II

109TH CONGRESS
1ST SESSION

S. 925

To promote youth financial education.

IN THE SENATE OF THE UNITED STATES

APRIL 27, 2005

Mr. CORZINE (for himself, Mr. AKAKA, Ms. STABENOW, Mr. LAUTENBERG, and Mr. BAUCUS) 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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PROMOTING YOUTH FINANCIAL LITERACY.

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

"PART D—PROMOTING YOUTH FINANCIAL LITERACY

"SEC. 4401. SHORT TITLE AND FINDINGS.

"(a) SHORT TITLE.—This part may be cited as the 'Youth Financial Education Act'.

"(b) FINDINGS.—Congress finds the following:

"(1) In order to succeed in our dynamic American economy, young people must obtain the skills, knowledge, and experience necessary to manage their personal finances and obtain general financial literacy. All young adults should have the educational tools necessary to make informed financial decisions.

"(2) Despite the critical importance of financial literacy to young people, the average student who graduates from high school lacks basic skills in the management of personal financial affairs. A nationwide survey conducted in 2004 by the Jump$tart Coalition for Personal Financial Literacy examined the financial knowledge of 4,074 12th graders. On average, survey respondents answered only 52 percent of the questions correctly. This figure is up only slightly from the 50 percent average score in 2002.

"(3) An evaluation by the National Endowment for Financial Education High School Financial Planning Program undertaken jointly with the United States Department of Agriculture Cooperative State Research, Education, and Extension Service demonstrates that as little as 10 hours of classroom instruction can impart substantial knowledge and affect significant change in how teens handle their money.

"(4) State educational leaders have recognized the importance of providing a basic financial education to students in kindergarten through grade 12 by integrating financial education into State educational standards, but by 2004, only 7 States required students to complete a course that covered personal finance before graduating from high school.

"(5) Teacher training and professional development are critical to achieving youth financial literacy. Teachers should be given the tools they need to educate our Nation's youth on personal finance and economics.

"(6) Personal financial education helps prepare students for the workforce and for financial independence by developing their sense of individual responsibility, improving their life skills, and providing them with a thorough understanding of consumer economics that will benefit them for their entire lives.

"(7) Financial education integrates instruction in valuable life skills with instruction in economics, including income and taxes, money management, investment and spending, and the importance of personal savings.

"(8) The consumers and investors of tomorrow are in our schools today. The teaching of personal finance should be encouraged at all levels of our Nation's educational system, from kindergarten through grade 12.

"SEC. 4402. STATE GRANT PROGRAM.

"(a) PROGRAM AUTHORIZED.—The Secretary is authorized to provide grants to State educational agencies to develop and integrate youth financial education programs for students in elementary schools and secondary schools.

"(b) STATE PLAN.—

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

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

"(A) a description of how the State educational agency will use grant funds;

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

"(C) a description of how the State educational agency will evaluate program performance.

"(c) ALLOCATION OF FUNDS.—

"(1) ALLOCATION FACTORS.—Except as otherwise provided in paragraph (2), the Secretary shall allocate the amounts made available to carry out this section pursuant to subsection (a) to each State according to the relative populations in all the States of students in kindergarten through grade 12, as determined by the Secretary based on the most recent satisfactory data.

"(2) MINIMUM ALLOCATION.—Subject to the availability of appropriations and notwithstanding paragraph (1), a State that has submitted a plan under subsection (b) that is approved by the Secretary shall be allocated an amount that is not less than $500,000 for a fiscal year.

"(3) REALLOCATION.—In any fiscal year an allocation under this subsection—

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

"(B) for a State whose plan submitted under subsection (b) has been disapproved by the Secretary;

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

"(d) USE OF GRANT FUNDS.—

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

"(A) to provide funds to local educational agencies and public schools to carry out financial education programs for students in kindergarten through grade 12 based on the concept of achieving financial literacy through the teaching of personal financial management skills and the basic principles involved with earning, spending, saving, and investing;

"(B) to carry out professional development programs to prepare teachers and administrators for financial education; and

"(C) to monitor and evaluate programs supported under subparagraphs (A) and (B).

"(2) LIMITATION ON ADMINISTRATIVE COSTS.—A State educational agency receiving a grant under subsection (a) may use not more than 4 percent of the total amount of the grant in each fiscal year for the administrative costs of carrying out this section.

"(e) REPORT TO THE SECRETARY.—Each State educational agency receiving a grant under this section shall transmit a report to the Secretary with respect to each fiscal year for which a grant is received. The report shall describe the programs supported by the grant and the results of the State educational agency's monitoring and evaluation of such programs.

