

109TH CONGRESS
2D SESSION

S. 2654

To protect consumers, and especially young consumers, from skyrocketing consumer debt and the barrage of credit card solicitations, to establish a financial literacy and education program in elementary and secondary schools to help prepare young people to be financially responsible consumers, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 26, 2006

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

A BILL

To protect consumers, and especially young consumers, from skyrocketing consumer debt and the barrage of credit card solicitations, to establish a financial literacy and education program in elementary and secondary schools to help prepare young people to be financially responsible consumers, and for other purposes.

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. SHORT TITLE.**

4 This Act may be cited as the “Protection of Young
5 Consumers Act of 2006”.

1 **SEC. 2. PROTECTION OF YOUNG CONSUMERS FROM**
 2 **PRESCREENED CREDIT OFFERS.**

3 (a) IN GENERAL.—Section 604(c)(1)(B) of the Fair
 4 Credit Reporting Act (15 U.S.C. 1681(c)(1)(B)) is
 5 amended—

6 (1) in clause (ii), by striking “and” at the end;

7 and

8 (2) in clause (iii), by striking the period at the
 9 end and inserting the following: “; and

10 “(iv) the consumer report indicates that
 11 the consumer is age 21 or older, except that a
 12 consumer who is at least 18 years of age may
 13 elect, in accordance with subsection (e)(7), to
 14 authorize the consumer reporting agency to in-
 15 clude the name and address of the consumer in
 16 any list of names provided by the agency pursu-
 17 ant to this paragraph.”.

18 (b) OPT-IN FOR YOUNG CONSUMERS.—Section
 19 604(e) of the Fair Credit Reporting Act (15 U.S.C.
 20 1681(e)) is amended—

21 (1) by striking the subsection heading and in-
 22 serting the following:

23 “(e) ELECTION OF CONSUMERS REGARDING
 24 LISTS.—”; and

25 (2) by adding at the end the following:

26 “(7) OPT-IN FOR UNDERAGE CONSUMERS.—

1 “(A) IN GENERAL.—A consumer who is at
2 least 18 years of age, but has not attained his
3 or her 21st birthday may elect to have the
4 name and address of the consumer included in
5 any list provided by a consumer reporting agen-
6 cy under subsection (c)(1)(B) in connection
7 with a credit or insurance transaction that is
8 not initiated by the consumer by notifying the
9 agency in accordance with subparagraph (B)
10 that the consumer consents to the use of a con-
11 sumer report relating to the consumer in con-
12 nection with any credit or insurance transaction
13 that is not initiated by the consumer.

14 “(B) MANNER OF NOTIFICATION.—An
15 election by a consumer described in subpara-
16 graph (A) shall be in writing, using a signed
17 notice of election form issued or made available
18 electronically by the agency at the request of
19 the consumer for purposes of this paragraph.

20 “(C) EFFECTIVENESS OF ELECTION.—An
21 election by a consumer under subparagraph (A)
22 to be included in a list provided by a consumer
23 reporting agency—

24 “(i) shall be effective until the earlier
25 of—

1 “(I) the 21st birthday of the con-
 2 sumer; or

3 “(II) the date on which the con-
 4 sumer notifies the agency, through the
 5 notification system established by the
 6 agency under paragraph (5), that the
 7 election is no longer effective; and

8 “(ii) shall be effective with respect to
 9 each affiliate of the agency.

10 “(D) RULE OF CONSTRUCTION.—An elec-
 11 tion by a consumer under subparagraph (A) to
 12 be included in a list provided by a consumer re-
 13 porting agency may not be construed to limit
 14 the applicability of this subsection to any per-
 15 son age 21 or older, and such person may elect
 16 to be excluded from any such list after the at-
 17 tainment of his or her 21st birthday in the
 18 manner otherwise provided under this sub-
 19 section.”.

