

108TH CONGRESS  
1ST SESSION

# S. 1800

To amend the Higher Education Act of 1965 to enhance literacy in finance and economics, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

OCTOBER 30, 2003

Mr. AKAKA (for himself, Mr. SARBANES, and Mr. CORZINE) 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 amend the Higher Education Act of 1965 to enhance literacy in finance and economics, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “College Literacy in  
5 Finance and Economics (College LIFE) Act”.

6 **SEC. 2. AREAS OF EMPHASIS.**

7 Part B of title I of the Higher Education Act of 1965  
8 (20 U.S.C. 1011 et seq.) is amended by adding at the end  
9 the following:

1 **“SEC. 123. AREAS OF EMPHASIS.**

2 “In carrying out activities under this Act related to  
3 improving financial and economic literacy, education, and  
4 counseling, the Secretary shall emphasize, among other  
5 elements, basic personal income and household money  
6 management and financial planning skills, and basic eco-  
7 nomic decision making skills, including how to—

8 “(1) create household budgets, initiate savings  
9 plans, and make strategic investment decisions for  
10 education, employment, retirement, home ownership,  
11 wealth building, or other savings goals;

12 “(2) manage credit and debt effectively, includ-  
13 ing student financial aid and credit card debt, and  
14 understand the merits of establishing and maintain-  
15 ing excellent credit history;

16 “(3) understand, evaluate, and compare fair  
17 and favorable financial products, services, and op-  
18 portunities, and avoid abusive, predatory, or decep-  
19 tive financial products, services, and opportunities;

20 “(4) complete tax returns and understand tax  
21 consequences when making certain financial deci-  
22 sions, such as placing an investment or purchasing  
23 a home;

24 “(5) identify economic problems, alternatives,  
25 benefits, and costs;

1           “(6) analyze the incentives at work in an eco-  
2           nomic situation;

3           “(7) examine the consequences of changes in  
4           economic conditions and public policies;

5           “(8) collect and organize economic evidence, in-  
6           cluding understanding, evaluating, and making stra-  
7           tegic decisions using economic indicators;

8           “(9) compare benefits with costs; and

9           “(10) improve financial and economic literacy  
10          and education through all other related skills.”.

11 **SEC. 3. COORDINATION.**

12          In carrying out the financial and economic literacy  
13 activities authorized under this Act and the amendments  
14 made by this Act, the Secretary of Education, to the great-  
15 est extent practicable, shall coordinate such activities with  
16 the financial and economic literacy efforts of a Federal  
17 commission comprised of members from the Department  
18 of Education, the Department of the Treasury, and other  
19 entities the President, the Secretary of Education, and the  
20 Secretary of the Treasury determine appropriate.

21 **SEC. 4. ENHANCEMENT OF FINANCIAL LITERACY AND ECO-**  
22 **NOMIC LITERACY.**

23          The Higher Education Act of 1965 (20 U.S.C. 1001  
24 et seq.) is amended—

1 (1) in section 201(a)(3), by inserting “personal  
2 finance,” after “economics,”;

3 (2) in section 311(c)—

4 (A) by redesignating paragraphs (7)  
5 through (12) as paragraphs (8) through (13),  
6 respectively; and

7 (B) by inserting after paragraph (6) the  
8 following:

9 “(7) Education or counseling services designed  
10 to improve the financial literacy and economic lit-  
11 eracy of students and their parents.”;

12 (3) in section 316(c)(2)—

13 (A) by redesignating subparagraphs (G)  
14 through (L) as subparagraphs (H) through  
15 (M), respectively;

16 (B) by inserting after subparagraph (F)  
17 the following:

18 “(G) education or counseling services de-  
19 signed to improve the financial literacy and eco-  
20 nomic literacy of students and their parents;”;  
21 and

22 (C) in subparagraph (M), as redesignated  
23 by subparagraph (A), by striking “subpara-  
24 graphs (A) through (K)” and inserting “sub-  
25 paragraphs (A) through (L)”;

1 (4) in section 317(c)(2)—

2 (A) in subparagraph (G), by striking  
3 “and” after the semicolon;

4 (B) in subparagraph (H), by striking the  
5 period at the end and inserting “; and”; and

6 (C) by adding at the end the following:

7 “(I) education or counseling services de-  
8 signed to improve the financial literacy and eco-  
9 nomic literacy of students and their parents.”;

10 (5) in section 323(a)—

11 (A) by redesignating paragraphs (7)  
12 through (12) as paragraphs (8) through (13),  
13 respectively; and

