they serve the low and moderate income needs of their communities. The factors that go into a bank's CRA rating are the loans, investments and volunteer service provided in the low and moderate income areas of the communities they serve. Achieving a satisfactory or better CRA rating has real teeth – without ratings at this level, banks are not allowed to open new branches or expand their product offerings. Specific details on the CRA assessment tests are included on the following pages.

Maryland banks support low- and moderate-income communities through a variety of programs, initiatives, and in-kind contributions across the State. These range from State agency programs, to church-affiliated community programs, to programs tailored for specific communities and/or regions. Community reinvestment initiatives include activities and programs that support: homeownership for low- and moderate-income families; flexible and innovative loans to meet

the credit needs of small businesses and farms; and community development services. Although an exact dollar amount and/or number of man hours is impossible to calculate, the contributions of Maryland banks are significant, meaningful, and serve an array of community needs.

The purpose of the CRA is to encourage financial institutions to help meet the credit needs of all communities they serve. As such, bank participation in financial literacy programs may receive consideration under the CRA. For example, in 2007, John C. Dugan, Comptroller of the Currency, made the following remark: “The OCC encourages bank participation in financial literacy initiatives. Participation in financial literacy programs may also receive positive contribution under the Community Reinvestment Act.” Since the Federal Reserve and the FDIC also oversee CRA compliance for entities they regulate, this statement applies to state chartered and nationally chartered banks.

The following summary includes a section on how financial institution regulatory agencies have interpreted the CRA and its implementing regulations as recognizing the importance of financial literacy programs in serving the credit needs of low- and moderate-income individuals.

I hope you find this information useful. Please contact me ([kmurphy@mdbankers.com](mailto:kmurphy@mdbankers.com) / 443-837-1601), or MBA’s Vice President of Government Affairs, Mindy Lehman ([mlehman@mdbankers.com](mailto:mlehman@mdbankers.com) / 443-837-1316) with any questions or if we can be of additional assistance on this issue.

With kindest regards,



Kathleen M. Murphy  
President & CEO  
Maryland Bankers Association



## Maryland Bankers Association

### CRA Summary

#### **Background & Purpose**

The Community Reinvestment Act is intended to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low- and moderate-income neighborhoods, consistent with safe and sound banking operations. It was enacted by the Congress in 1977 (12 U.S.C. 2901) and is implemented by Regulations 12 CFR parts 25, 228, 345, and 563e. The CRA has its own examination procedures and results in a Public Evaluation rating. Banks are tested on three areas: lending, service and investment.

The CRA requires that each insured depository institution's record in helping meet the credit needs of its entire community be evaluated periodically. That record is taken into account in considering an institution's application for deposit facilities, including mergers and acquisitions. CRA examinations are conducted by the federal agencies that are responsible for supervising depository institutions: the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), and the Office of Thrift Supervision (OTS).

#### **The CRA Assessment is a rigorous examination and considers the following elements.**

**Lending Test:** The lending test evaluates the institution's record of helping meet the credit needs of its assessment area(s) by considering an institution's home mortgage, small business, small farm, and community development lending. Lending performance evaluation criteria includes:

- 1) Dispersion of loans and the number and amount of loans in to low and moderate-income families;
- 2) Distribution of loans to borrowers of different income levels and businesses (including farms);
- 3) Distribution of loans to low- and moderate-income small businesses and farms;
- 4) Volume of community development lending (ex. Affordable housing/ revitalization); and
- 5) Use of flexible and innovative lending practices to serve low- and moderate-income credit needs (ex. Tuition loan program provides low interest rate loans to low- and moderate- families of children attending a Baltimore City School)

**Investment Test:** The investment test evaluates the record of how well the institution meets the credit needs of its assessment area(s) through its use of use of qualified investments to benefit the assessment area or the broader statewide or regional area. Performance is evaluated on:

- 1) Dollar amount of qualified investments;
- 2) Innovativeness or complexity of qualified investments;
- 3) Responsiveness of investments to credit and community development needs; and
- 4) Degree to which qualified investments are not routinely provided by private investors.

**Service Test:** Evaluates the institutions record of meeting credit needs within the assessment area(s) by analyzing both the availability and effectiveness of its community development services. Performance evaluated on:

- 1) Extent of the community development services offered and used;
- 2) Innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served;
- 3) Degree to which they serve low and moderate-income areas or individuals;
- 4) Distribution of institutions branches among geographies of different income levels; record of opening and closing branches, particularly branches located in low- or moderate income areas.
- 5) Availability and effectiveness of alternative systems for delivering retail banking systems; range of services to low- moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

## **Financial Literacy**

Financial institution regulatory agencies have interpreted the CRA and its implementing regulations as recognizing the importance of financial literacy programs in serving the credit needs of low- and moderate-income individuals. The following excerpt from [Federal Reserve Bank of San Francisco's Guide to Financial Literacy](#) provides an excellent overview of how participation in financial literacy programs may receive positive consideration under the CRA.

### **Financial Literacy and the CRA<sup>1</sup>**

Through the Interagency Questions and Answers<sup>2</sup> (Q&As), the OCC and other financial institution regulatory agencies have interpreted the Community Reinvestment Act (CRA) and its implementing regulations as recognizing the importance of financial literacy programs in serving the credit needs of low- and moderate-income individuals. In addition to opening new business opportunities through an expanded customer base, a bank's participation in, or support for, certain programs may receive consideration under the lending, investment, and service tests of the CRA regulations. Such programs must have a community development purpose, which is defined to include community services targeted to low -and moderate-income individuals. While large banks are reviewed under these three tests, small banks may

<sup>1</sup> *Boyd, Anna Alvarez; OCC Advisory Letter 2001-1, Financial Literacy, 1/16/2 001, <http://www.occ.treas.gov/Advlst01.htm>.*

<sup>2</sup> *See 65 Federal Register 25088 (April 28, 2000).*

receive consideration under the CRA for lending to financial literacy providers and are eligible to receive consideration for investments and services if their lending performance exceeds satisfactory standards.

***Lending Test***

Loans to organizations to be used for financial literacy programs targeted to low- and moderate-income individuals will be considered under the lending test. The Interagency Q&As define community development loans to include loans to “not - for - profit organizations serving . . . community development needs;” and loans to “financial intermediaries including Community Development Financial Institutions (CDFIs), Community Development Corporations (CDCs), . . . [and] community loan funds or pools . . . that primarily lend or facilitate lending to promote community development.”

See Q&A §§\_\_\_.12(i) & 563e.12(h)-1. Community development activities are defined to include “educational, health, or social services targeted to low- or moderate-income persons.” See Q&A §§\_\_\_.12(h) & 563e.12(g)-1.

***Investment Test***

Investments in, or contributions to, a program, activity, or organization that provides financial services education programs targeted to low- and moderate-income individuals will be considered under the investment test. The Interagency Q&As note that qualified investments include, but are not limited to, investments, grants, deposits, or shares in or to “not for profits organizations serving . . . community development needs, such as counseling for credit, home-ownership, home maintenance, and other financial services education.” See Q&A §§\_\_\_.12(s) & 563e.12(r) - 4 .

***Service Test***

Community development services, which include, but are not limited to, providing bank staff to serve as educators in financial literacy programs targeted to low- and moderate-income individuals, will be considered under the service test. The Interagency Q&As state that examples of community development services include “providing technical assistance on financial matters to small businesses”; “providing credit counseling, home buyer and home maintenance counseling, financial planning or other financial services education to promote community development;” and “establishing school savings programs and developing or teaching financial education curricula for low- or moderate-income individuals.”

See Q&A §§\_\_\_.12(j) & 563e.12(i)-3.





**Martin O'Malley**  
Governor

**Anthony G. Brown**  
Lt. Governor

**Kevin M. O'Keefe**  
Chairman

**James E. Lyons, Sr.**  
Secretary of Higher Education

November 13, 2009

*[To: all of the two and four year presidents of public institutions of higher education]*

Dear President:

As I am sure you are aware, there has recently been national concern for the financial literacy of our citizens. This concern has been heightened by the widespread examples of persons facing overwhelming credit card debt or the foreclosure and loss of homes. By now, you will have received a letter from the Maryland Task Force to Study How to Improve Financial Literacy in the State responding to these concerns. This task force has been working on initiatives designed to increase the numbers of Maryland citizens who are financially literate and better able to avoid the kinds of problems we have seen in the recent past. These problems have been exacerbated by the continuing loss of jobs the country has faced and still faces.

You may be wondering what relevance this has to higher education, but the rising enrollments in our colleges and universities, coupled with the fact that the numbers of students who find themselves in credit card debt or facing large loan debt continue to grow. Many students are not accustomed to budgeting, have little experience with credit cards and their interest rates, and do not seem to recognize how student loan debt can hold them hostage even after they graduate and join the work force. In other words, students are one large group of Marylanders who could obviously benefit from becoming financially literate.

The Task Force to Study How to Improve Financial Literacy in the State has investigated existing courses and programs being offered by various institutions of higher education in the State relating to financial literacy. While appreciative of the existing programs, the Task Force is not convinced that enough is being done. College students in general need to learn basic financial concepts such as establishing budgets, understanding how credit can improve or impede financial progress, and determining how best to save and spend money.

Nationally, in its *Annual Report of 2008*, the President's Advisory Council on Financial Literacy made recommendations relating to improving financial literacy on college and university campuses.

In response to State and national concerns, I am requesting that you involve your faculty in determining what steps might be taken on your campus to address the concern for improving financial literacy among college students. Whether you determine that this might best be done by creating a specific required course on financial literacy, adding information to your freshmen orientation program, including modules in existing classes in various disciplines, or some other strategy, I hope you will take the issue seriously and will make a thoughtful move to implement actions to insure that your students will become financially literate.

I would appreciate your letting me know what steps you will take, including whether you would be willing to share them with other higher education institutions in the State. I appreciate your cooperation on this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "James E. Lyons, Sr.", with a stylized flourish at the end.

