

108TH CONGRESS
1ST SESSION

S. 1181

To promote youth financial education.

IN THE SENATE OF THE UNITED STATES

JUNE 4, 2003

Mr. CORZINE (for himself, Mr. LAUTENBERG, and Mr. AKAKA) 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 IV of the Elementary and Secondary Education
5 Act of 1965 (20 U.S.C. 7101 et seq.) is amended by add-
6 ing at the end the following:

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

9 **“SEC. 4401. SHORT TITLE AND FINDINGS.**

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

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

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

8 “(2) Despite the critical importance of financial
9 literacy to young people, the average student who
10 graduates from high school lacks basic skills in the
11 management of personal financial affairs. A nation-
12 wide survey conducted in 2002 by the Jump\$tart
13 Coalition for Personal Financial Literacy examined
14 the financial knowledge of 4,024 12th graders. On
15 average, survey respondents answered only 50 per-
16 cent of the questions correctly. This figure is down
17 from the 52 percent average score in 2000 and the
18 57 percent average score in 1997.

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

1 and affect significant change in how teens handle
2 their money.

3 “(4) State educational leaders have recognized
4 the importance of providing a basic financial edu-
5 cation to students in kindergarten through grade 12
6 by integrating financial education into State edu-
7 cational standards, but by 2002 only 4 States re-
8 quired students to complete a course that covered
9 personal finance before graduating from high school.

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

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

1 “(7) Financial education integrates instruction
2 in valuable life skills with instruction in economics,
3 including income and taxes, money management, in-
4 vestment and spending, and the importance of per-
5 sonal savings.

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

11 **“SEC. 4402. STATE GRANT PROGRAM.**

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

17 “(b) STATE PLAN.—

18 “(1) APPROVED STATE PLAN REQUIRED.—To
19 be eligible to receive a grant under this section, a
20 State educational agency shall submit an application
21 that includes a State plan, described in paragraph
22 (2), that is approved by the Secretary.

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

1 “(A) a description of how the State edu-
2 cational agency will use grant funds;

3 “(B) a description of how the programs
4 supported by a grant will be coordinated with
5 other relevant Federal, State, regional, and
6 local programs; and

7 “(C) a description of how the State edu-
8 cational agency will evaluate program perform-
9 ance.

10 “(c) ALLOCATION OF FUNDS.—

11 “(1) ALLOCATION FACTORS.—Except as other-
12 wise provided in paragraph (2), the Secretary shall
13 allocate the amounts made available to carry out
14 this section pursuant to subsection (a) to each State
15 according to the relative populations in all the States
16 of students in kindergarten through grade 12, as de-
17 termined by the Secretary based on the most recent
18 satisfactory data.

19 “(2) MINIMUM ALLOCATION.—Subject to the
20 availability of appropriations and notwithstanding
21 paragraph (1), a State that has submitted a plan
22 under subsection (b) that is approved by the Sec-
23 retary shall be allocated an amount that is not less
24 than \$500,000 for a fiscal year.

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

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

5 “(B) for a State whose plan submitted
6 under subsection (b) has been disapproved by
7 the Secretary;

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

10 “(d) USE OF GRANT FUNDS.—

11 “(1) REQUIRED USES.—A grant made to a
12 State educational agency under this part shall be
13 used—

14 “(A) to provide funds to local educational
15 agencies and public schools to carry out finan-
16 cial education programs for students in kinder-
17 garten through grade 12 based on the concept
18 of achieving financial literacy through the
19 teaching of personal financial management
20 skills and the basic principles involved with
21 earning, spending, saving, and investing;

22 “(B) to carry out professional development
23 programs to prepare teachers and administra-
24 tors for financial education; and

1 “(C) to monitor and evaluate programs
2 supported under subparagraphs (A) and (B).

3 “(2) LIMITATION ON ADMINISTRATIVE COSTS.—

4 A State educational agency receiving a grant under
5 subsection (a) may use not more than 4 percent of
6 the total amount of the grant in each fiscal year for
7 the administrative costs of carrying out this section.

8 “(e) REPORT TO THE SECRETARY.—Each State edu-
9 cational agency receiving a grant under this section shall
10 transmit a report to the Secretary with respect to each
11 fiscal year for which a grant is received. The report shall
12 describe the programs supported by the grant and the re-
13 sults of the State educational agency’s monitoring and
14 evaluation of such programs.

15 **“SEC. 4403. CLEARINGHOUSE.**

16 “(a) AUTHORITY.—Subject to the availability of ap-
17 propriations, the Secretary shall make a grant to, or exe-
18 cute a contract with, an eligible entity with substantial ex-
19 perience in the field of financial education, such as the
20 Jump\$tart Coalition for Personal Financial Literacy, to
21 establish, operate, and maintain a national clearinghouse
22 (in this part referred to as the ‘Clearinghouse’) for in-
23 structional materials and information regarding model fi-
24 nancial education programs and best practices.

1 “(b) ELIGIBLE ENTITY.—In this section, the term
2 ‘eligible entity’ means a national nonprofit organization
3 with a proven record of—

4 “(1) cataloging youth financial literacy mate-
5 rials; and

6 “(2) providing support services and materials to
7 schools and other organizations that work to pro-
8 mote youth financial literacy.

