

110TH CONGRESS  
1ST SESSION

# H. R. 4335

To promote youth financial education.

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## IN THE HOUSE OF REPRESENTATIVES

DECEMBER 6, 2007

Mr. PAYNE (for himself, Mr. HINOJOSA, Mr. BISHOP of Georgia, Ms. CORRINE BROWN of Florida, Mr. BUTTERFIELD, Ms. CARSON, Mrs. CHRISTENSEN, Mr. CLEAVER, Mr. CLYBURN, Mr. COHEN, Mr. CONYERS, Mr. CROWLEY, Mr. CUMMINGS, Mr. DAVIS of Alabama, Mr. DAVIS of Illinois, Mr. DELAHUNT, Mr. ELLISON, Mr. FATTAH, Mr. GRIJALVA, Mr. GUTIERREZ, Mr. HASTINGS of Florida, Ms. NORTON, Mr. HONDA, Mr. JACKSON of Illinois, Ms. JACKSON-LEE of Texas, Mr. JEFFERSON, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. JOHNSON of Georgia, Ms. KILPATRICK, Mr. CLAY, Ms. LEE, Mr. LEWIS of Georgia, Mrs. MCCARTHY of New York, Mr. MCGOVERN, Mr. MEEK of Florida, Mr. MEEKS of New York, Ms. MOORE of Wisconsin, Mr. MORAN of Virginia, Mr. ORTIZ, Mr. PASTOR, Mr. RANGEL, Ms. ROYBAL-ALLARD, Mr. RUSH, Ms. LINDA T. SÁNCHEZ of California, Ms. LORETTA SANCHEZ of California, Mr. SCOTT of Georgia, Mr. SCOTT of Virginia, Mr. SERRANO, Mr. SIRES, Mr. TANNER, Mr. THOMPSON of Mississippi, Mr. TIERNEY, Mr. TOWNS, Mrs. JONES of Ohio, Ms. VELÁZQUEZ, Ms. WATERS, Ms. WATSON, Mr. WATT, Ms. WOOLSEY, Mr. WYNN, Ms. SOLIS, Ms. CLARKE, Mr. HIGGINS, and Mr. KUCINICH) introduced the following bill; which was referred to the Committee on Education and Labor

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## 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,*

1 **SECTION 1. PROMOTING YOUTH FINANCIAL LITERACY.**

2 Title IV of the Elementary and Secondary Education  
3 Act of 1965 (20 U.S.C. 7101 et seq.) is amended by add-  
4 ing at the end the following:

5 **“PART D—PROMOTING YOUTH FINANCIAL**  
6 **LITERACY**

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

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

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

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

17 “(2) Despite the critical importance of financial  
18 literacy to young people, the average student who  
19 graduates from high school lacks basic skills in the  
20 management of personal financial affairs. A nation-  
21 wide survey conducted in 2006 by the Jump\$start  
22 Coalition for Personal Financial Literacy examined  
23 the financial knowledge of 5,775 12th graders. On  
24 average, survey respondents answered only 52 per-  
25 cent of the questions correctly. This figure is up only  
26 slightly from the 50 percent average score in 2002.

1           “(3) An evaluation by the National Endowment  
2 for Financial Education High School Financial  
3 Planning Program undertaken jointly with the  
4 United States Department of Agriculture Coopera-  
5 tive State Research, Education, and Extension Serv-  
6 ice demonstrates that as little as 10 hours of class-  
7 room instruction can impart substantial knowledge  
8 and affect significant change in how teens handle  
9 their money.

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

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

22           “(6) Personal financial education helps prepare  
23 students for the workforce and for financial inde-  
24 pendence by developing their sense of individual re-  
25 sponsibility, improving their life skills, and providing

1       them with a thorough understanding of consumer  
2       economics that will benefit them for their entire  
3       lives.

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

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

14              “(9) Despite worrisome data about the lack of  
15       basic financial literacy among our Nation’s high  
16       school students, the Department of Education obli-  
17       gates less than 1 percent of its educational improve-  
18       ment funds toward financial education efforts.

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

20              “(a) PROGRAM AUTHORIZED.—The Secretary is au-  
21       thorized to provide grants to State educational agencies  
22       to develop and integrate youth financial education pro-  
23       grams for students in elementary schools and secondary  
24       schools.

1       “(b) STATE PLAN.—To be eligible to receive a grant  
2 under this section, a State educational agency shall submit  
3 an application that includes a State plan that is approved  
4 by the Secretary.

5       “(c) ALLOCATION OF FUNDS.—

6           “(1) ALLOCATION FACTORS.—Except as other-  
7 wise provided in paragraphs (2) through (4), the  
8 Secretary shall allocate the amounts made available  
9 to carry out this section pursuant to subsection (a)  
10 as follows:

11           “(A) The first \$100,000,000 for a fiscal  
12 year shall be allocated on a competitive basis  
13 based solely upon the merit of the applications  
14 submitted.