James E. Lyons, Sr.  
Secretary of Higher Education  
Maryland Higher Education Commission

## Financial Literacy Programs and Services at USM Institutions

| Institution                | Selected Financial Literacy Education Programs  |
|----------------------------|---|
| Bowie State University     | <ul style="list-style-type: none"> <li>• The College of Business has partnered with the Division of Student Affairs To increase awareness has invited Mr. Theodore R. Daniels to campus to provide workshops for students on Financial Education. Mr. Daniels is a member of the President’s Advisory Council on Financial Literacy and the Society for Financial Education and Professional Development. Mr. Daniels has already offered two workshops this fall and will be invited back on other occasions to share his dynamic workshop.</li> <li>• Bowie State University offers FINANCE 222 (Personal Finance), a 3 credit course, each spring Semester:<br/>This course focuses on the development and management of family income and the critical analysis of the potential benefits and associated cost of a particular financial decision. This course also emphasizes both short- and long-term financial goals. Issues to be examined include, but are not limited to, the development of a personal budget, efficient use of financial institutions and credits, strategy for financing both consumer expenditures and consumer durables, and, finally, building a financial future in terms of an efficient financial investment portfolio.</li> <li>• The Department of Career Services partners with some of our employers to offer one- on- one sessions on Financial Education.</li> <li>• The Division of Student Affairs will be integrating a session on Financial Education into the New Student Orientation program starting this Winter 2010 Term and in the Fall 2010 session.</li> </ul> |
| Coppin State University    | <ul style="list-style-type: none"> <li>• First-year Orientation course includes: various personal finance subjects such as saving and investing, credit management, and general financial planning.</li> <li>• Series of Financial Literacy workshops offered through the CSU Center for Counseling and Student Development.</li> </ul>   |
| Frostburg State University | <ul style="list-style-type: none"> <li>• Unit within required orientation course for first-year students.</li> <li>• TRIO Student Support Services – workshops such as “Money Matters: Budgeting,” “Credit Cards: Help or Hindrance?,” “Applying to and Financing Graduate School,” “Getting the most out of Financial Aid.”</li> </ul>   |
| Salisbury University       | <ul style="list-style-type: none"> <li>• <a href="http://www.salisbury.edu/admissions/finaid/financial_literacy/finlit1.html">http://www.salisbury.edu/admissions/finaid/financial_literacy/finlit1.html</a> - web site includes such topics as: Funding Your College Education, Continuing the Process: Budgeting &amp; Saving, Managing Credit, Loans, and Debt, Financial Safety and additional resources</li> </ul>   |
| Towson University          | <ul style="list-style-type: none"> <li>• <a href="http://www.towson.edu/financialliteracy/index.asp">http://www.towson.edu/financialliteracy/index.asp</a></li> <li>• Money Attitude Program- The program works with parents and students to: Spotlight important financial facts relevant to students.<br/>List proven personal finance behaviors and link to resources to develop effective skills.<br/>Connect the college (spending) experience to managing finances.<br/>Provide appropriate assistance from on-campus resources or off-campus partners.<br/>Offer ongoing tools, resources, workshops and events reinforcing financial responsibility.</li> </ul>   |
| University of Baltimore    | <ul style="list-style-type: none"> <li>• Cash Course (<a href="http://cashcourse.org/universitybaltimore/SchoolPage.aspx">http://cashcourse.org/universitybaltimore/SchoolPage.aspx</a>) Web resource that includes topics such as:<br/>Financial Basics – budgeting &amp; planning, overspending, banking, dealing with debit &amp; credit cards, etc.</li> </ul>  |

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|              | <p>Paying for College<br/>College Life<br/>World of Work<br/>Economic Survival Tips</p> <ul style="list-style-type: none"> <li>• Hard copy information (i.e. a basic budgeting book) distributed that directs people to the site, distribute items at orientation, start of the year activities, etc.</li> </ul>   |
| UM Baltimore | <p>The office of Financial Education and Wellness offers a variety of services to UMB students.<br/>Listed is a summary of the services and programs available to students.</p> <ul style="list-style-type: none"> <li>• <u>Introduction to Financial Education and Wellness during Orientation</u><br/>Students are introduced to the office, services, and programs which include budgeting, living off of the financial aid living expense budget, and ways to reduce the amount of loans borrowed.</li> <li>• <u>Helping Students Keep Track of Their Spending</u><br/>The office developed a spending journal that students are encouraged to use. These journals were made available to students during orientation. Students use the journals to keep track of their spending and when they make an individual appointment to review their budgets, the journals are used as a tool to provide suggestions or corrections to the student’s current budget. This also allows students to see where their money is spent and help in determining what are “needs vs. wants?”</li> <li>• <u>Individual Counseling Services</u><br/>Students are able to make individual appointments to review their current budget and expenses. During these sessions students bring a list of their current expenses and their current budget. A thorough review of both is done and each student is provided with a confidential analysis of what they have and then provided with options on how to manage their budget. Students are also placed on a three month follow-up schedule to see how they are working with their new budget. For some students, a review is done and no suggestions are needed, but for others, an analysis is provided. In some cases a student may be referred back to their financial aid counselor to obtain additional aid.</li> <li>• <u>Exit Counseling</u><br/>Partnering with Student Financial Assistance students are provided with an overview of their UMB loan debt as well as any prior debt they have accumulated. Students are able to meet with both Financial Education and Wellness and their Financial Aid Counselor to develop a strategy to repay their student loans. Students are provided with materials to track their individual loans and repayment.</li> <li>• <u>School Specific Programs</u><br/>Schools can request specific programs for their student population on a wide variety of topics. For example, programs have been presented to law school students to help them manage to live off of the financial aid living expense budget and how to incorporate cost such as the bar exam, bar review course, and living expenses post graduation.</li> <li>• <u>Campus Programs</u><br/>As a part of the Wellness Hub program in the New Southern Management Corporation Campus Center, workshops on various financial topics will be provided to students. Programs will be planned for the following months: October, November, February, March, April and May. Some of the topics to be presented are: Budgeting and Savings; How Can the Financial Aid Living Expense Budget cover me, my spouse and my children; I’m About to Graduate, how to transition from</li> </ul> |

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|                     | <p>living on the financial aid budget to receiving a salary; I've gotten my offer letter and the benefits package, what does this all mean;--just to name a few of the topics.</p> <ul style="list-style-type: none"> <li>• <u>On Going Training with Financial Aid Counselors</u><br/>Provide on-going training for financial aid counselors. This allows the counselors to serve as the point of contact for students with simple financial education questions. By having the training on a consistent basis, the counseling staff is able to be current on any new trends in the financial planning arena. Also the training allows the counselors to meet with students and then if necessary refer the students for more in-depth financial planning. Ongoing training allows students to receive the important messages about financial planning and repayment strategies that are given after a student's exit counseling.</li> </ul>  |
| UM Baltimore County | <ul style="list-style-type: none"> <li>• <u>Financing Your Education Brochure</u><br/>Distributed to all new incoming students via e-mail.<br/><a href="http://www.umbc.edu/financialaid/forms/finaid_brochure09.pdf">http://www.umbc.edu/financialaid/forms/finaid_brochure09.pdf</a></li> <li>• <u>Financial Education Programs during Orientation</u><br/>Sessions for both students and families are included in orientation.</li> <li>• <u>On-line counseling session</u><br/>An on-line counseling session is required for every student who is a first time student loan borrower.</li> <li>• <u>Exit Counseling</u><br/>Partnering with Student Financial Assistance students are provided with an overview of their UMB loan debt as well as any prior debt they have accumulated. Students are able to meet with both Financial Education and Wellness and their Financial Aid Counselor to develop a strategy to repay their student loans. Students are provided with materials to track their individual loans and repayment.</li> <li>• <u>Banking Partner Program</u><br/>The Chevy Chase banking contract requires that they provide financial education programs by request. They do so during orientation and at request of organizations such as Commuter Student Week, etc. They also provide individual counseling to students who reach card limits or who overdraw checking accounts.</li> <li>• <u>Financial Aid Outreach Programs</u><br/>Financial aid counselors have partnered with Graduate School, Student Government Association, Residential Life, Commuter Affairs and others to provide financial education for students.</li> </ul> |
| UM College Park     | <p>The University of Maryland, College Park has a robust financial literacy initiative designed to assist students in managing their finances while in college, as well as enhance their life skills for after they graduate. These services include:</p> <ul style="list-style-type: none"> <li>• Every student who borrows a loan receives personalized counseling on loan indebtedness. Students must answer 35 questions correctly to ensure that they understand the information they've read and the commitment to repaying their loan. In addition, in collaboration with our guarantee agencies, we send consistent follow up messages to reiterate the information learned during the entrance interview. Students also can monitor their individual loans and repayment on line.</li> <li>• Financial Aid Counselors are trained to talk with students about their personal financial situation. We recognize that most students are reactive rather than proactive, so by the time a student is talking with a counselor, the student is often in financial trouble. To encourage thoughtful borrowing, we 'profile' students based on their class level vs. loan indebtedness. When a student reaches a certain threshold of indebtedness, we contact them for a personal one-on-one counseling session. Within that session we talk about the differences between wants and</li> </ul>  |

