

107TH CONGRESS
1ST SESSION

S. 807

To promote youth financial education.

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

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:

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 Cooper-
21 ative 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 financial
8 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 administrators
16 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 educational 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 financial
6 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-
7rying 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 ciples, 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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