

## KEY FINANCIAL LITERACY BILLS IN CONGRESS

### Signed into Law

As part of the credit card reform legislation signed into law in May 2009, a study is required, within 9 months, to be done by the U. S. Secretary of Education and the U. S. Department of Treasury, Director of the Office of Financial Education at Treasury, in coordination with the President's Advisory Council on Financial Literacy (PACFL). The law states that the study should evaluate and compile a summary of all existing federal financial literacy programs, and provide an evaluation of them. The report must address: the 2008 recommendations of the PACFL; existing federal programs for both K-12 and post-secondary students; the current financial and economic literacy needs of adults, particularly low and middle-income adults; ways to incorporate and disseminate best practices and high-quality curricula; and specific recommendations of sources of revenue to support financial education, with a specific analysis of the use of credit card transaction fees for this purpose.

Within 6 months of the report, a "strategic plan to improve and expand financial and economic literacy education" must be presented to Congress.

### Pending Bills in Congress

#### House

**HR 767, the National Financial Literacy Act (Rep. Eddie Bernice Johnson, D-TX, and 10 co-sponsors):**

- Requires regulations to set minimum standards to be met by a community-based financial literacy program in order to be eligible for consideration as a "qualified community-based financial literacy program"
- Requires financial institutions to submit a regular report on how the institution supported and promoted financial literacy in its community
- Allows an institution's direct support of a qualified community-based financial literacy program to be considered as part of CRA obligations
- Allows small business tax credit for 35% of the expenses incurred for providing qualified continuing financial education to their employees
- Requires that preference in federal contracts, loans, and other financial or nonfinancial assistance for small businesses and corporations be given to those providing continuing financial education to their employees.

**HR 1645, Financial and Economic Literacy Improvement Act (Rep. Carolyn McCarthy, D-NY, and 5 cosponsors – companion bill to S. 638 in Senate):**

- Allows for matching Department of Education grants to states or partnerships between states, experienced nonprofit providers of financial and economic literacy education, and experienced nonprofit providers of teacher training in such fields.
- Requires grantees to use 25% of the grant funds to: (1) develop financial and economic literacy standards and assessments for at least three grade levels; (2) create teacher training programs to embed financial and economic literacy education into core academic

subjects; and (3) evaluate the impact such education has on students' financial and economic literacy.

- Requires the remaining grant funds to be used for subgrants to local educational agencies for financial literacy activities, including student assessments and teacher training.
- Requires creation of a Financial and Economic Literacy and Economic Education Clearinghouse of best practices, tools, and instructional materials that are aligned with voluntary nationally recognized curriculum standards in such areas.
- Creates competitive grants to colleges and universities for activities that increase student knowledge in consumer, economic, and personal financial concepts.

**HR 1325 (Rep. Sheila Jackson-Lee, D-TX, and 15 cosponsors):**

- Colleges and universities must provide at least four hours of financial literacy counseling to students who accept federal loans. Counseling should include information on banking, budgeting, credit cards and ratings, loans, grants and scholarships, renting and housing, and investing.

**HR 2012 (Rep. Donald Payne, D-NJ)**

- Youth financial education bill, provides for Department of Education grants to states for developing financial education programs and curricula for students K through 12, with some of the funds allocated competitively and the remainder of the funds divided among all states based on proportion of students in K-12.

**HR 3037, Financial Literacy for Youth Act (Rep. Emanuel Cleaver, D-MO, and 5 cosponsors):**

- Establishes a pilot program awarding grants to 10 state or local educational agencies to develop financial literacy programs in elementary and secondary schools.

**HR 3147, Young Adults Financial Literacy Act (Rep. Andre Carson, D-IL, and 19 cosponsors):**

- Authorizes competitive grants to, and enter contracts 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 adults and families ages 15-24 years old.

**Senate**

**S. 786, the Improving Access to Mainstream Financial Services Act (Senator Daniel Akaka, D-HI, and 3 cosponsors):**

- Authorizes grants to certain entities to create bank accounts for people who do not have a bank account.
- Authorizes demonstration project grants to eligible entities to provide low-cost, small loans to consumers that will provide alternatives to more costly, predatory payday loans. Requires grant recipients to offer financial literacy and education opportunities to each consumer provided with a loan.

**S. 638 (Senator Patty Murray, D-WA) – companion bill to HR 1645, see above)**

**S. 1339, Financial Literacy for Students Act (Senator Kay Hagan, D-NC):**

- Authorizes grants to states to integrate financial literacy education into their public middle and secondary schools and provide teacher training.
- Authorizes grants to local educational agencies for the provision of financial literacy training and assistance to parents and students. Encourages partnerships with community organizations, financial institutions, or local businesses.
- Calls for coordinate of the activities funded with the activities carried out by any financial education research center operated by a Federal Reserve bank.

**Individual Development Account (IDA) bills** – Three bills introduced – S. 985 by Senator Blanche Lincoln (D-AR), HR 1234 by Rep. Joseph Pitts (R-PA) and HR 2277 by Rep. Earl Pomeroy (D-ND), which would expand IDAs for low-income individuals to save for a home purchase, education expenses or small business expansion. Financial education course is required for use of the funds.