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|                       | <p>needs, smart borrowing, the value of savings, and resources to assist them in the future.</p> <ul style="list-style-type: none"> <li>• Discussing personal finances is often an emotional and intimate conversation, which can be very difficult for some students and parents. Therefore, an on-line resource is available where students can quickly find information on many issues. The financial literacy website can be found at:<br/> <a href="http://financialaid.umd.edu/literacy/index.html">http://financialaid.umd.edu/literacy/index.html</a><br/> Over 10,000 people access this site every month, reviewing such topics as: financing college, budgeting, credit &amp; loans safety.</li> </ul> <p>Long Term Financial Planning: As students exit the campus, they are required to complete an exit interview. UMCP partners with Mapping Your Future, an on-line program, which assist students in understanding their repayment terms and conditions, amount of repayment, and options for repayment if they experience unexpected financial struggles.</p> <p>The Office of Student Financial Aid also provides financial management workshops for students in UNIV100 (1st year orientation classes), and special programs (e.g., academic achievement programs) as well as fraternities and sororities, and athletics. The Office also works with State guarantee agency to provide training.</p>  |
| UM Eastern Shore      | <p>Wi\$eUp - a US Department of Labor Women’s Bureau program designed for Generation X &amp; Y women. Its goals are to promote financial security through online education and to encourage responsible saving habits for future retirement. UMES is the only university in the country to offer students the opportunity to complete the free course for a college credit. Since its beginnings, approximately 230 participants have taken part, and 93 have received a college credit for completing the course.</p>  |
| UM University College | <p><u>Credit Based Course Options:</u></p> <p>FINC 321 Fundamentals of Building Wealth (3) This course is a practical overview of personal finance management and creation of wealth that blends financial theory and application. The development of personal financial management skills (e.g., budgeting income and expenditures and planning for financial security and retirement) is encouraged, while an understanding of elements of the U.S. financial structure (including savings and investment alternatives, financing and credit sources, the role of insurance in protecting income and assets, and federal income-tax issues) is provided. These skills are utilized in the development of a personal financial plan.</p> <p>FINC 322 Personal Financial Management (1) This course is a basic review of personal financial management. FINC 322 includes the practical applications of concepts and techniques used in managing personal finances. Major areas of study include financial planning, budgeting, managing money, saving, investment and protecting valuable assets, In addition the course contains credit use, housing, insurance, estate and retirement planning. Focus is on applying skills in these areas in the pursuit of personal financial goals. The major topics include the following: personal financial planning, managing assets and credit, managing insurance needs, managing investment and retirement</p> <p>EDCP 100 Principles and Strategies of Successful Learning (3)<br/> An introduction to knowledge and strategies designed to promote success in the university environment. Focus is on developing the study, interpersonal, and self-management skills and attitudes needed to achieve academic objectives. This course utilizes a custom textbook that incorporates a chapter devoted to financial literacy. The</p> |

chapter is used during conference discussions and financial overviews. The objectives of this section of the course enable students to: learn to evaluate different types of loans and grants, make wise decisions about borrowing money, construct and use a budget, protect credit cards and other vital information from identity theft, understand their credit score, and practice financial fitness.

Non-Credit Based Course Options:

UMUC 411 and UMUC 411 Military

In June 2006 UMUC 411 and UMUC 411 Military was implemented in an effort to provide prospective and current students with an opportunity to test drive UMUC's flexible online format. Financial literacy is embedded within this non-credit opportunity and includes web links to UMUC's virtual financial resource site. Additionally, there are representatives from across campus including the Offices of Financial Aid and Student Financial Services. These experts participate in the 411 sessions for purposes of providing guidance on financial related questions and offering additional resources in the area of financial literacy.

Virtual Financial Resource Site:

Very early in his administration President George W. Bush issued a National Security Presidential Directive entitled "Improving Military Quality of Life." This directive required the Secretary of Defense to undertake a review of measures to improve quality of life for military families and to provide recommendations for implementation. The resulting report, "A New Social Compact," identified critical elements, including financial literacy, which must be impacted in order to improve the quality of life for military families.

Since the beginning of our 60 year history, UMUC has been committed to the military and therefore response to this report was imperative. With approximately 60,000 military or military affiliated students UMUC submitted a proposal to Household International to fund the development of The Household Financial Literacy Resource Center. This proposal was successful and in 2003 UMUC in partnership with Household International was able to implement a virtual financial resource site providing a valuable service to U.S. Military members and their families in any location in the world. This financial literacy site continues to thrive at UMUC and is available to the general public via the following web link: <http://militaryfinance.umuc.edu/>

The Household Financial Literacy Resource Center offers military members and families comprehensive financial management resources uniquely designed to address the circumstances of the military lifestyle. While the Department of Defense has begun several initiatives to counter financial illiteracy in the military, primarily financial management instruction during basic training, these programs are limited. The Household Resource Center complements and expands on the DOD initiative with a unique focus on the financial pressures facing military families. The site is available 24 hours a day, 7 days a week offering concrete, real-world academic lessons in financial management, as well as a variety of financial management tools that can be used to apply lessons learned.

The Household Resource Center enables military personnel to make better financial decisions for their particular circumstances by offering, at no cost, self-guided financial planning modules in areas such as basic budgeting skills, credit and loans, employment benefits, major home and automobile purchases, insurance, and investment skills.

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|  | <p>Financial structures such as savings and investment alternatives, financial and credit sources, and money markets, stocks and annuities will be included, as will online exercises in cash flow statements, balance sheets and personal budgets. Estate planning is also discussed. All topics are specialized to incorporate information designed for the military financial situation with examples which reflect military financial pressures, frequent deployments, low pay, and military retirement costs, benefits and options.</p> <p><u>Financial Aid and Student Financial Services Initiatives:</u><br/> The Offices of Financial Aid and Student Financial Services at UMUC help students to explore the many financial and tuition options offered. Staff such as, Financial Aid Officers are available to assist students in understanding the requirements, benefits and obligations involved with selecting an appropriate funding option while managing expenses. Services and resources that are provided through these units include:<br/> Entrance and Exit Counseling for Student Loans<br/> Students must complete entrance counseling to better prepare them to manage their educational expenses. Exit counseling is designed to ensure that students understand their rights, responsibilities, and service obligations.<br/> Financial Aid Awareness Week<br/> UMUC participants in Financial Aid Awareness Week in February, which incorporates a financial literacy component.<br/> Financial Aid Website<br/> UMUC offers a wealth of information available to students via a Financial Aid Website. The site is currently undergoing a round of substantial changes and an anticipated completion date of 4-6 months. The final site will incorporate a financial literacy component.<br/> Funding Your Education Website and Brochures<br/> UMUC is committed to providing students with a quality education that will fit their budget. The university offers a number of funding options which are easily accessed via a website: <a href="http://www.umuc.edu/paymentoptions/">http://www.umuc.edu/paymentoptions/</a> Hard copy brochures are also distributed.</p> |
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Source: University System of Maryland

For follow-up questions contact: Patrick "P.J." Hogan, Associate Vice Chancellor for Governmental Relations, University System of Maryland, [pjhogan@usmd.edu](mailto:pjhogan@usmd.edu)

# Maryland Association of Community Colleges Financial Education Report

## Presented to The Task Force to Study How to Improve Financial Literacy in the State January 8, 2010

Financial literacy education is provided to students and community members across the State by Maryland's Community Colleges. Through a variety of courses, seminars, publications and activities, community colleges strive to enhance financial knowledge, develop financial confidence, and foster financial stability for individuals, families, and entire communities.

Even with initiatives like these, more could be done to meet the need for developing financial literacy. Most colleges believe extensive resources and information concerning financial literacy already exist. However, the challenge is getting students and community members interested in attending courses, workshops, and programs and then following through by implementing recommendations. As this topic takes on increased importance due to the current economic downturn, Maryland's Community Colleges will continue to find new ways to address this challenge and develop/implement innovative approaches to deliver financial literacy information to students and our communities.

The following initiatives are common among most of the State's community colleges:

- Financial Aid counseling that focuses on personal financial management and implications of loans and debt. Typically, a financial aid counselor meets individually with each student that applies for a student loan to discuss the impacts of borrowing, how to plan and budget, and to provide an estimate of the student's monthly loan repayment.
- A first-year student success course which includes curriculum modules on personal budgeting and finance.
- Seminars and courses sponsored by Career Centers that include information on personal finances and salary issues.
- Information on college websites concerning financial management, financial aid, and student loans.
- Seminars and workshops sponsored by Student Life Departments on credit card debt and identity theft.
- Credit courses, certificates, and degrees in business, economics and management fields.
- Continuing education courses (non-credit) on business, management and financial literacy topics. Among the more popular personal financial management courses are ones which focus on investing and ones that deal with retirement asset management.
- Relationships with local banking industry and non-profit organizations focused on money management.

In addition to these common initiatives, specific examples of financial literacy courses and programs offered by Maryland's sixteen community colleges include the following:

### Allegany College of Maryland

#### Academic Program Areas

##### Business Program

- Articulation agreement with Allegany County Public School System which recently mandated a course in financial literacy for all high school students (will utilize the college's personal finance course).
- Introduction to Business covers personal finance, stocks and bonds, and accounting.
- Personal Finance course is devoted to financial literacy.
- Entrepreneurship focuses on the importance of financial literacy for business owners, and includes Business Plan competitions which focus on net worth and income, cash flows.
- Accounting Systems and Software teaches students about QuickBooks, which is a skill that easily translates to Quicken or other financial management software.

- Accounting principles are taught in various courses.
- Tax Accounting course focuses on the preparation of individual income tax returns.

#### Computer Science & Technology

- Computer Literacy 101 course covers how to calculate total sales, how to create a portfolio, and how to calculate price per share, percent gain/loss, and averages. “What if” analysis covers gross margin, expenses, and operating income. All students create a personal budget as a final project using Excel.
- Microcomputer Applications 221 course requires that students create a spreadsheet that includes a loan payment calculator, interest rate schedule, and amortization schedule. We then calculate the payments and interest on the various loans and discuss the significance of paying with cash instead of credit. Assignments include a retirement planning sheet, which shows the dollar accumulation of investing a percent of an employee’s monthly salary over a period of years. Discussion involves the importance of saving at an early age and taking advantage of a company matching benefit.
- Others promote financial literacy by having students write programs that calculate monthly payments on loans and produce amortization schedules (programming courses).

#### Culinary Arts

- Multiple courses require the following:
  - (1) Cost-out recipes
  - (2) Developing pricing structure for menu
  - (3) Completing hotel night audit (includes accounts receivables, budgets, cashiers’ reports, and operating statistics)
  - (4) Preparing variety of reports on expenditures and revenues in food service operations, bars, and hotels.

#### Forestry

- Forest Management course includes topics such as: time/value of money, discounting, rate of return, liquidity, ordinary income, capital gain, basis and depletion, and the IRS 1040 Form T (Timber). Preparation for these topics includes lessons on stock market returns, mutual funds, banking instruments, the value of the US dollar, and oil prices.
- Forest Measurement course discusses forest resource based on timber value. Determine the volume of wood available on a tract of land and add dollar values to that estimation.
- Logging portion of the program requires analysis of how we can get the most value from a tree by properly marketing the various products it contains. Students track and report all products sold as well as value returned.
- Student Clubs hold various fundraising projects during the year and are responsible for the bookkeeping and recordings of revenues and expenses.