14 (B) by inserting after paragraph (6) the  
15 following:

16 “(7) Education or counseling services designed  
17 to improve the financial literacy and economic lit-  
18 eracy of students and their parents.”;

19 (6) in section 326(c)—

20 (A) by redesignating paragraphs (5)  
21 through (7) as paragraphs (6) through (8), re-  
22 spectively; and

23 (B) by inserting after paragraph (4) the  
24 following:

1 “(5) education or counseling services designed  
2 to improve the financial literacy and economic lit-  
3 eracy of students and their parents;”;

4 (7) in section 503(b)—

5 (A) by redesignating paragraphs (5)  
6 through (14) as paragraphs (6) through (15),  
7 respectively; and

8 (B) by inserting after paragraph (4) the  
9 following:

10 “(5) Education or counseling services designed  
11 to improve the financial literacy and economic lit-  
12 eracy of students and their parents.”;

13 (8) in section 402B(b)—

14 (A) by redesignating paragraphs (3)  
15 through (10) as paragraphs (4) through (11),  
16 respectively;

17 (B) by inserting after paragraph (2) the  
18 following:

19 “(3) education or counseling services designed  
20 to improve the financial literacy and economic lit-  
21 eracy of students and their parents;” and

22 (C) in paragraph (11), as redesignated by  
23 subparagraph (A), by striking “paragraphs (1)  
24 through (9)” and inserting “paragraphs (1)  
25 through (10)”;

1 (9) in section 402C—

2 (A) in subsection (b)—

3 (i) by redesignating paragraphs (2)  
4 through (12) as paragraphs (3) through  
5 (13), respectively;

6 (ii) by inserting after paragraph (1)  
7 the following:

8 “(2) education or counseling services designed  
9 to improve the financial literacy and economic lit-  
10 eracy of students and their parents;” and

11 (iii) in paragraph (13), as redesi-  
12 gnated by clause (i), by striking “para-  
13 graphs (1) through (11)” and inserting  
14 “paragraphs (1) through (12)”;

15 (B) in subsection (e), by striking “sub-  
16 section (b)(10)” and inserting “subsection  
17 (b)(11)”;

18 (10) in section 402D(b)—

19 (A) by redesignating paragraphs (2)  
20 through (10) as paragraphs (3) through (11),  
21 respectively;

22 (B) by inserting after paragraph (1) the  
23 following:

1           “(2) education or counseling services designed  
2 to improve the financial literacy and economic lit-  
3 eracy of students and their parents;” and

4           (C) in paragraph (11), as redesignated by  
5 subparagraph (A), by striking “paragraphs (1)  
6 through (9)” and inserting “paragraphs (1)  
7 through (10)”;

8           (11) in section 402E(b)—

9           (A) by redesignating paragraphs (7) and  
10 (8) as paragraphs (8) and (9), respectively; and

11           (B) by inserting after paragraph (6) the  
12 following:

13           “(7) education or counseling services designed  
14 to improve the financial literacy and economic lit-  
15 eracy of students and their parents;”;

16           (12) in section 402F(b)—

17           (A) by redesignating paragraphs (4)  
18 through (10) as paragraphs (5) through (11),  
19 respectively;

20           (B) by inserting after paragraph (3) the  
21 following:

22           “(4) education or counseling services designed  
23 to improve the financial literacy and economic lit-  
24 eracy of students and their parents;” and

1 (C) in paragraph (11), as redesignated by  
2 subparagraph (A), by striking “paragraphs (1)  
3 through (9)” and inserting “paragraphs (1)  
4 through (10)”;

5 (13) in section 404D(b)(2)(A)(ii), by striking  
6 “and academic counseling” and inserting “academic  
7 counseling, and financial literacy and economic lit-  
8 eracy education or counseling”;

9 (14) by striking section 418A(c)(1)(B)(i) and  
10 inserting the following:

11 “(i) personal, academic, career, and eco-  
12 nomic education or personal finance counseling  
13 as an ongoing part of the program;”;

14 (15) in section 428F(b), by inserting at the end  
15 the following: “Where appropriate, such program  
16 shall include making available financial and eco-  
17 nomic education materials for the borrower.”;

18 (16) in section 432(k)(1), by striking “and of-  
19 fering” and all that follows through the period and  
20 inserting “, offering loan repayment matching provi-  
21 sions as part of employee benefit packages, and pro-  
22 viding employees with financial and economic edu-  
23 cation and counseling.”;

