

109TH CONGRESS
1ST SESSION

S. 923

To amend part A of title IV of the Social Security Act to require a State to promote financial education under the Temporary Assistance for Needy Families (TANF) Program and to allow financial education to count as a work activity under that program.

IN THE SENATE OF THE UNITED STATES

APRIL 27, 2005

Mr. CORZINE (for himself, Mr. AKAKA, Ms. STABENOW, Mr. LAUTENBERG, and Mr. OBAMA) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend part A of title IV of the Social Security Act to require a State to promote financial education under the Temporary Assistance for Needy Families (TANF) Program and to allow financial education to count as a work activity under that program.

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 “TANF Financial Edu-
5 cation Promotion Act of 2005”.

6 **SEC. 2. FINDINGS.**

7 Congress makes the following findings:

1 (1) Most recipients of assistance under the
2 Temporary Assistance for Needy Families (TANF)
3 Program established under part A of title IV of the
4 Social Security Act (42 U.S.C. 601 et seq.) and indi-
5 viduals moving toward self-sufficiency operate out-
6 side the financial mainstream, paying high costs to
7 handle their finances and saving little for emer-
8 gencies or the future.

9 (2) Currently, personal debt levels and bank-
10 ruptcy filing rates are high and savings rates are at
11 their lowest levels in 70 years. The inability of many
12 households to budget, save, and invest prevents them
13 from laying the foundation for a secure financial fu-
14 ture.

15 (3) Financial planning can help families meet
16 near-term obligations and maximize their longer-
17 term well being, especially valuable for populations
18 that have traditionally been underserved by our fi-
19 nancial system.

20 (4) Financial education can give individuals the
21 necessary financial tools to create household budg-
22 ets, initiate savings plans, and acquire assets.

23 (5) Financial education can prevent vulnerable
24 customers from becoming entangled in financially
25 devastating credit arrangements.

1 (6) Financial education that addresses abusive
 2 lending practices targeted at specific neighborhoods
 3 or vulnerable segments of the population can prevent
 4 unaffordable payments, equity stripping, and fore-
 5 closure.

6 (7) Financial education speaks to the broader
 7 purpose of the TANF Program to equip individuals
 8 with the tools to succeed and support themselves and
 9 their families in self-sufficiency.

10 **SEC. 3. REQUIREMENT TO PROMOTE FINANCIAL EDU-**
 11 **CATION UNDER TANF.**

12 (a) STATE PLAN.—Section 402(a)(1)(A) of the Social
 13 Security Act (42 U.S.C. 602(a)(1)(A)) is amended by add-
 14 ing at the end the following:

15 “(vii) Establish goals and take action
 16 to promote financial education, as defined
 17 in section 407(j), among parents and care-
 18 takers receiving assistance under the pro-
 19 gram through collaboration with commu-
 20 nity-based organizations, financial institu-
 21 tions, and the Cooperative State Research,
 22 Education, and Extension Service of the
 23 Department of Agriculture.”.

1 (b) INCLUSION OF FINANCIAL EDUCATION AS A
 2 WORK ACTIVITY.—Section 407 of the Social Security Act
 3 (42 U.S.C 607) is amended—

4 (1) in subsection (c)(1)—

5 (A) in subparagraph (A), by striking “or
 6 (12)” and inserting “(12), or (13)”; and

7 (B) in subparagraph (B), by striking “or
 8 (12)” each place it appears and inserting “(12),
 9 or (13)”; and

10 (2) in subsection (d)—

11 (A) in paragraph (11), by striking “and”
 12 at the end;

13 (B) in paragraph (12), by striking the pe-
 14 riod and inserting “; and”; and

15 (C) by adding at the end the following:

16 “(13) financial education, as defined in sub-
 17 section (j).”; and

18 (3) by adding at the end the following:

19 “(j) DEFINITION OF FINANCIAL EDUCATION.—In
 20 this part, the term ‘financial education’ means education
 21 that promotes an understanding of consumer, economic,
 22 and personal finance concepts, including the basic prin-
 23 ciples involved with earning, budgeting, spending, saving,
 24 investing, and taxation.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section take effect on October 1, 2005.

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