#### History

- Courses cover operation of economic systems; historical, social and political perspective provided.

#### Math

- Entire unit(s) on finance; stresses the importance of saving early; includes lessons on personal planning, reducing reliance on credit cards and government debt and deficits.
- Math 102/105: Students use Excel sheet called “Bank” to calculate interest earned, principle needed, interest rate needed, and the time needed to double your money; also used to determine which interest rate is better; can be used to calculate the value of annuity or amount of money when retire; can calculate monthly housing payment and amortization schedule. Math 102 also assesses investments in three different types of accounts.

#### Occupational Therapy Assistant

- Student organization members are presented with budget and outlines the funds needed to support the activities of the club; each student must raise a certain portion of the funds.

### Office Technology

- Teaches accounting cycle, checking accounts, writing checks, bank statements, petty cash, cash short and over, payroll records, laws affecting payroll deductions, laws affecting tax expenses, payroll register, EINs, payroll taxes, FICA, income taxes, unemployment, workers' compensation, and tax calendars.
- Use software to make financial decisions (students use Excel features to make solid financial decisions – “What-If” analysis, Paste Special, etc. Teach online banking and students do simulation to set up mock account for online services. Teach QuickBooks basics: reconciling accounts, vendor information, terms of agreement, invoices, and customer information.

### Psychology

- Reviews supermarket layouts and pricing (i.e. items that are cheaper are on the bottom shelf); Item pricing and noticeable differences (perceptions of discounts); Color of packages affect pricing (i.e. cat food in black pack = perceived elegance); Sales techniques, particularly relating to car sales.

### Sociology

- Uses divorce settlement case study where students serve as “lawyer,” “accountant,” and “social worker;” Assignment includes negotiating divorce settlement relating to custody and distribution of assets; creating a budget for each party after divorce is finalized; forecasting the future of the family.

### **Other Units of the College**

#### Academic Affairs

- Recent grant proposal includes requiring that students use Internet resources available through the Federal Reserve.

#### Continuing Education

- Free Saturday workshops entitled “How to Get Out of Debt” and “Household Budgeting.”

#### Continuing Education/Foundation

- Co-sponsors “Lunch & Learn” events for the community free-of-charge, which have included topics such as “How to Protect My Identity,” “An Overview of Charitable Giving,” “How to Enhance and Protect Your Wealth,” and “Asset Allocation as Part of Your Investment Strategy.”

#### Financial Aid

- Requires first time borrowers at ACM to participate in entrance counseling sessions before any student loan funds are awarded.
- Requires first time borrowers to take and pass an entrance counseling exam before any student loan funds are disbursed.
- Requires all graduates (summer, fall, and spring) who have borrowed student loan funds at ACM to participate in in-person exit counseling sessions. Sessions are conducted by various lenders and last approximately one hour. Upon completion, each student signs an exit promise to pay and updates all personal information, references, and next of kin information.
- Provide literature on borrowing, budgeting, and college expenses. This literature is housed on the wall outside of the Student Financial Aid Office
- Provide a CD called “Life Skills” which covers beginning and advanced budgeting.
- Speak to all College Connections classes each semester to provide information on student financial aid, scholarship, and effects of negative credit history.
- Provide individual counseling upon student's request.
- Provide every borrower with a loan repayment chart in the loan award letter packet.
- Use Great Lakes as our loan servicer, who has an aggressive default delinquency prevention campaign.

#### Willowbrook Woods (Student Housing Units)

- “Your Money 101” series and various other events are offered with local banks where a representative spoke to students about credit reports, their credit, bank loans, and checking and savings accounts. Information about available banking services is available for all students in housing.

#### Anne Arundel Community College

##### Present Offerings

- AACC currently offers two courses in financial literacy, ECO 113 and BPA 180. Since they are essentially the same course, a proposal has been submitted to the college’s Educational Policies & Curriculum (EPC) committee to consolidate them into a single course that would be double designated. In fall 2009, enrollment in these two courses totaled 122. Enrollments are expected to continue at that level or to increase.
- Students who take the ACA 100 course have a financial literacy component which Financial Aid staff members present as requested by faculty. In addition, students who take out loans have to complete an entrance interview which covers primarily their rights and responsibilities as borrowers.
- The Student Life office brought in a speaker from Making It Count.com, a subsidiary of Monster.com, to present "The Ultimate Money Skills: College" program. This was marketed to all students and will be repeated each semester.
- ED Fund, a loan guarantee agency, presented to the Student Development and Success staff regarding available financial literacy programs. Student Development will schedule the group to come to campus to either present some of these workshops or to train college staff to deliver the material.
- Summer Bridge/SASP (Student Achievement and Success Program) has a financial literacy component which has been presented by Bank of America and SECU during the summer for Bridge students and during the month of February when financial aid information is presented to SASP students.

##### Concepts for the Future

- Short term (Spring 2010) – Provide financial literacy sessions through the Business Finance Department to students and the public. In addition to providing helpful information, this could also attract students to the actual financial literacy course.
- Longer term – Initiate some type of financial literacy requirement for students. In January 2009, the President’s Advisory Council on Financial Literacy recommended that institutions receiving federal funding require students to take a course in financial literacy or to pass a competency test. This could be approached from a credit standpoint (but would have significant implications for programs that are already maxed out on credits) or could be approached in a noncredit format that could be something similar to the college’s online security training with a competency exam. The college also could consider packaging such a course that could be marketed to other institutions.
- Longer term – Develop a financial counseling clinic in which Business Finance students, under the supervision of faculty, would provide financial counseling services to our students/community. This would enhance learning through engaged scholarship and serve to educate and assist others.
- Longer term- A proposal is in the formative stages within the Financial Aid office to add financial literacy to a web process that a student would complete prior to the semester beginning.

#### Baltimore City Community College

##### ESL

The Life Skills curriculum offered to all ESL students at three levels of English proficiency includes the following financial literacy competencies:

**Apply principles of comparison shopping in the selection of goods and services:** compare quality, compute discounts, compare unit pricing, and interpret letters, articles, other information on consumer related topics.

##### **Understand methods and procedures used to purchase goods and services**

- Compare different methods used to purchase goods and services

- Interpret credit applications and recognize how to use and maintain credit
- Identify or use various methods to purchase goods and services, and make returns and exchanges
- Use catalogs, order forms, and related information to purchase goods and services
- Use coupons to purchase goods and services
- Use coin-operated machines
- Interpret information or directions to locate merchandise
- Identify common food items
- Identify common articles of clothing

#### **Use banking and financial services**

- Demonstrate the use of savings and checking accounts, including using ATM
- Interpret the procedures and forms associated with banking services, including writing checks
- Interpret information about loans
- Interpret information on financial planning
- Write checks
- Understand banking services

#### **Apply principles of budgeting in the management of money**

- Interpret information about personal and family budgets
- Plan for major purchases
- Interpret bills

In addition, the higher level students in the Refugee Assistance Program use the financial literacy curriculum prepared specifically for newly arrived refugees by U.S. Citizenship and Immigration Services (USCIS).

#### Pre-GED/GED

All of our 100-plus classes provide instruction using Comprehensive Adult Student Assessment Systems (CASAS) throughout the semester. Financial Literacy is covered throughout adult basic literacy offerings, from basic literacy (CASAS Level A) to National Adult Literacy Survey (NALS) - Level 3, our GED Exam Prep class. In all of our CASAS Levels “Financial Literacy” exercises are taught. Exercises are more challenging as Levels increase.

Level A Form (Literacy) - assignments ensure students are able to count coins and currency accurately, students are taught to correlate cost per pound for market items with currency given to grocers, salary scales related to employment positions are also covered at the introductory Level A CASAS.

Level B (Intermediate) – introduces more challenging concepts using multiplication and division. Students are also shown how to calculate unit costs in order to determine volume discounts related to purchases.

Level C Form (Advanced) - students are taught how to deduct percentages of established cost. Payroll deductions are noted to explain the differences between gross and net pay. Students learn how to identify expected charges for particular services when a range of costs are presented, and students will understand how to calculate unit cost versus (vs.) cost for larger amounts. Students are also taught how to write personal checks and how to balance a checkbook. Percentages related to rebates are also clarified so students can calculate a “running total” of purchases before approaching the register to cash out.

The Congressional Black Caucus Foundation, working with our Legislative Aide and the Student Governance Board, has offered several Financial Literacy workshops to students free of charge.

BCED is working to finalize a partnership with **M&T Bank Charitable Foundation** and **American Financial Services Association Education Foundation (AFSAEF)** to supplement non-credit course offerings by providing *MoneySKILL* financial literacy training. *MoneySKILL* is an online reality based personal finance curriculum that teaches

money management fundamentals. *MoneySKILL* will be used with workforce skills curricula and with online alternative diploma programs.

### **Carroll Community College**

#### **Partnership with Carroll County Public Schools**

Beginning in 2005, Carroll Community College has been very involved in the Carroll County Public School's Academy of Finance program. This selective admission program prepares high school students for careers in the financial services field through a rigorous high school curriculum, concurrent college enrollment and coursework, and paid internships. The chair of the Department of Business and Information Technology at Carroll Community College serves on the advisory board for the program.

Students in this program are concurrently enrolled at the college in the Financial Management class during their senior high school year.

#### **Personal Finance Course Option**

In response to long standing concerns about financial literacy in the community as well as the recent economic crisis, the Department of Business and Information Technology at Carroll Community College developed a new Personal Finance course which was approved by the college's Academic Council in December 2009, as a General Education course option. FIN-100, Personal Finance, equips students with the knowledge and skills to make good financial decisions throughout their lifetime. Major topics include financial planning, the time value of money, tax planning, cash and credit card management, consumer loans, insurance, investments, and retirement and estate planning. The course will be offered in Fall 2010.

