

107TH CONGRESS  
1ST SESSION

# S. 807

To promote youth financial education.

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IN THE SENATE OF THE UNITED STATES

MAY 1, 2001

Mr. CORZINE introduced the following bill; which was read twice and referred  
to the Committee on Health, Education, Labor, and Pensions

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## A BILL

To promote youth financial education.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. PROMOTING YOUTH FINANCIAL LITERACY.**

4 Title X of the Elementary and Secondary Education  
5 Act of 1965 (20 U.S.C. 8001 et seq.) is amended by add-  
6 ing at the end the following new part:

7 **“PART L—PROMOTING YOUTH FINANCIAL**  
8 **LITERACY**

9 **“SEC. 10993. SHORT TITLE AND FINDINGS.**

10 “(a) SHORT TITLE.—This part may be cited as the  
11 ‘Youth Financial Education Act’.

12 “(b) FINDINGS.—Congress finds the following:

1           “(1) In order to succeed in our dynamic Amer-  
2           ican economy, young people must obtain the skills,  
3           knowledge, and experience necessary to manage their  
4           personal finances and obtain general financial lit-  
5           eracy. All young adults should have the educational  
6           tools necessary to make informed financial decisions.

7           “(2) Despite the critical importance of financial  
8           literacy to young people, the average student who  
9           graduates from high school lacks basic skills in the  
10          management of personal financial affairs. A nation-  
11          wide survey conducted in 1997 by the Jump\$tart  
12          Coalition for Personal Financial Literacy examined  
13          the financial knowledge of 1,509 12th graders. On  
14          average, survey respondents answered only 57 per-  
15          cent of the questions correctly, and only 5 percent  
16          of the respondents received a ‘C’ grade or better.

17          “(3) An evaluation by the National Endowment  
18          for Financial Education High School Financial  
19          Planning Program undertaken jointly with the  
20          United States Department of Agriculture Coopera-  
21          tive State Research, Education, and Extension Serv-  
22          ice demonstrates that as little as 10 hours of class-  
23          room instruction can impart substantial knowledge  
24          and affect significant change in how teens handle  
25          their money.

1           “(4) State educational leaders have recognized  
2           the importance of providing a basic financial edu-  
3           cation to students in grades kindergarten through  
4           12 by integrating financial education into State edu-  
5           cational standards, but by 1999 only 14 States re-  
6           quired schools to implement personal finance stand-  
7           ards into the academic curriculum.

8           “(5) Teacher training and professional develop-  
9           ment are critical to achieving youth financial lit-  
10          eracy. Teachers confirm the need for professional de-  
11          velopment in personal finance education. In a survey  
12          by the National Institute for Consumer Education,  
13          77 percent of a State’s economics teachers revealed  
14          that they had never had a college course in personal  
15          finance.

16          “(6) Personal financial education helps prepare  
17          students for the workforce and for financial inde-  
18          pendence by developing their sense of individual re-  
19          sponsibility, improving their life skills, and providing  
20          them with a thorough understanding of consumer  
21          economics that will benefit them for their entire  
22          lives.

23          “(7) Financial education integrates instruction  
24          in valuable life skills with instruction in economics,  
25          including income and taxes, money management, in-

1 vestment and spending, and the importance of per-  
 2 sonal savings.

3 “(8) The consumers and investors of tomorrow  
 4 are in our schools today. The teaching of personal  
 5 finance should be encouraged at all levels of our Na-  
 6 tion’s educational system, from kindergarten  
 7 through grade 12.

8 **“SEC. 10994. STATE GRANT PROGRAM.**

9 “(a) PROGRAM AUTHORIZED.—The Secretary is au-  
 10 thorized to provide grants to State educational agencies  
 11 to develop and integrate youth financial education pro-  
 12 grams for students in elementary and secondary schools.

13 “(b) STATE PLAN.—

14 “(1) APPROVED STATE PLAN REQUIRED.—To  
 15 be eligible to receive a grant under this section, a  
 16 State shall submit an application which includes a  
 17 State plan, described in paragraph (2), approved by  
 18 the Secretary.

19 “(2) STATE PLAN CONTENTS.—The State plan  
 20 referred to in paragraph (1) shall include—

21 “(A) a description of how the State will  
 22 use grant funds;

23 “(B) a description of how the programs  
 24 supported by a grant will be coordinated with

1           other relevant Federal, State, regional, and  
2           local programs; and

3           “(C) a description of how the State will  
4           evaluate program performance.