20 **SEC. 3. PROMOTING YOUTH FINANCIAL LITERACY.**

21 (a) IN GENERAL.—Title IV of the Elementary and
 22 Secondary Education Act of 1965 (20 U.S.C. 7101 et
 23 seq.) is amended by adding at the end the following:

1 **“PART D—PROMOTING YOUTH FINANCIAL**
2 **LITERACY**

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

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

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

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

13 “(2) Despite the critical importance of financial
14 literacy to young people, the average high school
15 graduate lacks basic skills in the management of
16 personal financial affairs. A nationwide survey con-
17 ducted in 2004 by the Jump\$tart Coalition for Per-
18 sonal Financial Literacy examined the financial
19 knowledge of 4,074 12th graders. On average, sur-
20 vey respondents answered only 52 percent of the
21 questions correctly, up only slightly from the 50 per-
22 cent average score in 2002.

23 “(3) An evaluation by the National Endowment
24 for Financial Education High School Financial
25 Planning Program undertaken jointly with the Coop-
26 erative State Research, Education, and Extension

1 Service of the Department of Agriculture dem-
2 onstrates that as little as 10 hours of classroom in-
3 struction can impart substantial knowledge and af-
4 fect significant change in how teens handle their
5 money.

6 “(4) State educational leaders have recognized
7 the importance of providing a basic financial edu-
8 cation to students in kindergarten through grade 12
9 by integrating financial education into State edu-
10 cational standards, but by 2004, only 7 States re-
11 quired students to complete a course that covered
12 personal finance before graduating from high school.

13 “(5) Teacher training and professional develop-
14 ment are critical to achieving youth financial lit-
15 eracy. Teachers should be given the tools they need
16 to educate our Nation’s youth on personal finance
17 and economics.

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 award grants, from allocations under sub-
 14 section (c), to State educational agencies to develop and
 15 integrate youth financial education programs for students
 16 in elementary schools and secondary 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 to the Secretary that—

22 “(A) includes a State plan in accordance
 23 with paragraph (2); and

24 “(B) is approved by the Secretary.

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

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

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

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

12 “(c) ALLOCATION OF FUNDS.—

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

21 “(2) MINIMUM ALLOCATION.—Subject to the
22 availability of appropriations, and notwithstanding
23 paragraph (1), a State that has submitted a plan
24 under subsection (b) that is approved by the Sec-

1 retary shall be allocated a grant under this section
 2 that is not less than \$500,000 for a fiscal year.

3 “(3) REALLOCATION.—In any fiscal year, the
 4 Secretary shall reallocate, to States with approved
 5 plans under this section in accordance with para-
 6 graph (1), an allocation under this subsection—

7 “(A) for any State that has not submitted
 8 a plan under subsection (b); or

9 “(B) for any State whose plan submitted
 10 under subsection (b) has been disapproved by
 11 the Secretary.

12 “(d) USE OF GRANT FUNDS.—

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

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

1 “(B) to carry out professional development
2 programs to prepare teachers and administra-
3 tors for financial education; and

4 “(C) to monitor and evaluate programs
5 supported under subparagraphs (A) and (B).

6 “(2) LIMITATION ON ADMINISTRATIVE COSTS.—

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

11 “(e) REPORT TO THE SECRETARY.—

12 “(1) IN GENERAL.—Each State educational
13 agency receiving a grant under this section shall
14 transmit a report to the Secretary with respect to
15 each fiscal year for which a grant is received.

16 “(2) CONTENT OF REPORT.—Each report re-
17 quired under paragraph (1) shall describe—

18 “(A) the programs supported by the grant;

19 and

20 “(B) the results of the State educational
21 agency’s monitoring and evaluation of such pro-
22 grams.

23 **“SEC. 4403. CLEARINGHOUSE.**

24 “(a) AUTHORITY.—Subject to the availability of ap-
25 propriations, the Secretary shall make a grant to, or exe-

1 cute a contract with, an eligible entity with substantial ex-
2 perience in the field of financial education, such as the
3 Jump\$tart Coalition for Personal Financial Literacy, to
4 establish, operate, and maintain a national clearinghouse
5 (in this part referred to as the ‘Clearinghouse’) for in-
6 structional materials and information regarding model fi-
7 nancial education programs and best practices.