#### **Money Matters Workshop**

In November 2009, a new workshop was added to the Leadership Challenge Program entitled "Money Matters." This one-hour workshop introduces students to the concept of financial planning and presents a number of strategies for making informed economic decisions. This workshop will be offered to students on a continuing basis. In addition, the Student Life Office is exploring other educational options to offer to students concerning college financial aid and managing credit card debt.

#### **Student Involvement in the IRS Volunteer Income Tax Assistance Program**

The Department of Business and Information Technology at Carroll Community College has been a participant in the IRS Volunteer Income Tax Assistance (VITA) program. Through this program, the college provides income tax preparation services for students, college staff, and low-income members of the community. The department chair has coordinated this program and has acted as the liaison with the Internal Revenue Service. Students working in this program have gained valuable experience that will increase their future employability. In 2009, over 100 taxpayers were served by this program.

#### **Financial Aid Outreach and Education in Financing College Tuition**

Carroll Community College offers students various opportunities to learn more about the financing of their education while attending Carroll. The Financial Aid Office provides on-going education and service to promote the financial aid application process. The Admissions Office provides outreach to students concerning the FACT's tuition payment plan which allows students to pay on a monthly basis rather than using a credit card. The Student Life Office offers a brief information session at the New Student Orientation program that introduces students to financial aid resource information.

#### **College Success Course and Continuing Your Success Workshops**

Carroll Community College offers a College Success course that focuses on student attitudes and behaviors which lead to effective learning and college success. Personal Finance will be one of the topics added to the curriculum for Fall 2010. In addition, all first year students are given the option of attending four workshops as part of the Continuing Your Success Program. One of the workshops is focused on Personal Finance.

## Cecil College

Cecil College provides students and the community access to financial literacy education and information through a number of methods:

- An online seminar is required of all students participating in the student loan program through the financial aid department. The seminar guides students in understanding the impact of loans and debt in relation to their personal finances. These same students also participate in exit counseling to review their financial commitment and options when they complete their enrollment with the institution.
- The Career and Job Placement Center offers a series of workshops, open to all students, that includes information on personal finances, career choices, and aligning an academic major with lifestyle choices.
- The College offers a series of non-credit courses in personal financial planning: Credit Management & Improvement, Economics in Tough Times, Elder Law and Asset Protection, Facts on Long Term Care Insurance, Home Buying - Understanding Basics, Retail Finance, Retirement Asset Management, Retirement Unlimited, Savvy Social Security Planning, 2010 A Roth Odyssey, Understanding Mortgage Refinancing, You and Your Credit History, and What is Your Credit Classification. These courses are offered online and in traditional format.
- Credit courses and degrees are offered in the area of finance. Additionally, financial management units are threaded throughout most introductory business courses to ensure all students enrolled in business classes are introduced to the fundamentals of budgeting and finance.
- The Safety and Security Office offers workshops on Identity Theft and the Impact on Personal Finances. These workshops are open to all students, faculty, and staff and are offered in various venues and sites at least twice each year.
- A seminar series including segments on Personal Finances, Debt Management, and Financial Planning will be co-hosted by the College Library and a local credit union. The seminar series begins in the 2010 fall semester. Seminars will be open to all students at no cost.

## Chesapeake College

What follows first is a short synopsis of those activities the college currently offers in regard to Financial Literacy:

- Credit Course Offerings - BUS 145 Personal Finance, covers various topics concerning personal financial literacy. This is a survey course that exposes students to the many financial issues that confront most of us over the course of our lifetimes. This course is suitable for all students but is currently only taken by students who major in a variety of Business related areas or take the course as a free elective. Major course topics include:
  - Planning (career, tax, budgeting)
  - Managing (saving, credit)
  - Purchasing (consumer, housing)
  - Risk management (insurance)
  - Investing (principles, debt and equity instruments)
  - Retirement and estate planning
- Financial Aid Office Offerings - In the past, we have offered a budgeting seminar, Money Management Seminar through FSC (a course required of most incoming students) and SAIL (a program for full-time, first-time students). In these seminars the Financial Aid Office utilized resources from Consumer Credit on how to create a budget, balance your check book, and evaluates credit card offers and what to do if you do get in financial trouble. Due to time and staff restrictions these workshops have been suspended but a Financial Literacy component will be added to the college's Financial Aid section on our website. All loan recipients are required to attend an Entrance Interview with the Director of Financial Aid to sign their promissory note, discuss earning potential, debt to earnings ratios, and pros and cons of loan borrowing. Since we do not participate in the Stafford/Direct loan program and do not allow the bookstore to include credit card applications in their bags with every purchase nor allow credit card companies on our campus to peddle their cards, the financial literacy information offered through the Financial Aid Office has been limited.
- Continuing Education and Workforce Training Offerings – The College's Adult Education & Family Literacy program has used National Endowment for Financial Education high school financial literacy curriculum in both

ABE/GED and ESL programs. In the past, the Kent and Queen Anne Cooperative Extension Service (under the University of Maryland) and a local bank have visited the ABE/GED and ESL program classrooms and presented workshops on budgeting, balancing checkbooks, savings accounts, etc. The most recent was a partnership with QAC Cooperative Extension at the request of the Workforce Investment Board to deliver training for 300 dislocated workers.

Various recommendations have been made throughout the college to incorporate Financial Literacy instruction in a variety of venues accessible to our students. Among the recommendations was an offer by the Director of Financial Aid to “consider it part of Orientation since all new students should attend Orientation. (The Director) would be happy to be the resource person if that is decided”. Additionally, at a recent Continuing Education and Workforce Training staff meeting, Adult Ed Instructional Specialists introduced different financial literacy ideas to the family literacy instructors, as well as information on SECU (State Employee Credit Union) financial literacy curriculum, and they viewed material from Dave Ramsey's Financial Peace University. It is felt that this material can easily be included in the current ABE/GED and ESL programs or can be done as a separate CE course if desired.

In short, although a few areas are currently doing activities related to Financial Literacy education for our students, there is no area that is offering a comprehensive curriculum that can be taken by all of our students. Most areas have suggested that in addition to the current offerings, the most comprehensive way to provide Financial Literacy education for our students would be through its inclusion in our Orientation sessions for incoming students, as a component of the FSC course, as a component of the Cooperative Education program, or as a new set of competencies added to our General Education curriculum. The inclusion in the Gen Ed program is the most comprehensive way to disseminate any competency to the majority of our students since all degree seeking students are required to complete the full complement of Gen Ed courses before graduating.

### **College of Southern Maryland**

- Money Smart – CSM has partnered with the Chambers of Commerce from Charles, Calvert, and St. Mary’s County, the St. Mary’s Department of Economic Development, and local financial experts to present free educational seminars to the general community at each of its campuses. Two formats have been used: Evening seminars (Spring, 2009) and Saturday conferences at our Charles County and St. Mary’s County campuses (Fall, 2009 and Winter, 2010). Seminar topics have included: “Seizing the Opportunity to Purchase your First Home,” “Taking control of your Retirement,” and “Act Now to Avoid Foreclosures and Bankruptcies,” “Personal Banking,” “Understanding Life Insurance,” “Investing 101,” “Basic Banking and Budgeting,” “Building and Maintaining Good Credit,” “Financial Planning,” and “Identity Theft.” The lunch presentation featured Dr. Sharon Brown, author of *Good Times, Tight Times*, who discussed a common-sense approach to saving money every day.
- Financial Literacy Website- CSM’s Business and Technology Division has partnered with the Lexington Park Rotary Club to create a website portal for K-16 teachers new to the county. The website connects viewers with financial information about living in St. Mary’s County.
- Financial Aid Counseling - Financial Aid Advisors meet individually with each student who applies for a student loan to discuss the impact of borrowing, how to plan and budget, and to provide an estimate of the student’s monthly loan repayment. Personal financial management and implications of loans and debt are discussed with the student.
- Financial Aid Outreach - Enrollment Advisors and Financial Aid Advisors work with students and their families seeking information on financing education.
- Career Services Seminars – Seminars and courses sponsored by the Career Center that include information on personal finances, salary issues, career choices, and aligning an academic major with lifestyle choices.
- Financial Aid Website – The college website includes information on financial management, financial aid, and student loans.
- Credit Courses
  - A 3-credit student success course entitled “College Success Skills” (STU 1010) contains a unit on *Managing Your Time and Money*.

- The frequently-offered, three-credit “Introduction to Business” course (ECN 1015) addresses managing financial resources
- Continuing Education Courses - Continuing education courses in business, management and financial literacy topics. Among the more popular personal financial management courses are ones which focus on subjects such as retirement planning, stock analysis, long-term care, understanding federal employee benefits, tax-lien investing, and real estate investing.

### **Community College of Baltimore County**

#### Present Offerings

- CCBC offers Personal Finance Days on each campus in mid-October. This event provides expert speakers who discuss topics such as credit/debt management, budgeting, student borrowing, and identity theft.
- A Financial Literacy curriculum component is currently offered in our SDEV 101 class which Financial Aid staff and Business faculty present.
- First time loan applicants must attend a one hour in-person group counseling session, required by the Financial Aid Office. Topics covered are: practical payment concerns, loan limits, private vs. subsidized loans followed by a quiz. Second time loan applicants will complete on-line counseling session and quiz.
- A Financial Literacy curricular component has been implemented into both our College Gateway Program (middle school visitations) and our College Awareness Program (high school visitations).
- College Goal Sunday is held each February (State initiative through YMCA) to assist students/parents with FAFSA completion and to talk one-on-one about aid opportunities.
- CCBC currently offers FAFSA Workshops to assist students completing the FAFSA (4 per week, January – March, 3 day & 1 evening).