"SEC. 4403. CLEARINGHOUSE.

"(a) AUTHORITY.—Subject to the availability of appropriations, the Secretary shall make a grant to, or execute a contract with, an eligible entity with substantial experience in the field of financial education, such as the Jump$tart Coalition for Personal Financial Literacy, to establish, operate, and maintain a national clearinghouse (in this part referred to as the 'Clearinghouse') for instructional materials and information regarding model financial education programs and best practices.

"(b) ELIGIBLE ENTITY.—In this section, the term 'eligible entity' means a national nonprofit organization with a proven record of—

"(1) cataloging youth financial literacy materials; and

"(2) providing support services and materials to schools and other organizations that work to promote youth financial literacy.

"(c) APPLICATION.—An eligible entity desiring to establish, operate, and maintain the Clearinghouse shall submit an application to the Secretary at such time, in such manner, and accompanied by such information, as the Secretary may reasonably require.

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

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

"(1) to maintain a repository of instructional materials and related information regarding financial education programs for elementary schools and secondary schools, including kindergartens, for use by States, localities, and the general public;

"(2) to disseminate to States, localities, and the general public, through electronic and other means, instructional materials and related information regarding financial education programs for elementary schools and secondary schools, including kindergartens; and

"(3) to the extent that resources allow, to provide technical assistance to States, localities, and the general public on the design, establishment, and implementation of financial education programs for elementary schools and secondary schools, including kindergartens.

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

"(g) SUBMISSION TO CLEARINGHOUSE.—Each Federal agency or department that develops financial education programs and instructional materials for such programs shall submit to the Clearinghouse information on the programs and copies of the materials.

"(h) APPLICATION OF COPYRIGHT LAWS.—In carrying out this section the Clearinghouse shall comply with the provisions of title 17 of the United States Code.

"SEC. 4404. EVALUATION AND REPORT.

"(a) PERFORMANCE MEASURES.—The Secretary shall develop measures to evaluate the performance of programs assisted under sections 4402 and 4403.

"(b) EVALUATION ACCORDING TO PERFORMANCE MEASURES.—Applying the performance measures developed under subsection (a), the Secretary shall evaluate programs assisted under sections 4402 and 4403—

"(1) to judge their performance and effectiveness;

"(2) to identify which of the programs represent the best practices of entities developing financial education programs for students in kindergarten through grade 12; and

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

"(c) REPORT.—For each fiscal year for which there are appropriations under section 4407(a), the Secretary shall transmit a report to Congress describing the status of the implementation of this part. The report shall include the results of the evaluation required under subsection (b) and a description of the programs supported under section 4402.

"SEC. 4405. DEFINITIONS.

"In this part:

"(1) FINANCIAL EDUCATION.—The term 'financial education' means educational activities and experiences, planned and supervised by qualified teachers, that enable students to understand basic economic and consumer principles, acquire the skills and knowledge necessary to manage personal and household finances, and develop a range of competencies that will enable the students to become responsible consumers in today's complex economy.

"(2) QUALIFIED TEACHER.—The term 'qualified teacher' means a teacher who holds a valid teaching certification or is considered to be qualified by the State educational agency in the State in which the teacher works.

"SEC. 4406. PROHIBITION.

"Nothing in this part shall be construed to authorize an officer or employee of the Federal Government to mandate, direct, or control a State, local educational agency, or school's specific instructional content, curriculum, or program of instruction, as a condition of eligibility to receive funds under this part.

"SEC. 4407. AUTHORIZATION OF APPROPRIATIONS.

"(a) AUTHORIZATION.—For the purposes of carrying out this part, there are authorized to be appropriated $100,000,000 for each of the fiscal years 2006 through 2010.

"(b) LIMITATION ON FUNDS FOR CLEARINGHOUSE.—The Secretary may use not less than 2 percent and not more than 5 percent of amounts appropriated under subsection (a) for each fiscal year to carry out section 4403.

"(c) LIMITATION ON FUNDS FOR SECRETARY EVALUATION.—The Secretary may use not more than $200,000 from the amounts appropriated under subsection (a) for each fiscal year to carry out subsections (a) and (b) of section 4404.

"(d) LIMITATION ON ADMINISTRATIVE COSTS.—Except as necessary to carry out subsections (a) and (b) of section 4404 using amounts described in subsection (c) of this section, the Secretary shall not use any portion of the amounts appropriated under subsection (a) for the costs of administering this part.".

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