5           “(c) ALLOCATION OF FUNDS.—

6           “(1) ALLOCATION FACTORS.—Except as other-  
7           wise provided in paragraph (2), the Secretary shall  
8           allocate the amounts made available to carry out  
9           this section pursuant to subsection (a) to each State  
10          according to the relative populations in all the States  
11          of students in grades kindergarten through 12, as  
12          determined by the Secretary based on the most re-  
13          cent satisfactory data.

14          “(2) MINIMUM ALLOCATION.—Subject to the  
15          availability of appropriations and notwithstanding  
16          paragraph (1), a State that has submitted an ap-  
17          proved plan under subsection (b) shall be allocated  
18          an amount not less than \$500,000 for a fiscal year.

19          “(3) REALLOCATION.—In any fiscal year an al-  
20          location under this subsection—

21                 “(A) for a State that has not submitted a  
22                 plan under subsection (b); or

23                 “(B) for a State whose plan submitted  
24                 under subsection (b) has been disapproved by  
25                 the Secretary;

1 shall be reallocated to States with approved plans  
 2 under this section in accordance with paragraph (1).

3 “(d) USE OF GRANT FUNDS.—

4 “(1) REQUIRED USES.—A grant made to a  
 5 State under this part shall be used—

6 “(A) to provide funds to local educational  
 7 agencies and public schools to carry out finan-  
 8 cial education programs for students in grades  
 9 kindergarten through 12 based on the concept  
 10 of achieving financial literacy through the  
 11 teaching of personal financial management  
 12 skills and the basic principles involved with  
 13 earning, spending, saving, and investing;

14 “(B) to carry out professional development  
 15 programs to prepare teachers and administra-  
 16 tors for financial education; and

17 “(C) to monitor and evaluate programs  
 18 supported under subparagraphs (A) and (B).

19 “(2) LIMITATION ON ADMINISTRATIVE COSTS.—

20 A State receiving a grant under subsection (a) may  
 21 use not more than 4 percent of the total amount of  
 22 the grant in each fiscal year for the administrative  
 23 costs of carrying out this section.

24 “(e) REPORT TO THE SECRETARY.—Each State edu-  
 25 cational agency receiving a grant under this section shall

1 transmit a report to the Secretary with respect to each  
2 fiscal year for which a grant is received. The report shall  
3 describe the programs supported by the grant and the re-  
4 sults of the State's monitoring and evaluation of such pro-  
5 grams.

6 **“SEC. 10995. CLEARINGHOUSE.**

7       “(a) **AUTHORITY.**—Subject to the availability of ap-  
8 propriations, the Secretary shall make a grant to or exe-  
9 cute a contract with an organization or institution with  
10 substantial experience in the field of financial education,  
11 such as the Jump\$tart Coalition for Personal Financial  
12 Literacy, to establish, operate, and maintain a national  
13 clearinghouse (in this part referred to as the Clearing-  
14 house) for instructional materials and information regard-  
15 ing model financial education programs and best practices.

16       “(b) **APPLICATION.**—An organization or institution  
17 desiring to establish, operate, and maintain the Clearing-  
18 house shall submit an application to the Secretary at such  
19 time, in such manner, and accompanied by such informa-  
20 tion, as the Secretary may reasonably require.

21       “(c) **BASIS AND TERM.**—The Secretary shall make  
22 the grant or contract authorized under subsection (a) on  
23 a competitive, merit basis for a term of 5 years.

1       “(d) USE OF FUNDS.—The Clearinghouse shall use  
2 the funds provided under a grant or contract made under  
3 subsection (a)—

4           “(1) to maintain a repository of instructional  
5 materials and related information regarding finan-  
6 cial education programs for elementary and sec-  
7 ondary schools, including kindergartens, for use by  
8 States, localities, and the general public;

9           “(2) to disseminate to States, localities, and the  
10 general public, through electronic and other means,  
11 instructional materials and related information re-  
12 garding financial education programs for elementary  
13 and secondary schools, including kindergartens; and

14           “(3) to the extent that resources allow, to pro-  
15 vide technical assistance to States, localities, and the  
16 general public on the design, establishment, and im-  
17 plementation of financial education programs for ele-  
18 mentary and secondary schools, including kinder-  
19 gartens.

20       “(e) CONSULTATION.—The chief executive officer of  
21 the organization selected to establish and operate the  
22 Clearinghouse shall consult with the Department of the  
23 Treasury and the Securities Exchange Commission with  
24 respect to its activities under subsection (d).