#### Concepts for the Future

- Financial Literacy is one of our four goals in our Achieving the Dream (AtD) initiative and an AtD Subcommittee has developed strategies related to addressing this issue and expanding our efforts in this area including the below strategies with the goal to identify and remove barriers to financing a college education, enhancing communication to students, faculty, and staff about this issue and offering education related to personal finances.
- AtD Subcommittee is proposing: focus groups to identify student barriers to financing their college education, and measurable outcomes by using student surveys to measure our effectiveness in this whole area of Financial Literacy strategies.
- Provide additional programs and education workshops about Personal Finances/Financial Literacy for both internal and external audiences.
- Expand Personal Finance Day on each campus to twice a year.
- Propose a college-wide Personal Finance Day expanding this effort to include internal and external audiences (prospective and current students, parents, faculty, and staff.)
- Develop a Financial Literacy curriculum that can be integrated easily into specific classes like ACDV 101 or a lab component of a Develop Ed or other class. A blueprint has been developed.
- Implement measurable outcomes using student surveys to measure our effectiveness in this whole area of Financial Literacy Strategies.
- Propose an annual Financial Literacy Fair.
- Offer a Financial Literacy Workshop at our annual CCBC Women’s Expo.
- Develop and disseminate information materials regarding resource availability and eligibility, internally and externally: scholarship brochures, how to pay for college, etc., and design a cheat sheet for faculty and staff to act as a quick resource when working with students (FAQ’s).

### **Frederick Community College**

Frederick Community College provides financial literacy education to all students applying for federal financial aid loans. A structured program covering various aspects of finance, budget, and expenses management is provided through the loan entrance counseling process. In addition, education regarding various aspects of financial literacy is provided

through curricular offerings. While some courses (e.g., Economics, Business Math) address partial elements of financial literacy, other courses (e.g., Personal Financial Management) are designed to provide comprehensive education about the subject. Finally, we are exploring additional ways to infuse education about financial literacy into the student's experience. One potential opportunity involves development of a module covering the topic to be offered as part of the first year student seminar course.

### **Garrett College**

#### **Current Initiatives**

- Since 1976, the College has offered, on an occasional basis, a three-credit elective (BUS 150) entitled "Personal and Consumer Finance." This course examines technology and its impact, real world decision-making, and provides the student with a strong foundation for current and future personal economic activities involving budgeting, credit, savings, investments, insurance, etc. The course was last held in fall 2007 and is currently on the schedule for the upcoming (2010) spring semester. An abbreviated one credit-hour version of this course (BUS 105, Personal Finance) was initiated about twelve years ago, but has not been offered since; there is a possibility that it may be re-introduced into the schedule.
- The College's residence hall staff is including financial literacy as a topic to be discussed in its regular hall meetings.
- The College's Financial Aid Office engages in several activities designed to promote greater financial responsibility/literacy among financial aid recipients. Entering students are required to visit the money management component of the "Mapping Your Future" website ([www.mappingyourfuture.org](http://www.mappingyourfuture.org)) and in-person exit interviews are conducted where financial management topics are again addressed. The Financial Aid Director also conducts a brief session on money management during new student orientation and she is planning to give a more in-depth presentation on financial literacy at future orientations.

#### **Planned Initiatives**

- The College's Financial Aid Office has planned several financial literacy workshops that will be held during the first part of the upcoming spring (2010) semester. These workshops will be conducted by representatives from a local bank and a national lending and servicing institution. Several loan guarantors have also offered to assist. Financial aid recipients will be required to attend the workshops, but they will be open to all students as well as the general public.
- The College is considering the possibility of including some financial literacy information on its website, including links to websites devoted to financial literacy (e.g., [www.360financialliteracy.org](http://www.360financialliteracy.org) and [www.mymoney.gov](http://www.mymoney.gov)).

### **Hagerstown Community College**

Hagerstown Community College acknowledges the pressing need to educate students in aspects of financial literacy. The College is presently offering students learning opportunities in both the Academic and Student Affairs divisions. These activities will soon be augmented with a broader set of offerings and activities that involve exposure to elements of financial literacy. Through various courses, students will be exposed to such topics as budgeting & saving, credit management, understanding the budgetary effects of differing interest rates for education and personal loans as well as making sound investments. The ethical issues of loan responsibility will also be examined. Future course opportunities for students will be broad-based to provide learning opportunities in financial literacy to large numbers of students.

- Students currently may enroll in the course MGT 105 Personal Finance which encompasses the basics of personal financial planning. Emphasis is placed on such topics as the use of credit, making sound financial decisions and personal investment decisions. The course may be used as a general elective.
- As a large majority of our incoming students are enrolled in one or more developmental courses, especially in developmental mathematics, the Division of Developmental Education and Adult Literacy Services will soon focus several modules of the course MAT 098 Pre-Algebra on problem-solving using examples with percents, decimals, and interest calculation and focused on issues related to loans and their own personal finance.

- The Division of Technology and Computer Studies offers the course IST 102 Introduction to Information Technology that contains a module focused on the implementation of electronic spreadsheets. Students will work on examples that focus on the long-term effects of various interest rates on loans for automobiles, homes, and educational purposes. This course is one of two General Education courses in which a majority of students who attend the College enroll.

The Student Affairs Division of the College is planning to develop a number of communication mechanisms to educate students about financial literacy.

- A brochure about financial literacy will be developed and distributed at the new student orientation and will be available in all student services offices.
- Information about financial literacy will be included on the College webpage. All financial aid recipients will be especially encouraged to access the information.
- Either a one hour credit course or a non-credit course will be developed about financial literacy to target student athletes. Some of the coaches have indicated a need for their student athletes to learn the principles of financial management.
- A club may be developed through the business division in conjunction with Student Activities to address the co-curricular aspect of financial management - marketing the need for financial literacy to the student body, presenting workshops on specific topics, and developing related activities.

### **Harford Community College**

- Financial Literacy Series for students: weekly events scheduled in Student Center to attract participation from all students.
  - Week One – Financial Literacy Jeopardy game.
  - Week Two – Financial Literacy quiz posted on OwlNet and promoted in Student Center.
  - Week Three – Financial Literacy Workshop.
- Loan Entrance Counseling/Financial Literacy Counseling for students receiving Student Loans: Every student receiving a Stafford Student Loan must first complete a career assessment so they can determine possible future earnings. Then they complete a budget based on future earnings to determine the maximum they should borrow during their college career. Then each student meets with a loan counselor for 1 hour to review their budget and discuss repayment options and, if needed, review basic financial concepts (like loan amortization, capitalized interest etc.) Each student receives a personalized loan repayment calculation. Students are also given a packet with information about credit, credit reports, managing debt, preparing budgets and a list of various websites to gain greater financial knowledge.
- Financial Aid Website for students and community: in 2009, Harford added links to a variety of financial literacy focused websites including Mapping Your Future (under Money Management 101), Budget Calculator, and Loan Repayment Calculator. Currently under review is the idea to expand these links and include on OwlNet Student Tab.
- Monthly Speakers Bureau for students and community: for the spring term 2010, presentations include entrepreneurship, which will also focus on personal finance and credit as it relates to the challenges and opportunities to start a business entity.
- Adult Student Orientation: includes a presentation by the Financial Aid office
- Online New Student Orientation: includes financial management information
- Owl Fest New Student Welcome Week: includes a game with financial information
- College Advantage Program for students: includes information on the importance of good credit
- Mythbusters with Financial Advisor for students
- Student Leadership Seminar for students: includes financial and identity privacy seminar
- Credit finance courses available to students and the community such as:
  - BA 101: Introduction to Business - includes discussions/activities related to credit and finance from both a business and personal perspective
  - BA 205: Business Law - topics related to credit and credit laws (fair credit reporting act) are discussed

- BA 206: Entrepreneurship and Small Business - topics include credit and personal finance for the entrepreneur
- BA 246: Legal Environment of Business - topics include consumer protection laws related to credit and finance
- Non-Credit finance courses available to students and the community such as:
  - Control Your Financial Future
  - Elder Law and Asset Protection
  - Fundamentals of Investing
  - Retirement Asset Management
  - Savvy Women Series
  - Savvy Social Security Planning
  - 6 Ed2Go online classes
  - Youth class Rolling in the Dough w/ APGFCU

### Howard Community College

Howard Community College recognizes the importance of financial literacy for students and strives to provide a variety of programs, publications, and credit and non-credit courses to assist students in acquiring skills such as budgeting, avoiding credit card debt, managing student loans, saving, internet commerce, and identity protection. The following list comprises the college's efforts:

- Pay for College is a financial assistance tool that assists students and parents to understand the financial options available at the college. The main purpose is to educate students on ways to manage college costs and enable staff to understand and communicate this information to them. The effort includes a unified web site and URL; a brochure; and a catalogue section immediately followed by the financial aid section. Additionally, students are informed about Pay for College during new student orientation.
- The college offers FACTS Management, as a tuition payment plan vendor. In addition the college is developing a second type of payment plan, with the FACTS Management vendor. This plan will be available to students who have applied for financial aid but have not been approved prior to the start of the semester. The student will sign up with FACTS for a payment plan that does not take effect until the college notifies FACTS that the student did not receive financial aid or the balance exceeds the aid. The \$25 fee will be waived from FACTS. If the student does not get financial aid or the aid is less than the balance owed, the student will be notified and the plan goes into effect.
- HCC counsels every loan borrower one-on-one at the time they make the loan request. This consists of discussion of repayment, estimated monthly payments, and budgeting. Each student also receives an exit counseling packet which provides information on deferment options, how to avoid delinquency, estimated repayment options, budgeting tools, and the average loan indebtedness of HCC borrowers.
- The college offers a loan default prevention program that counsels borrowers about their rights and responsibilities. Delinquent borrowers receive monthly letters and telephone calls reminding them of their payment and deferment options.
- HCC includes a financial literacy component in its First Year Experience course, FYEX 100. One of the objectives of the course is to demonstrate enhanced financial literacy. In most FYEX sections, students spend three classes on this topic. The first covers tracking income and expenses and setting up a budget. The second class covers more on budgeting and looking at resources such as Paying for College – HCC's Financial Aid Services website. The third class is a discussion about credit with many classes inviting a speaker; this segment addresses building credit and avoiding the pitfalls.
- The Office of Student Life sponsors a program in December, *Responsible Holiday Spending*. It also sponsors a program, *Free Store*, as a means to explore more inexpensive and sustainable ways of acquiring and disposing of goods. Information about consumption is provided. It is planning to sponsor an *Ultimate Money Management Workshop* (sponsored by *Monster's Making it Count Program*) and a tax information program this spring.
- The Wellness Center and the Counseling Office collaborate to offer a series of workshops, *How to help a friend in financial trouble*. This series addresses how spending can be tied to health and depression issues.

