

Financial Education and Capability Commission

State Assets Learning Cluster August 2015

Maryland 2015

- 35% of households considered liquid asset poor
- 16% of households at zero or negative net worth
- Average household debt \$13,068
- 55% using subprime credit

Background

- Built off Task Force to Study Financial Literacy
 - Led to require content standards for public K-12
 - Task Force did not focus on needs of adults
 - Time-limited
- Created by legislation in 2012, advocacy led by MD CASH
- Chaired by Senator Klausmeier & Delegate Stein (both D)
- Staffed by Maryland CASH
 - First time a legislative commission is staffed by a non-state entity, cost-saving measure

Purpose

- Monitor implementation of public and private initiatives to improve financial education and capability of state residents
- Make recommendations on coordination of financial education and capability efforts across the state

Process

- Completed survey of possible topics
 - Highest interest on low-income, college students, and resources to support educators (K-12, adult)
- Prioritized student loan debt as main focus
 - 59% MD students graduate w/ debt (avg \$26,349)
 - 11% default rate
- Presentations by public/private stakeholders
 - Government, financial institutions, higher ed, guidance counselors, non-profits

Moving the needle on student loan debt

2013 recommendation areas

- Increase access to college advising
- Increase access to college savings programs
- Increase disclosures and education about the total cost of college and loans
- Increase access to tuition assistance and scholarship programs
- Increase awareness about financial education programs

Raising the visibility of financial education

- Promote April Financial Education Month activities and coordinate an annual awards program in April recognizing teachers (or teams) in K-12 public education and for community champions.
 - Co-host awards with MSDE/MCEE - 3 teachers, 1 community champion; each receive \$1,000 cash award
 - Awards reception and floor recognition at General Assembly
 - Leveraged significant media stories on television, print, and social media ([MSDE video](#))

Helping parents/students understand the total cost of college and financial aid offers

- Passed [HB 18/SB 74](#) - requires higher ed institutions to provide “Financial Aid Shopping Sheet”
- Shopping Sheet was developed by US Dept of Ed and CFPB
- Shows same information across all schools, includes total costs

Moving the needle on student loan debt

2014 recommendation areas:

- Increase support for programs and tools that connect college access, completion, and financing
- Expand access to college advising in high school
- Improve outreach about the financial aid process
- Increase utilization and impact of 529 accounts for all Maryland families
- Provide future teachers with access to financial education content as part of pre-service training along with financial education resources and professional development consistent with the Maryland State Curriculum for Personal Financial Literacy Education

Challenges

- State's role
- MD Higher Education Commission
- University system
- Decision makers vs Commission members
- Staff support for the Commission
- Need to build political will