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113TH CONGRESS
1ST SESSION

H. R. 891

To establish a grant program in the Bureau of Consumer Financial Protection to fund the establishment of centers of excellence to support research, development and planning, implementation, and evaluation of effective programs in financial literacy education for young people and families ages 8 through 24 years old, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 28, 2013

Mr. CARSON of Indiana introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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A BILL

To establish a grant program in the Bureau of Consumer Financial Protection to fund the establishment of centers of excellence to support research, development and planning, implementation, and evaluation of effective programs in financial literacy education for young people and families ages 8 through 24 years old, and for other purposes.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Young Americans Financial Literacy Act''.

SEC. 2. FINDINGS.

The Congress finds as follows:

(1) Since 2007, there has been a nearly 20-percent drop in the number of 18-year-olds with bank accounts, and in 2012, nearly one in three Americans don't pay their bills on time.

(2) Ninety percent of Americans believe all high school students should be required to take a class in financial education.

(3) Eighty percent of parents believe schools are teaching money management and budgeting, while over 70 percent of teachers are not teaching financial literacy.

(4) According to a 2010 survey, only a few States have adopted varying degrees of financial literacy curriculum, and only four States require high school students to take a semester long course.

(5) Two in five U.S. adults gave themselves a C, D or F on their knowledge of personal finance. In 2011, 76 percent admitted they could benefit from additional advice and answers to everyday financial questions from a professional.

(6) Two in five adults indicated that they are now saving less than they were one year ago.

(7) Most adults feel that their financial literacy skills are inadequate, yet they do not rely on anyone else to handle their finances; they feel it is important to know more but have received no financial education.

(8) It is necessary to respond immediately to the pressing needs of individuals faced with the loss of their financial stability, however increased attention must also be paid to financial literacy education reform and long-term solutions to prevent future personal financial disasters.

(9) There is an urgent need to respond to the economic recovery with research-based financial literacy education programs to reach individuals at all ages and socioeconomic levels, particularly those facing unique and challenging financial situations, such as high school graduates entering the workforce, soon-to-be and recent college graduates, young families, and the unique needs of military personnel and their families.

(10) More than 70 percent of parents say they have spoken with their teens about credit and using credit cards wisely, while less than 44 percent of the

teenaged children of those respondents say their parents have talked to them about credit cards.

(11) Seventy-six percent of parents surveyed said their high school student does not have a budget.

(12) Seventy-five percent of 16 to 18-year-olds say learning more about budgeting and money management is one of their top priorities. Researchers document a ''snowball effect'' that such early efforts exponentially increase the likelihood that students will pursue more financial education as time goes on.

(13) High school and college students who are exposed to cumulative financial education show an increase in financial knowledge, which in turn drives increasingly responsible behavior as they become young adults.

(14) Sixty percent of parents identify their teens as ''quick spenders'', and most acknowledge they could do a better job of teaching and preparing kids for the financial challenges of adulthood, including budgeting, saving, and investing.

(15) Ninety-three percent of teens surveyed in a 2012 report say they are not involved in paying household bills or managing the household budget.

Forty-six percent admit to not knowing how to create a budget.

(16) The majority (52 percent) of young adults between the ages of 23–28 consider ‘‘making better choices about managing money’’ the single most important issue for individual Americans to act on today.

(17) According to the Government Accountability Office, giving Americans the information they need to make effective financial decisions can be key to their well-being and to the country's economic health. The recent financial crisis, when many borrowers failed to fully understand the risks associated with certain financial products, underscored the need to improve individuals' financial literacy and empower all Americans to make informed financial decisions. This is especially true for young people as they are earning their first paychecks, securing student aid, and establishing their financial independence. Therefore, focusing economic education and financial literacy efforts and best practices for young people between the ages of 8–24 is of utmost importance.

SEC. 3. AUTHORIZATION FOR FUNDING THE ESTABLISHMENT OF CENTERS OF EXCELLENCE IN FINANCIAL LITERACY EDUCATION.

(a) IN GENERAL.—The Director of the Bureau of Consumer Financial Protection, in consultation with the Financial Literacy and Education Commission established under the Financial Literacy and Education Improvement Act, may make competitive grants to and enter into agreements with eligible institutions to establish centers of excellence to support research, development and planning, implementation, and evaluation of effective programs in financial literacy education for young people and families ages 8 through 24 years old.

(b) AUTHORIZED ACTIVITIES.—Activities authorized to be funded by grants made under subsection (a) shall include the following:

(1) Developing and implementing comprehensive research based financial literacy education programs for young people—

(A) based on a set of core competencies and concepts established by the Director, including goal setting, planning, budgeting, managing money or transactions, tools and structures, behaviors, consequences, both long- and short-term savings, managing debt and earnings; and

(B) which can be incorporated into educational settings through existing academic content areas, including materials that appropriately serve various segments of at-risk populations, particularly minority and disadvantaged individuals.

(2) Designing instructional materials using evidence-based content for young families and conducting related outreach activities to address unique life situations and financial pitfalls, including bankruptcy, foreclosure, credit card misuse, and predatory lending.

(3) Developing and supporting the delivery of professional development programs in financial literacy education to assure competence and accountability in the delivery system.

(4) Improving access to, and dissemination of, financial literacy information for young people and families.

(5) Reducing student loan default rates by developing programs to help individuals better understand how to manage educational debt through sustained educational programs for college students.

(6) Conducting ongoing research and evaluation of financial literacy education programs to assure

learning of defined skills and knowledge, and retention of learning.

(7) Developing research-based assessment and accountability of the appropriate applications of learning over short and long terms to measure effectiveness of authorized activities.

(c) PRIORITY FOR CERTAIN APPLICATIONS.—The Director shall give a priority to applications that—

(1) provide clear definitions of ''financial literacy'' and ''financially literate'' to clarify educational outcomes;

(2) establish parameters for identifying the types of programs that most effectively reach young people and families in unique life situations and financial pitfalls, including bankruptcy, foreclosure, credit card misuse, and predatory lending;

(3) include content that is appropriate to age and socioeconomic levels;

(4) develop programs based on educational standards, definitions, and research;

(5) include individual goals of financial independence and stability; and

(6) establish professional development and delivery systems using evidence-based practices.

(d) APPLICATION AND EVALUATION STANDARDS AND PROCEDURES; DISTRIBUTION CRITERIA.—The Director shall establish application and evaluation standards and procedures, distribution criteria, and such other forms, standards, definitions, and procedures as the Director determines to be appropriate.

(e) LIMITATION ON GRANT AMOUNTS.—

(1) IN GENERAL.—The aggregate amount of grants made under this section during any fiscal year may not exceed $55,000,000.

(2) TERMINATION.—No grants may be made under this section after the end of fiscal year 2018.

(f) DEFINITIONS.—For purposes of this Act the following definitions shall apply:

(1) DIRECTOR.—The term ''Director'' means the Director of the Bureau of Consumer Financial Protection.

(2) ELIGIBLE INSTITUTION.—The term ''eligible institution'' means a partnership of two or more of the following:

(A) Institution of higher education.

(B) Local educational agency.

(C) A nonprofit agency, organization, or association.

(D) A financial institution.

(3) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" has the meaning given such term in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001(a)).

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