- The Career Links Displaced Homemakers' program offers two financial literacy workshops, one in the fall and the other in the spring. For example this past year on March 18, the program sponsored *Financial Education/Money Matters and Budgeting*. On October 13, the program sponsored, *Repairing Bad Credit*.
- As part of Howard County's Financial Wellness Week program, the college co-sponsors a **Financial Wellness event, Money Matters**, with Howard County Councilman Calvin Ball's office each year. The event is designed for college students and community members. For the **2010** event, national finance author and K-12 academician Dr. Allen Cox will present a session, as will local children's financial planning author Marlene Jarreaux .
- **Curricular support and development:** Beginning in 2007, the A.A.S. in business management, financial planning option was, and still is being expanded and redesigned. General education and required major courses have been revised through the addition of ethics and international business courses, and a new math class; and **five new financial planning (FNPL) courses are now offered: Credit Management–FNPL 106, Financial Planning for Retirement (FNPL 108), Estate Planning and Elder Law (FNPL 110), Banking & Financial Planning (FNPL 206), and the capstone, project-oriented Financial Planning seminar (FNPL 210).** Alternative offering options targeted at adult learners are also being developed and piloted.

**The Division of Continuing Education and Workforce Development is currently offering the following non-credit courses in financial planning:**

Internet-Based Financial Planning  
 Rules of the Road: Mapping Your Way to Financial Freedom  
 Fundamentals of Investing  
 Investment Strategies: the Basics and Beyond  
 Quick Tips for Retirement Planning  
 Widowhood: Financial and Emotional Challenges  
 New Paths to Personal Money Management  
 Alternative Solutions to Avoid Foreclosure  
 Learn How to Protect Your Home Investment from Foreclosure  
 Be CentsAble  
 Stock Analysis I: Better Investing Method  
 Financial Planning for Women  
 Rent to Own: and Other Creative Home-Buying Strategies  
 How to Buy Your Next Home or Investment Property with Creative Financing  
 How to Build a Recession-Proof Income  
 The \$100,000 Real Estate Formula  
 Introduction to Tax Lien Investing  
 Introduction to Investing in Real Estate Foreclosures  
 Discussing Divorce on Second Saturday  
 Merging Your Money and Your Life Method  
 Financial Workbook  
 Surviving Volatile Financial Times  
 Save Big \$ on Winter Home Energy Costs

They also offered some Kids on Campus financial literacy courses during the summer:

Dealing with Dollars  
 Money Matters  
 Money Magic

### **Montgomery College**

#### **Credit Course Offerings**

- BA 211, Personal Finance, offered at all campuses

- Module within First Year Experience (FYE) offerings—many first time-full-time students enroll for a FYE course which is a college orientation program.

#### Student Life and Orientation Programs

- Module in summer bridge program—the summer bridge program is an intensive summer college orientation activity for students entering MC immediately after high school.
- Annual Scholarship Conference, 800 attendees this year—brings together high school participants and transfer students to teach ways about how to pay for college.
- Financial literacy workshops held at each campus by representatives from local banks and by the Montgomery County Teachers Federal Credit Union. In addition, student organizations at the campuses have developed financial literacy workshops for delivery to area high school students.
- A Money Management Fair held in April at all campuses, which is financial literacy month. This is offered in coordination with the Montgomery County Coalition for Financial Literacy.
- The Financial Aid office at each campus provides workshops to targeted groups, such as returning adults, veterans, and TRIO students.

#### Offerings through Workforce Development/Continuing Education (WDCE)

- Approximately 15 courses are offered each term through the College’s WDCE program on this topic. Some of these are targeted on retirement and estate issues, while others are “open enrollment” and involve all populations interested in issues such as investing and paying for college.
- Other financial literacy programs are offered through WDCE’s programs specifically designed for adults with developmental disabilities. These include issues of personal budgeting and consumer math.

#### Future Considerations:

1. The College should create a comprehensive financial literacy program that includes modules within courses, formal inclusion of such information in the College’s orientation programs, and regularly scheduled workshops on-campus and an online option for completion.
2. To facilitate this program, the College should develop a formal partnership with the Montgomery County Coalition for Financial Literacy to develop programmatic events, including workshops, to be held at each campus each semester and through an on-line mechanism.

### Prince George’s Community College

#### **The Community Financial Center**

The Community Financial Center supports and encourages asset building of Prince George’s Community College students and Prince George’s County residents. The Center’s support activities include providing financial literacy education and networking, making available free financial coaching, providing year-round free tax service and disseminating information regarding financial issues and resource providers. The Center works collaboratively with federal and state governmental agencies and related business and non-profit organizations. The Center is planned to be managed and staffed year-round by student and community volunteers under the guidance of Prince George’s Community College faculty advisors.

#### Financial Workshops

Workshops covering a wide range of financial topics were presented at Prince George’s Community College, including both day and evening sessions and attended by students and community members. These workshops are presented collaboratively by several groups-ALANA, Hillman Entrepreneurs, Bernard Collegian Center, Vocational Support Services, Student Support Services/TRIO and related academic departments. Presenters include campus staff, faculty and partnering community organizations.

#### Spring 2009

The Financial Crisis and Your Business

Finding Money for College  
ABCs of Credit  
Good Credit: Getting It and Keeping It  
A Stock Market Overview  
Credit Crime: How to Protect Yourself  
5 Tips for Being a Confident Investor in Today's Market  
Finding Money for College

#### Fall 2009

Financial Aid Basics: Facts and Myths about the Free Application for Federal Student Aid (FAFSA)  
Money Management: How to keep your cash  
Credit Repair: Steps to take to improve your Credit Score  
How to Start Your Own Business Franchise  
How to Start Your Own Business  
Budgeting for the Future: How to begin saving TODAY!

#### Spring 2010

Real Estate Symposium  
How to....start an investment club  
How to...start a franchise  
How to...start a business  
How to....start a non-profit  
Financial Aid Basics  
Make That Money, Keep That Money/Turning Talent into Cash: Side Jobs  
Your Finances; Your Future

- (Daytime Empowerment workshop addressing comprehensive basics of Personal Finance Issues)
- Finance 411: Financial Empowerment Evening Series
- Assessing your Financial Picture
  - Planning for Financial Success
  - Getting your Credit in Focus
  - Expanding your Opportunities to Save

#### **Town Hall Meeting addressing Financial Issues**

Community residents, students, and county government, non-profit and corporate partners participated in a Town Hall Meeting. Keynote Speaker, Congresswoman Donna Edwards, Maryland District 4, presented an overview of the current financial crisis and the effect on Maryland residents. A panel of representatives consisting of foreclosure specialists, non-profit housing and credit organizations, government officials, and local representatives introduced, discussed and answered questions regarding foreclosure, credit and other financial issues.

#### **Financial Training**

Students participated in Financial Training sessions to prepare for presenting future financial workshops within the college, the external community and at elementary, middle, and high schools.

- Hillman Entrepreneur students, coordinated by Program Director Lisa Rawlings, participated in a campus-wide Financial Literacy Training Session presented by Segun Olagunju, Program Manager of Operation HOPE, Inc.
- Accounting students, coordinated by Professor Mary Falkey, integrated financial literacy training into her accounting class as a service-learning project. Students learned how to develop, prepare, and present financial literacy workshops.
- Business management students, coordinated by Professor Lorraine Bassette, integrated Financial Literacy into her Business Management course as a service-learning project. Students developed informational materials for future dissemination through the college newspaper and college workshops. Through this process they learned the basics of personal finance and resources available.
- Students including the Hillman Entrepreneur students, directed by Ms. Mary Nesbitt, VISTA facilitator participate in a Financial Literacy Program with the high schools, beginning with Largo High School. PGCC students are

trained to assist and present financial workshop in the high school. This service-learning activity supports the financial development of the PGCC students and expands the financial resources made available in the public schools.

- A Hillman Entrepreneur student developed and presented a Financial Education workshop within the Latino Community.

### **Financial Coaching Program**

Student and community volunteers are trained as financial coaches and work with students and members of the community, who would like to develop their financial management skills and improve their financial position. The financial coach supports individuals in assessing their financial position, developing and implementing a financial plan and evaluating their personal financial progress.

### **Financial Education Outreach**

A Finance411 brochure was professionally developed by the Marketing and Publication Office of Prince George's Community college. This brochure was printed and is used extensively to market the Finance 411 Program.

1000 Finance411 brochures were distributed by students participating in the Financial Literacy Training.

600 Finance411 brochures were mailed to key community organizations, churches, governmental offices and legislative representatives.

600 Finance411 were distributed off campus at a Catholic Charities workshop on tax issues in collaboration with the VITA free tax program.

Students participating in the VITA Tax program discussed the Finance411 program activities and distributed brochures to over 325 participants at the VITA free tax Program held at the college during tax season.

Several Finance411 workshops were taped and continuously broadcasted to the public through the cable station of Prince George's Community College. These broadcasts further expand the accessibility of the Financial Literacy program to both students and members of the community.

### **AmeriCorps VISTA**

Through the Maryland Campus Compact, the college was awarded a VISTA volunteer position. Mary Nesbitt was selected to fill this position and is working on developing a financial literacy training program to be offered at Largo High School by PGCC students who are trained to facilitate. College students have already been trained and sessions at the high school will begin in the Spring semester.

**Community Financial Center/Finance411 website** is being developed during the fall 2009 semester and will be available in Spring 2010 and will enable electronic dissemination of financial information and notices of educational activities.

**Volunteer Income Tax Assistance (VITA) Program** trains student volunteers in tax preparation. Participants, after being certified by successfully completing an IRS exam, volunteer in the VITA tax center preparing tax returns for seniors and low and middle income residents of the county. Students develop a competency in basic tax issues that are relevant to low and middle income taxpayers.

### **RELEVANT ACADEMIC COURSES**

ACC 2210 Federal Income Tax. *3 Credits*

Study of the federal tax system includes survey of tax legislation, court rulings and their application to individuals.