1       “(f) SUBMISSION TO CLEARINGHOUSE.—Each Fed-  
 2 eral agency or department that develops financial edu-  
 3 cation programs and instructional materials for such pro-  
 4 grams shall submit to the Clearinghouse information on  
 5 the programs and copies of the materials.

6       “(g) APPLICATION OF COPYRIGHT LAWS.—In car-  
 7 rying out this section the Clearinghouse shall comply with  
 8 the provisions of title 17 of the United States Code.

9       **“SEC. 10996. EVALUATION AND REPORT.**

10       “(a) PERFORMANCE MEASURES.—The Secretary  
 11 shall develop measures to evaluate the performance of pro-  
 12 grams assisted under sections 10994 and 10995.

13       “(b) EVALUATION ACCORDING TO PERFORMANCE  
 14 MEASURES.—Applying the performance measures devel-  
 15 oped under subsection (a), the Secretary shall evaluate  
 16 programs assisted under sections 10994 and 10995—

17               “(1) to judge their performance and effective-  
 18 ness;

19               “(2) to identify which of the programs rep-  
 20 resent the best practices of entities developing finan-  
 21 cial education programs for students in grades kin-  
 22 dergarten through 12; and

23               “(3) to identify which of the programs may be  
 24 replicated and used to provide technical assistance to  
 25 States, localities, and the general public.

1       “(c) REPORT.—For each fiscal year for which there  
 2 are appropriations under section 10999(a), the Secretary  
 3 shall transmit a report to the Congress describing the sta-  
 4 tus of the implementation of this part. The report shall  
 5 include the results of the evaluation required under sub-  
 6 section (b) and a description of the programs supported  
 7 under section 10994.

8       **“SEC. 10997. DEFINITIONS.**

9       “In this part—

10           “(1) the term ‘financial education’ means edu-  
 11 cational activities and experiences, planned and su-  
 12 pervised by qualified teachers, that enable students  
 13 to understand basic economic and consumer prin-  
 14 cipals, acquire the skills and knowledge necessary to  
 15 manage personal and household finances, and de-  
 16 velop a range of competencies that will enable them  
 17 to become responsible consumers in today’s complex  
 18 economy;

19           “(2) the terms ‘local educational agency’, ‘State  
 20 educational agency’, and ‘outlying area’ have the  
 21 meanings given the terms in section 14101 of the  
 22 Elementary and Secondary Education Act of 1965;

23           “(3) the term ‘qualified teacher’ means a teach-  
 24 er who holds a valid teaching certification or is con-

1       sidered to be qualified by the State educational  
2       agency in the State in which the teacher works;

3           “(4) the term ‘Secretary’ means the Secretary  
4       of Education; and

5           “(5) the term ‘State’ means each of the 50  
6       States, the District of Columbia, the Commonwealth  
7       of Puerto Rico, and each outlying area.

8       **“SEC. 10998. PROHIBITION.**

9       “Nothing in this part shall be construed to authorize  
10     an officer or employee of the Federal Government to man-  
11     date, direct, or control a State, local educational agency,  
12     or school’s specific instructional content, curriculum, or  
13     program of instruction, as a condition of eligibility to re-  
14     ceive funds under this part.

15     **“SEC. 10999. AUTHORIZATION OF APPROPRIATIONS.**

16       “(a) AUTHORIZATION.—For the purposes of carrying  
17     out this part, there are authorized to be appropriated  
18     \$100,000,000 for each of the fiscal years 2001 through  
19     2005.

20       “(b) LIMITATION ON FUNDS FOR CLEARING-  
21     HOUSE.—The Secretary may use not less than 2 percent  
22     and not more than 5 percent of amounts appropriated  
23     under subsection (a) for each fiscal year to carry out sec-  
24     tion 10995.

1       “(c) LIMITATION ON FUNDS FOR SECRETARY EVAL-  
2   UATION.—The Secretary may use not more than \$200,000  
3   from the amounts appropriated under subsection (a) for  
4   each fiscal year to carry out subsections (a) and (b) of  
5   section 10996.

6       “(d) LIMITATION ON ADMINISTRATIVE COSTS.—Ex-  
7   cept as necessary to carry out subsections (a) and (b) of  
8   section 10996 using amounts described in subsection (c)  
9   of this section, the Secretary shall not use any portion of  
10   the amounts appropriated under subsection (a) for the  
11   costs of administering this part.”.

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