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

11 “(1) cataloging youth financial literacy mate-
12 rials; and

13 “(2) providing support services and materials to
14 schools and other organizations that work to pro-
15 mote youth financial literacy.

16 “(c) APPLICATION.—An eligible entity desiring to es-
17 tablish, operate, and maintain the Clearinghouse shall
18 submit an application to the Secretary at such time, in
19 such manner, and accompanied by such information, as
20 the Secretary may reasonably require.

21 “(d) 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 “(e) 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 schools and
7 secondary schools, including kindergartens, for use
8 by 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 schools and secondary schools, including kinder-
14 gartens; and

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

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

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

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

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

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

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 4402 and 4403—

17 “(1) to judge the programs’ performance and
 18 effectiveness;

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 kindergarten
 22 through grade 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.—

2 “(1) IN GENERAL.—For each fiscal year for
3 which there are appropriations under section
4 4407(a), the Secretary shall transmit a report to
5 Congress describing the status of the implementa-
6 tion of this part.

7 “(2) CONTENTS OF REPORT.—The report re-
8 quired under paragraph (1) shall include—

9 “(A) the results of the evaluation required
10 under subsection (b); and

11 “(B) a description of the programs sup-
12 ported under section 4402.

13 **“SEC. 4405. DEFINITIONS.**

14 “In this part:

15 “(1) FINANCIAL EDUCATION.—The term ‘finan-
16 cial education’ means educational activities and ex-
17 periences, planned and supervised by qualified teach-
18 ers, that enable students—

19 “(A) to understand basic economic and
20 consumer principles;

21 “(B) to acquire the skills and knowledge
22 necessary to manage personal and household fi-
23 nances; and

1 “(C) to develop a range of competencies
2 that will enable the students to become respon-
3 sible consumers.

4 “(2) QUALIFIED TEACHER.—The term ‘quali-
5 fied teacher’ means a teacher who holds a valid
6 teaching certification or is considered to be qualified
7 by the State educational agency in the State in
8 which the teacher works.

9 **“SEC. 4406. PROHIBITION.**

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

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

17 “(a) AUTHORIZATION.—For the purposes of carrying
18 out this part, there are authorized to be appropriated
19 \$100,000,000 for each of the fiscal years 2007 through
20 2011.

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

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 4404.

6 “(d) LIMITATION ON ADMINISTRATIVE COSTS.—Ex-
 7 cept as necessary to carry out subsections (a) and (b) of
 8 section 4404 using amounts described in subsection (c),
 9 the Secretary shall not use any portion of the amounts
 10 appropriated under subsection (a) for the costs of admin-
 11 istering this part.”.

12 (b) TABLE OF CONTENTS.—The table of contents of
 13 the Elementary and Secondary Education Act of 1965 (20
 14 U.S.C. 6301 note) is amended by inserting after the item
 15 relating to section 4304 the following:

“PART D—PROMOTING YOUTH FINANCIAL LITERACY

“Sec. 4401. Short title and findings.

“Sec. 4402. State grant program.

“Sec. 4403. Clearinghouse.

“Sec. 4404. Evaluation and report.

“Sec. 4405. Definitions.

“Sec. 4406. Prohibition.

“Sec. 4407. Authorization of appropriations.”.

16 (c) GAO STUDY.—

17 (1) STUDY.—The Comptroller General shall
 18 conduct an annual study of the effectiveness of the
 19 programs and activities assisted under part D of
 20 title IV of the Elementary and Secondary Education
 21 Act of 1965.

1 (2) REPORT.—The Comptroller General shall
2 prepare and submit to Congress a report on the re-
3 sults of each study conducted under paragraph (1).
4 The first such report shall be submitted 1 year after
5 the date of enactment of this Act and subsequent re-
6 ports shall be submitted each year thereafter.

7 (3) AUTHORIZATION OF APPROPRIATIONS.—
8 There are authorized to be appropriated to carry out
9 this section such sums as may be necessary for fiscal
10 year 2007 and each of the 4 succeeding fiscal years
11 thereafter.

○