ACC 2230 Individual Income Tax Preparation (VITA). *3 Credits*

Students will learn to prepare basic and intermediate income tax returns for both Federal and local taxes. Successful students will obtain IRS volunteer tax preparer certification and will participate as tax preparers at the PGCC Volunteer Income Tax Assistance (VITA) Site during the spring tax season. This service learning course begins during the January Intersession and continues through the close of tax season.

PAS 1010 Principles and Strategies of Successful Learning. *3 Credits*

An introduction to knowledge and strategies designed to promote success in the college environment. Financial Literacy is included as a component with the PAS course. Financial Literacy chapter is entitled: Wellness, Career, and Money: Building Skills for Life Success.

MGT 1620 Financial Planning and Investments. *3 Credits*

Financial planning concepts, their application and the risk factor in the management of finances.

### **RELEVANT WORKFORCE DEVELOPMENT AND CONTINUING EDUCATION COURSES (Annual Offerings)**

BUS 427 – Accounting and Recordkeeping for Small Business

BUS 411 – Financial Aspects of Your Small Business

BUS 375 – Separating Your Business and Personal Credit

COS 909 – Estates, Trusts, Wills, Taxes & Medicaid Planning

COS 952 – Income Tax (how to prepare for submission)

FIN 304 – Retirement Planning/Retirement Concerns

FIN 305 – Personal Financial Management

FIN 306 – Building Wealth

FIN 307 – Fundamentals of Investing (online)

FIN 310 – Debt Elimination Techniques That Work (online)

FIN 311 – Getting Wise About Credit (Note: when this course is offered to our Next Step students, it is accompanied by one-on-one counseling by the instructor.)

FIN 312 – How to Plan to Have Enough for Retirement

FIN 329 – Credit Wise

FIN 345 – Introduction to Stock Options (online)

FIN 346 – Personal Finance (online)

FIN 347 – Stocks, Bonds and Investing

FIN 350 – Stock Analysis: The NAIC Method

FIN 354 – Building Wealth with Real Estate

MGT 311 – Financial Planning and Investment

### **STUDENT SERVICES FINANCIAL LITERACY ACTIVITIES**

#### **Career Assessment and Planning Instruction**

There is a section of chapter 12 (Wellness, Career, and Money) in the PAS 1010 textbook that introduces the art of budgeting. It briefly lays out how to determine your spendable income, figuring out how much you actually spend, adjusting your spending or earning, managing credit cards, and being a smart consumer.

There is also a small section (Understanding and Applying for Financial Aid) in the pre-chapter (Quick Start to College) that briefly reviews the difference between student loans, grants and scholarships, and researching financial aid.

Some professors have opted to invite a member of the Financial Aid staff into their classroom for a short presentation. We have also incorporated the Financial Aid Office into our scavenger hunt assignment (not every professor uses it every semester).

There have been a total of 3386 students enrolled in PAS since fall 2007.

#### **Advising & Transfer Services**

Financing college is briefly discussed in group advising sessions (target) for all new students. Students are also referred to other campus resources for further assistance.

### **Student Support Services**

The Student Support Services program provides intensive academic and counseling support for 275 students in any given, funded year. Since at least 2/3's of the participants are low-income and first-generation college students, each counseling/advising session addresses academic, personal, career, and financial issues.

- While academic issues bring the students in to talk with a counselor/advisor, it is always personal, career, and financial issues that interfere with academic progress. During the 2008-2009 academic year, the program clocked more than 2,000 individual contact hours with students.
- FAFSA workshops are offered each spring semester to guide the students through the process of filling out and submitting the online application.
- Students are referred to the National Endowment for Financial Education ([www.nefe.org](http://www.nefe.org)), a website for college students (<http://cashcourse.org>) where students can also receive financial literacy information.
- Alicia Jackson-Warren participated in a free webinar on financial literacy earlier this year. She has the PowerPoint Presentation and hopes to conduct a future session on financial literacy as well.

### **Retention Services (ALANA, Vocational Support Services, and Student Support Services/TRiO)**

In the spring of 2009, Retention Services officially became a presenting partner with the Community Financial Center, presenting the following financial education topics to students served by each of the programs:

- Financial Aid Basics
- Money Management: How to keep your cash
- Credit Repair: Steps to take to improve your Credit Score
- How to Start Your Own Business Franchise
- How to Start Your Own Business
- Budgeting for the Future: How to begin saving today!

### **Enrollment Services**

Regional financial aid workshops are designed to provide an overview of PGCC and the financial aid process. The Office of Recruitment sponsors a minimum of eight workshops each semester, and they are hosted in the county schools. We work with the schools to select schools within each region that would have large enough space to open it up to the public, as well as, to cover all major regions within the county. The presentations are conducted by the offices of Recruitment and Financial Aid. The entire financial aid process, including searching for scholarships and the enrollment process, is covered in detail.

**Financial Aid Workshops** will be once again held in the spring in the Prince George's County Memorial Library System as has been done for the past 2 years. This program is similar to the Regional Financial Aid workshops in the PGCCPS system. Five select libraries serve as hosts and it's open to the public. The libraries selected were chosen by region and space. They are Laurel, New Carrollton, Oxon Hill, Hyattsville and Surratts-Clinton. These workshops are held February through April. Dates are being selected by the library system at this time.

- Students also receive loan counseling as mandated by federal regulations
- NelNet, the college's tuition payment plan, is available to all eligible students
- Internal financial aid workshops are held for current students to assist them in understanding debt and its impact on college success.
- Students must also participate, where applicable, in financial aid exit counseling sessions.

### **GRANT PROGRAMS**

**The H.A.W.K.S. Nest Grant Program with Hyattsville Middle School** is a MHEC College Access Challenge grant where 50 male Latino/African-American students have been selected to participate. **There are financial literacy components of this program provided by The Community Financial Center, Enrollment Services, and the Science, Technology, Engineering, and Mathematics area to support the tutoring sessions held after school in conjunction with the Hyattsville Middle School faculty.** This program focuses on both students and parents to promote college awareness and to discuss financial literacy and, more specifically, how to begin saving for college tuition and the various options available.

**Age of Awareness**, a non-profit organization, has a grant working through the state of Maryland with G. James Gholson Middle School to work with the students and parents on college awareness and financial literacy. The workshops focus on college awareness, college access, paying for college and how to prepare financially and academically for college.

### **Wor-Wic Community College**

#### **Student Success Course and Financial Literacy**

Wor-Wic Community College has instituted a college success course that is a required part of the curriculum for all new students. The Fundamentals of College Study course has a financial literacy education module that helps students to understand basic aspects of money management and pursuing a college education. Student learning outcomes measure knowledge and skills related to financial literacy. At the end of the module, each student is able to identify:

- Different types of loans, grants, and scholarships available in financial aid.
- Implications of loans, accrued interest, and re-payment options.
- Components of establishing a budget and determining how to finance a college education.
- Credit card debt, interest rates, and credit ratings.
- Strategies to minimize identify theft.

#### **Financial Literacy Workshop**

The Financial Aid Office offers a Financial Literacy Workshop that is open to all students on the campus during the fall and spring semesters. The workshop is presented by the Wor-Wic Student Loan Coordinator and a professional from the Ed Fund. The workshop focuses on an explanation of credit history, what creditors look for, credit reports and how to request a copy, and the cost/implications of having bad credit.

#### **Loan Counseling**

All students who elect to take out a student loan meet with the Wor-Wic Student Loan Coordinator. When an intake appointment for a loan is conducted, financial literacy is addressed in terms of addressing loans, credit history, and credit scores. If students have ample grant aid, they are discouraged from pursuing student loans to meet expenses.

If students borrow through a federal student loan program, they are required to complete both entrance and exit counseling. Entrance counseling is provided online and emphasizes consequences of default, use of promissory notes, how interest accrues, implications of half-time enrollment, and repayment obligations. Exit counseling is conducted in person with the Wor-Wic Student Loan Coordinator. Exit counseling reviews monthly payment options, deferment, forbearance, and tax benefits.

Source: Maryland Association of Community Colleges

For follow-up questions contact: Clay Whitlow, Executive Director, Maryland Association of Community Colleges, [claywhitlow@mdacc.org](mailto:claywhitlow@mdacc.org), 410-974-8117.



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St. John's College  
  
St. Mary's Seminary & University  
  
Sojourner-Douglass College  
  
Stevenson University  
  
Washington Adventist University  
  
Washington College

October 28, 2009

The Honorable Dana M. Stein, Co-Chair  
Task Force to Study How to Improve Financial Literacy in the State  
House Office Building, Room 304  
6 Bladen Street  
Annapolis, MD 21401

Dear Delegate Stein:

On behalf of Maryland's seventeen independent colleges and universities, I write to submit information to the *Task Force to Study How to Improve Financial Literacy in the State* about how the Maryland Independent College and University Association (MICUA) member institutions are working to educate students about financing their education. In today's challenging economic environment, students are enrolling in Maryland's colleges and universities in record numbers. As a result, there is a growing need for resources to help students understand, evaluate, and access higher education financing. To fill this need, MICUA has created the Maryland Student Loan Marketplace, an online resource to help students understand best practices in financing higher education.

The Marketplace includes information on smart borrowing practices, provides families with a transparent process to evaluate private student loans, and offers lenders an efficient way to reach qualified borrowers with targeted products. Through the Marketplace, students can compare loan terms from participating private student lenders with a single personal information form and credit check. Further, the Marketplace provides financial literacy training so that students can better understand debt management and fiscal responsibility. When fully developed, the Marketplace will provide valuable resources about State and federal financial aid opportunities. MICUA is currently working with the Maryland Higher Education Commission to add State-specific data to the Marketplace.

As the Task Force deliberates on best practices for expanding financial literacy, we hope you will view the Maryland Student Loan Marketplace

as one example of many programs available for both public and independent college and university students throughout Maryland.

If you need further information about the Maryland Student Loan Marketplace, please contact me at (410) 269-0306.

Sincerely,



Bret Schreiber  
Vice President

cc: Sara Fidler, Staff, Senate Education, Health, and Environmental Affairs Committee