

Financial and Economic Literacy Improvement Act of 2009

Senator Murray and Senator Cochran

In this time of economic uncertainty, knowledge of financial and economic concepts is more important than ever for individuals navigating decisions about their finances, housing, employment, or education.

One of the most promising ways to ensure that Americans have the financial and economic skills they need to make sound decisions is through the education system, whether in elementary and secondary school courses or in college. Unfortunately, this skill set often receives too little attention in formal education. In addition, there are too few options for adults who are looking to learn more about financial concepts that affect their everyday lives.

The Financial Literacy Improvement Act seeks to enhance the teaching of economic and personal finance principals across disciplines in K-12 education, and to make practical financial and economic courses more widely available to adults of any age through our higher education system, including 2- and 4-year colleges. This bill will better prepare today's and tomorrow's citizens for the numerous individual financial decisions needed to ensure prosperous, healthy, and productive communities.

Bill Summary:

I. K-12 Financial Literacy Education Grants (addition to Title V of ESEA)

Purpose: To improve financial literacy education in K-12 education and enhance student knowledge of consumer, economic, and personal finance concepts.

A. Formula grants to state education agency or an eligible partnership for financial literacy

➤ **Eligible state partnership must include:**

- A state education agency
- A non-profit organization with experience and a proven quality track record in financial literacy or personal finance education programs or in quality professional development for teachers integral to financial and economic literacy education

➤ **Required State Activities:**

- Development of financial literacy standards and valid, reliable assessments in at least 3 grade levels: at least one grade level in elementary school, at least one in middle school, and at least one in high school;
- Teacher professional development programs to embed financial literacy or personal finance education into core academic subjects; and
- Evaluation of the impact on financial literacy or personal finance education on students' understanding of financial literacy concepts

B. Competitive subgrants to local education agencies or local eligible partnerships (25% match)

➤ **Eligible local partnership must include a local education agency, and at least one of the following:**

- A non-profit organization with experience and a proven track record in quality financial and economic literacy or personal finance education programs, or in quality professional development for teachers integral to financial and economic literacy education

- An Educational Service Agency
- A recipient of the Excellence in Economic Education grants in ESEA Title V
- An institution of higher education (public, or private non-profit)
- A community organization
- A representative of local business

➤ Required Local Activities:

- Implement teacher training programs to embed financial literacy and personal finance education into core academic subjects
- Administer financial literacy assessments on at least an annual basis
- Implement financial literacy activities and sequences of study within core academic subjects.

➤ Allowable local uses:

- The implementation of school-based activities, which may include afterschool activities, to enhance student understanding and experiential learning with consumer, economic, and personal finance concepts

➤ Reporting/Accountability: Local education agency will include results of financial literacy assessments established above in their Annual Report Card to the Secretary.

Total Authorization level: \$125 million for FY 09, and for each of the succeeding 5 years.

II. Clearinghouse on Resources and Best Practices

Purpose: To create a centrally-located, user-friendly clearinghouse of information, resources, and best practices for the instruction of financial and economic literacy. The clearinghouse would contain high quality materials related to K-12 education and postsecondary education.

III. Grants to Promote Postsecondary Financial Literacy

Purpose: To provide and enhance consumer, economic, and personal financial literacy education for college-age students, adults, and seniors through colleges, universities, and community colleges.

- Competitive grants to institutions of higher education or eligible partnerships to assist postsecondary institutions in providing financial literacy courses or course components.
- Eligible partnerships must include an institution of higher education plus a non-profit organization with experience and a proven track record in quality financial literacy or personal finance education programs
- Required uses: To develop and implement financial literacy education, activities, student organizations, or counseling that increase student knowledge in consumer, economic, and personal financial concepts.

Authorization level: \$125 million for FY 09 and for each of the succeeding 5 years.

Minimum grant amount: \$500,000