9 “(c) APPLICATION.—An eligible entity desiring to es-
10 tablish, operate, and maintain the Clearinghouse shall
11 submit an application to the Secretary at such time, in
12 such manner, and accompanied by such information, as
13 the Secretary may reasonably require.

14 “(d) BASIS AND TERM.—The Secretary shall make
15 the grant or contract authorized under subsection (a) on
16 a competitive, merit basis for a term of 5 years.

17 “(e) USE OF FUNDS.—The Clearinghouse shall use
18 the funds provided under a grant or contract made under
19 subsection (a)—

20 “(1) to maintain a repository of instructional
21 materials and related information regarding finan-
22 cial education programs for elementary schools and
23 secondary schools, including kindergartens, for use
24 by States, localities, and the general public;

1 “(2) to disseminate to States, localities, and the
2 general public, through electronic and other means,
3 instructional materials and related information re-
4 garding financial education programs for elementary
5 schools and secondary schools, including kinder-
6 gartens; and

7 “(3) to the extent that resources allow, to pro-
8 vide technical assistance to States, localities, and the
9 general public on the design, establishment, and im-
10 plementation of financial education programs for ele-
11 mentary schools and secondary schools, including
12 kindergartens.

13 “(f) CONSULTATION.—The chief executive officer of
14 the eligible entity selected to establish and operate the
15 Clearinghouse shall consult with the Department of the
16 Treasury and the Securities Exchange Commission with
17 respect to its activities under subsection (e).

18 “(g) SUBMISSION TO CLEARINGHOUSE.—Each Fed-
19 eral agency or department that develops financial edu-
20 cation programs and instructional materials for such pro-
21 grams shall submit to the Clearinghouse information on
22 the programs and copies of the materials.

23 “(h) APPLICATION OF COPYRIGHT LAWS.—In car-
24 rying out this section the Clearinghouse shall comply with
25 the provisions of title 17 of the United States Code.

1 **“SEC. 4404. EVALUATION AND REPORT.**

2 “(a) PERFORMANCE MEASURES.—The Secretary
3 shall develop measures to evaluate the performance of pro-
4 grams assisted under sections 4402 and 4403.

5 “(b) EVALUATION ACCORDING TO PERFORMANCE
6 MEASURES.—Applying the performance measures devel-
7 oped under subsection (a), the Secretary shall evaluate
8 programs assisted under sections 4402 and 4403—

9 “(1) to judge their performance and effective-
10 ness;

11 “(2) to identify which of the programs rep-
12 resent the best practices of entities developing finan-
13 cial education programs for students in kindergarten
14 through grade 12; and

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

18 “(c) REPORT.—For each fiscal year for which there
19 are appropriations under section 4407(a), the Secretary
20 shall transmit a report to Congress describing the status
21 of the implementation of this part. The report shall in-
22 clude the results of the evaluation required under sub-
23 section (b) and a description of the programs supported
24 under section 4402.

25 **“SEC. 4405. DEFINITIONS.**

26 “In this part:

1 “(1) FINANCIAL EDUCATION.—The term ‘finan-
2 cial education’ means educational activities and ex-
3 periences, planned and supervised by qualified teach-
4 ers, that enable students to understand basic eco-
5 nomic and consumer principals, acquire the skills
6 and knowledge necessary to manage personal and
7 household finances, and develop a range of com-
8 petencies that will enable them to become respon-
9 sible consumers in today’s complex economy.

10 “(2) QUALIFIED TEACHER.—The term ‘quali-
11 fied teacher’ means a teacher who holds a valid
12 teaching certification or is considered to be qualified
13 by the State educational agency in the State in
14 which the teacher works.

15 **“SEC. 4406. PROHIBITION.**

16 “Nothing in this part shall be construed to authorize
17 an officer or employee of the Federal Government to man-
18 date, direct, or control a State, local educational agency,
19 or school’s specific instructional content, curriculum, or
20 program of instruction, as a condition of eligibility to re-
21 ceive funds under this part.

22 **“SEC. 4407. AUTHORIZATION OF APPROPRIATIONS.**

23 “(a) AUTHORIZATION.—For the purposes of carrying
24 out this part, there are authorized to be appropriated

1 \$100,000,000 for each of the fiscal years 2004 through
2 2008.

3 “(b) LIMITATION ON FUNDS FOR CLEARING-
4 HOUSE.—The Secretary may use not less than 2 percent
5 and not more than 5 percent of amounts appropriated
6 under subsection (a) for each fiscal year to carry out sec-
7 tion 4403.

8 “(c) LIMITATION ON FUNDS FOR SECRETARY EVAL-
9 UATION.—The Secretary may use not more than \$200,000
10 from the amounts appropriated under subsection (a) for
11 each fiscal year to carry out subsections (a) and (b) of
12 section 4404.

13 “(d) LIMITATION ON ADMINISTRATIVE COSTS.—Ex-
14 cept as necessary to carry out subsections (a) and (b) of
15 section 4404 using amounts described in subsection (c) of
16 this section, the Secretary shall not use any portion of the
17 amounts appropriated under subsection (a) for the costs
18 of administering this part.”.

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