



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION, INFORMATION OR DISCUSSION

TOPIC: Financial Literacy Education at the University of Maryland, College Park

COMMITTEE: Education Policy

DATE OF COMMITTEE MEETING: March 24, 2010

SUMMARY: At its November 2009 meeting, the Committee on Education Policy heard a brief presentation on the state Task Force to Study How to Improve Financial Literacy in the State, and in January 2010 there was a discussion of the recommendations in the Task Force's final report. The Committee posed a number of questions and suggestions as follow-up to the discussion, including:

- What is USM doing to promote financial literacy among faculty, staff and students?
- How will the provosts take responsibility for ensuring we are responsive to the task force?
- The provosts should develop best practice recommendations.
- Each institution should make a course available but not require students to take it.

The provosts have discussed this issue and the Board's concerns on a number of occasions and have suggested that a few presentations from institutions about the extent of the activity already going on would be responsive to the Committee's interests. Best practice recommendations, based in part on the strategies currently being used in the USM, will be crafted and shared with the Committee in the fall.

Today, the Committee will hear from Ms. Sarah Bauder, Assistant Vice President for Student Financial Aid at UMCP, who will share information about the ways in which her institution is tackling the issue of financial literacy.

Ms. Bauder acknowledges that, given the current state of the economy and rising indebtedness, financial literacy is becoming increasingly important in the lives of students, yet many students who enter college are unaware of the basic tenets of economics let alone financial management. She notes, "Of the students we counsel, we have found that a large majority do not understand many financial concepts such as how interest can work for them or against them, or how credit works, or the difference between needs and wants. This cohort of students was raised in a financial culture where credit cards were used to buy anything from a Big Mac at McDonalds to a car. The concepts of bad debt versus good debt are unknown. Further, conversations around money begin at a higher level of emotion and tension than most other conversations; therefore, students are hesitant to self-identify and discuss their problems."

To address these issues, UMCP has begun to reach out. Five years ago, they started counseling programs, then focused on training specific campus groups, and two years ago developed an on-line financial literacy website. Over 10,000 people visit the site each month. This year, in partnership with its State Guarantee agency, UMCP implemented a financial literacy curriculum. These initiatives are creating students who are well prepared and fully informed on how to manage their money while in college and after they graduate.

After Ms. Bauder's presentation, she will be available to respond to questions. The provosts hope to identify another institution to make a presentation on its activities to the Committee at its June meeting.

ALTERNATIVE(S): This is an information item only.

FISCAL IMPACT: This is an information item only.

CHANCELLOR'S RECOMMENDATION: This is an information item only.

COMMITTEE RECOMMENDATION: Received as information. DATE: March 24, 2010

BOARD ACTION: DATE:

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