To establish a grant program in the Department of the Treasury to fund the establishment of centers of excellence to support research, development and planning, implementation, and evaluation of effective programs in financial literacy education for young adults and families ages 15–24 years old, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,
SECTION 1. SHORT TITLE.

This Act may be cited as the “Young Adults Financial Literacy Act”.

SEC. 2. FINDINGS.

The Congress find as follows:

(1) Eighty percent of parents believe schools are teaching money management and budgeting, while over 70 percent of teachers are not teaching financial literacy.

(2) Most adults feel that their financial literacy skills are inadequate, yet they do not rely on anyone else to handle their finances; they feel it is important to know more but have received no financial education.

(3) It is necessary to respond immediately to the pressing needs of individuals faced with the loss of their financial stability, however increased attention must also be paid to financial literacy education reform and long-term solutions to prevent future personal financial disasters.

(4) There is an urgent need to respond to the economic crisis with research-based financial literacy education programs to reach individuals at all ages and socioeconomic levels, particularly those facing unique and challenging financial situations, such as high school graduates entering the workforce, soon-
to-be and recent college graduates, young families, and the unique needs of military personnel and their families.

(5) More than 70 percent of parents say they have spoken with their teens about credit and using credit cards wisely, while less than 44 percent of the teenaged children of those respondents say their parents have talked to them about credit cards.

(6) Seventy-six percent of parents surveyed said their high school student does not have a budget.

(7) The average credit card debt among graduate students who carry cards is $7,831 per student, an increase of 59 percent over 1998’s average debt of $4,925.

(8) Young adults between 20 and 24 represent the fastest growing segment of bankruptcy filings; in fact, more people filed for bankruptcy in 2004 than graduated from college.

(9) Credit card debt among young adults between the ages of 25 and 34 has increased 55 percent, while credit card debt among the youngest adults, between 18 and 24, has skyrocketed 104 percent since 1982.

(10) In April of 2009, the Comptroller General testified to the Subcommittee on Oversight of Gov-
ernment Management, the Federal Workforce, and
the District of Columbia, of the Committee on
Homeland Security and Governmental Affairs of the
Senate that “In 2006, we reported that the [Finan-
cial Literacy and Education] Commission’s National
Strategy for Financial Literacy was a useful first
step in focusing attention on financial literacy but
largely was descriptive rather than strategic. . . .
However, to date the Commission has not incor-
porated the other elements we recommended. . . .
For the most part, these revisions have consisted of
newly developed ‘calls to action’ and have not repre-
sented a fundamental shift in approach that incor-
porates specific recommendations on roles, funding,
and activities.”.

SEC. 3. GRANT PROGRAM TO FUND THE ESTABLISHMENT
OF CENTERS OF EXCELLENCE IN FINANCIAL
LITERACY EDUCATION.

(a) In General.—The Secretary of the Treasury,
acting through the Assistant Secretary for Financial Insti-
tutions and the Deputy Assistant Secretary for Financial
Education and in consultation with the Secretary of Edu-
cation and the Financial Literacy and Education Commis-
sion established under the Financial Literacy and Edu-
cation Improvement Act, may make competitive grants to
and enter into contracts with eligible institutions to establish centers of excellence to support research, development and planning, implementation, and evaluation of effective programs in financial literacy education for young adults and families ages 15–24 years old.

(b) AUTHORIZED ACTIVITIES.—Activities authorized to be funded by grants made under subsection (a) shall include the following:

(1) Developing and implementing comprehensive research based financial literacy education programs for young adults ages 15–24 which can be incorporated into educational settings through existing academic content areas.

(2) Targeting programs based on a set of educational expectations, pre- and post-education assessment tools, effective training programs for educators, and materials that appropriately serve various segments of young adult and family populations, particularly minority and disadvantaged individuals.

(3) Aligning financial literacy education programs to a set of core competencies and concepts, including goal setting; planning; budgeting; managing money or transactions; tools and structures;
behaviors; consequences; saving, both long- and short-term; managing debt and earning.

(4) Designing instructional materials using evidence-based content for young families and related outreach activities to address unique life situations and financial pitfalls such as bankruptcy, foreclosure, credit card misuse, and predatory lending.

(5) Developing and supporting the delivery of professional development programs in financial literacy education that are research-based, on-going and collaborative to assure competence and accountability in the delivery system, including recognition of achievement and competence within existing systems for educators and instructors.

(6) Improving access to financial literacy education programs for young adults and families by collaborating with financial institutions to disseminate information and awareness of the importance of financial literacy education.

(7) Reducing student loan default rates by developing programs to help individuals better understand how to manage educational debt through sustained educational programs for college students in partnership with non-profit associations.
(8) Conducting on-going research and evaluation to assure learning of defined skills and knowledge, and retention of learning.

(9) Developing research-based assessment and accountability of the appropriate applications of learning over short and long terms.

(c) PRIORITY FOR CERTAIN APPLICATIONS.—The Secretary shall give a priority to applications that—

(1) provide clear definitions of financial literacy and financially literate to clarify educational outcomes;

(2) establish parameters for identifying the types of programs that most effectively reach young adults and families in unique life situations, specifically individuals in ages 15–24 years old;

(3) include content that is appropriate to age and socioeconomic levels;

(4) develop programs based on educational standards, definitions, and research;

(5) include individual goals of financial independence and stability; and

(6) establish professional development and delivery systems using evidence-based practices.

(d) APPLICATION AND EVALUATION STANDARDS AND PROCEDURES, DISTRIBUTION CRITERIA.—The Secretary
shall, by regulation and order, establish application and
evaluation standards and procedures, distribution criteria,
and such other forms, standards, definitions, and proce-
dures as the Secretary determines to be appropriate.

(e) MINIMUM AND MAXIMUM AMOUNT OF ANY
GRANT.—No grant under this section may be for an
amount less than $2,000,000 or more than $5,000,000.

(f) DEFINITIONS.—For purposes of this Act the fol-
lowing definitions shall apply:

(1) ELIGIBLE INSTITUTION.—The term “eligi-
bble institution” means any partnership consisting of
an institution of higher education and any of the fol-
lowing which meets such requirements for eligibility
as the Secretary of the Treasury and the Secretary
of Education may jointly prescribe by regulation:

(A) One or more local educational agen-
cies.

(B) A nonprofit agency, organization, or
association.

(C) A community-based organization.

(D) A financial institution.

(2) INSTITUTION OF HIGHER EDUCATION.—The
term “institution of higher education” has the
meaning given such term in section 101 of the High-
er Education Act of 1965 (20 U.S.C. 1001(a)).
(3) Secretary.—The term “Secretary” means the Secretary of the Treasury, unless the context specifically refers to the Secretary of Education.

SEC. 4. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to the Secretary $55,000,000 for each of fiscal years 2012 through 2016 for carrying out this Act.

SEC. 5. REGULATIONS.

In addition to regulations prescribed under section 3(d), the Secretary may prescribe such regulations as may be necessary to carry out this Act.