15           “(A) Any remaining amounts shall be allo-  
16 cated to each State according to the relative  
17 populations in all the States of students in kin-  
18 dergarten through grade 12, as determined by  
19 the Secretary based on the most recent satisfac-  
20 tory 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 an amount that is not less  
2       than \$500,000 for a fiscal year.

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

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

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

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

12               “(4) FUNDING THRESHOLD.—Until appropria-  
13       tions for programs under this Act exceed  
14       \$30,000,000, the Secretary shall conduct an annual  
15       competitive application process with funding distrib-  
16       uted among the States based solely upon the merit  
17       of the applications submitted.

18       “(d) USE OF GRANT FUNDS.—

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

22                       “(A) to provide funds to local educational  
23       agencies and public schools to carry out finan-  
24       cial education programs for students in kinder-  
25       garten through grade 12 based on the concept

1 of achieving financial literacy through the  
2 teaching of personal financial management  
3 skills and the basic principles involved with  
4 earning, spending, saving, investing, credit, and  
5 insurance;

6 “(B) to carry out professional development  
7 programs to prepare teachers and administra-  
8 tors for financial education; and

9 “(C) to monitor and evaluate programs  
10 supported under subparagraphs (A) and (B).

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

16 “(e) APPLICATIONS BY STATES.—In order to receive  
17 an allotment under this section for any fiscal year, a State  
18 shall submit to the Secretary, at such time as the Sec-  
19 retary may require, an application that—

20 “(1) designates the State educational agency as  
21 the agency responsible for the administration and  
22 supervision of programs assisted under this part;

23 “(2) describes how the State educational agency  
24 will use funds received under this part, including  
25 funds reserved for State-level activities;

1           “(3) describes how the programs assisted under  
2 this part will be coordinated with other relevant  
3 Federal, State, regional, and local programs;

4           “(4) contains an assurance that the State edu-  
5 cational agency will make awards under this part  
6 only to eligible entities that propose to give priority  
7 to serving—

8                   “(A) low-income populations; and

9                   “(B) populations that are above the pov-  
10 erty level but are low income working popu-  
11 lations;

12           “(5) describes the procedures and criteria the  
13 State educational agency will use for reviewing appli-  
14 cations and awarding funds to eligible entities on a  
15 competitive basis;

16           “(6) describes how the State educational agency  
17 will ensure that awards made under this part are of  
18 sufficient size and scope to support high-quality, ef-  
19 fective programs that are consistent with the pur-  
20 pose of this part;

21           “(7) describes the steps the State educational  
22 agency will take to ensure that programs implement  
23 effective strategies, including providing ongoing  
24 technical assistance and training, evaluation, and  
25 dissemination of promising practices;



1           “(8) provides an assurance that the application  
2           was developed in consultation and coordination with  
3           appropriate State officials, including the chief State  
4           school officer, representatives of teachers, the busi-  
5           ness community, and community-based organiza-  
6           tions; and

7           “(9) describes how the State educational agency  
8           will evaluate the effectiveness of programs and ac-  
9           tivities carried out under this part, which shall in-  
10          clude, at a minimum—

11                 “(A) a description of the performance indi-  
12                 cators and performance measures that will be  
13                 used to evaluate programs and activities; and

14                 “(B) public dissemination of the evalua-  
15                 tions of programs and activities carried out  
16                 under this part.

17          “(f) LOCAL COMPETITIVE GRANT PROGRAM.—

18                 “(1) IN GENERAL.—A State that receives funds  
19                 under this part for a fiscal year shall provide the  
20                 amount made available under this section to eligible  
21                 entities in accordance with this part.

22                 “(2) APPLICATION.—

23                         “(A) IN GENERAL.—To be eligible to re-  
24                         ceive an award under this part, an eligible enti-  
25                         ty shall submit an application to the State edu-

1           cational agency at such time, in such manner,  
2           and including such information as the State  
3           educational agency may reasonably require.

4           “(B) CONTENTS.—Each application sub-  
5           mitted under subparagraph (A) shall include—

6                   “(i) a description of how the eligible  
7                   entity will use funds received under this  
8                   part;

9                   “(ii) an identification of Federal,  
10                  State, and local programs that will be com-  
11                  bined or coordinated with the proposed  
12                  program to make the most effective use of  
13                  public resources;

14                  “(iii) a description of the partnership  
15                  between a local educational agency, a com-  
16                  munity-based organization, and another  
17                  public entity or private entity, if appro-  
18                  priate;

19                  “(iv) an evaluation of the community  
20                  needs and available resources and a de-  
21                  scription of how the program proposed to  
22                  be carried out in the center will address  
23                  those needs;

24                  “(v) a demonstration that the eligible  
25                  entity has experience, or promise of suc-

1           cess, in providing educational and related  
2           activities that will complement and en-  
3           hance positive youth development of the  
4           students; and

5                   “(vi) if the eligible entity plans to use  
6           volunteers, a description of how the eligible  
7           entity will encourage and use individuals  
8           with appropriate financial literacy quali-  
9           fications to serve as the volunteers; and

10                   “(vii) such other information and as-  
11           surances as the State educational agency  
12           may reasonably require.

13           “(3) AMOUNT OF AWARDS.—A grant awarded  
14           under this part may not be made in an amount that  
15           is less than \$50,000.

16           “(4) PRIORITY.—In awarding grants under this  
17           part, a State educational agency shall give priority  
18           to applications proposing to give priority to serv-  
19           ing—

20                   “(A) low-income populations; and

21                   “(B) populations that are above the pov-  
22           erty level but are low income working popu-  
23           lations.

24           “(g) REPORT TO THE SECRETARY.—Each State edu-  
25           cational 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 educational agency's monitoring and  
5 evaluation of such programs.

6 **“SEC. 4403. 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 eligible entity with substantial ex-  
10 perience in the field of financial education to establish, op-  
11 erate, and maintain a national clearinghouse (in this part  
12 referred to as the ‘Clearinghouse’) for instructional mate-  
13 rials and information regarding model financial education  
14 programs and best practices.

15       “(b) **ELIGIBLE ENTITY.**—In this section, the term  
16 ‘eligible entity’ means—

17               “(1) an institution of higher education; or

18               “(2) a national nonprofit organization.

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

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

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

7               “(1) to maintain a repository of instructional  
8 materials and related information regarding finan-  
9 cial education programs for elementary schools and  
10 secondary schools, including kindergartens, for use  
11 by States, localities, and the general public, that  
12 take into account limited-English populations and  
13 cultural differences and sensitivities among various  
14 populations;

15               “(2) to disseminate to States, localities, and the  
16 general public, through electronic and other means,  
17 instructional materials and related information re-  
18 garding financial education programs for elementary  
19 schools and secondary schools, including kinder-  
20 gartens; and

21               “(3) to the extent that resources allow, to pro-  
22 vide technical assistance to States, localities, and the  
23 general public on the design, establishment, and im-  
24 plementation of financial education programs for ele-

1 elementary schools and secondary schools, including  
2 kindergartens.

3 “(f) CONSULTATION.—The administrator of the eligi-  
4 ble entity selected to establish and operate the Clearing-  
5 house shall consult with community-based organizations,  
6 educational institutions, and financial organizations, and  
7 with appropriate elements of the Federal Government, if  
8 appropriate.

9 “(g) SUBMISSION TO CLEARINGHOUSE.—Each Fed-  
10 eral agency or department that develops financial edu-  
11 cation programs and instructional materials for such pro-  
12 grams shall submit to the Clearinghouse information on  
13 the programs and copies of the materials.

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

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

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

21 “(b) EVALUATION ACCORDING TO PERFORMANCE  
22 MEASURES.—Applying the performance measures devel-  
23 oped under subsection (a), the Secretary shall evaluate  
24 programs assisted under sections 4402 and 4403—

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

3           “(2) to identify which of the programs rep-  
4           resent the best practices of entities developing finan-  
5           cial education programs for students in kindergarten  
6           through grade 12;

7           “(3) to identify which of the programs may be  
8           replicated and used to provide technical assistance to  
9           States, localities, and the general public; and

10          “(4) to assess whether educational practices de-  
11          scribed herein increased the aptitude and ability of  
12          students to manage financial resources including  
13          credit cards, insurance, savings accounts and stu-  
14          dent loans.

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

22          **“SEC. 4405. DEFINITIONS.**

23          “In this part:

24                 “(1) FINANCIAL EDUCATION.—The term ‘finan-  
25                 cial education’ means educational activities and ex-

1 experiences, planned and supervised by qualified teach-  
2 ers, that enable students to understand basic eco-  
3 nomic and consumer principles, acquire the skills  
4 and knowledge necessary to manage personal and  
5 household finances, and develop a range of com-  
6 petencies that will enable the students to become re-  
7 sponsible consumers in today’s complex economy.

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

13 “(3) STATE.—The term ‘State’ includes the  
14 District of Columbia, the Commonwealth of Puerto  
15 Rico, and any other territories or possessions of the  
16 United States.

17 **“SEC. 4406. PROHIBITION.**

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



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

2 “(a) AUTHORIZATION.—For the purposes of carrying  
3 out this part, there are authorized to be appropriated, for  
4 each of fiscal years 2008 through 2012, the following:

5 “(1) GRANT PROGRAM.—\$100,000,000 to carry  
6 out section 4402.

7 “(2) CLEARINGHOUSE.—\$1,500,000 to carry  
8 out section 4403.

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

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

20 **SEC. 2. FUNDING SETASIDE FOR FINANCIAL LITERACY AC-**  
21 **TIVITIES.**

22 Part D of title V of the Elementary and Secondary  
23 Education Act of 1965 is amended by inserting after sec-  
24 tion 5401 (20 U.S.C. 7241) the following:

1 **“SEC. 5402. FUNDING SETASIDE FOR FINANCIAL LITERACY**  
2 **ACTIVITIES.**

3 “Notwithstanding any other provision of this title,  
4 the Secretary shall set aside two percent of the funds ap-  
5 propriated to carry out this part for each fiscal year. The  
6 funds set aside shall be used to support financial literacy  
7 activities under subpart 13.”.

○