24 (17) in section 441(c)—

1 (A) in paragraph (1), by inserting “finan-  
2 cial literacy and economic literacy,” after “so-  
3 cial services,”; and

4 (B) in paragraph (4)(C), by striking the  
5 period at the end and inserting “and counseling  
6 for the purposes of improving financial literacy  
7 and economic literacy.”;

8 (18) in section 485—

9 (A) in subsection (a)(1)(D), by striking the  
10 semicolon at the end and inserting “, including  
11 the merits of taking a personal finance course,  
12 if the institution offers such a course, and of  
13 the student reviewing the student’s personal  
14 credit profile not less frequently than once a  
15 year;”;

16 (B) in subsection (b)—

17 (i) in paragraph (1)(A)—

18 (I) in clause (i), by striking  
19 “and” after the semicolon;

20 (II) in clause (ii), by striking the  
21 period at the end and inserting “;  
22 and”;

23 (III) by adding at the end the  
24 following:

1           “(iii) if it is determined during the  
2 counseling that the borrower is not con-  
3 nected to a mainstream financial institu-  
4 tion, information about low-cost financial  
5 services and the benefits of using such  
6 services, and where and how the borrower  
7 could open a low-cost account in a feder-  
8 ally insured credit union or bank.”; and

9           (ii) by adding at the end the fol-  
10 lowing:

11           “(3) PILOT PROGRAM.—

12           “(A) AUTHORIZATION.—

13           “(i) IN GENERAL.—The Secretary  
14 shall establish a pilot program that awards  
15 a total of 5 grants to 5 different institu-  
16 tions of higher education that are located  
17 in geographically different parts of the  
18 United States to enable the institutions to  
19 provide annual personal finance counseling  
20 for students enrolled at such institutions.

21           “(ii) MINORITY SERVING INSTITU-  
22 TIONS.—In awarding grants under this  
23 paragraph, the Secretary shall award not  
24 less than 2 of the 5 grants to institutions

1 of higher education that are eligible to re-  
2 ceive assistance under title III or title V.

3 “(B) APPLICATION.—An institution of  
4 higher education that desires to receive a grant  
5 under this paragraph shall submit an applica-  
6 tion to the Secretary at such time, in such man-  
7 ner, and containing such information as the  
8 Secretary may require.

9 “(C) USE OF FUNDS.—

10 “(i) COUNSELING.—

11 “(I) IN GENERAL.—In addition  
12 to making available exit counseling  
13 under paragraph (1), an institution of  
14 higher education that receives a grant  
15 under this paragraph shall through fi-  
16 nancial aid officers or otherwise, make  
17 available counseling to borrowers of  
18 loans which are made, insured, or  
19 guaranteed under part B (other than  
20 loans made pursuant to section 428B)  
21 of this title or made under part D or  
22 E of this title at the commencement  
23 of the borrower’s course of study at  
24 the institution, not less frequently  
25 than once annually while the borrower

1 is enrolled at the institution, and not  
2 later than 30 days after completion of  
3 the course of study for which the bor-  
4 rower enrolled at the institution or at  
5 the time of departure from such insti-  
6 tution.

7 “(II) CONTENT.—The counseling  
8 required under subclause (I) shall in-  
9 clude the average anticipated monthly  
10 repayments, a review of the repay-  
11 ment options available, the total  
12 amount of interest that would be paid  
13 over a range of possible interest rates  
14 and the amount of interest in the  
15 monthly payments, information on the  
16 availability and content of a personal  
17 finance course if such course is of-  
18 fered by the institution and if not al-  
19 ready completed by the individual, and  
20 such debt and management strategies  
21 as the institution determines are de-  
22 signed to facilitate the repayment of  
23 such indebtedness, which may be im-  
24 plemented in partnership with State  
25 or local public, private, and nonprofit

1 entities approved by the local edu-  
2 cational agency that serves schools in  
3 the area where the institution is lo-  
4 cated, or a campus committee formed  
5 for the purpose of evaluating the  
6 qualifications of such entities. If it is  
7 determined during the counseling that  
8 the borrower is not connected to a  
9 mainstream financial institution, the  
10 counseling shall include information  
11 about low-cost financial services and  
12 the benefits of using such services,  
13 and where and how the borrower  
14 could open a low-cost account in a  
15 federally insured credit union or bank.

16 “(ii) PERMISSIVE USE.—Grant funds  
17 received under this paragraph may be used  
18 to pay for additional financial aid per-  
19 sonnel or for training for existing financial  
20 aid personnel.

21 “(iii) STUDY.—

22 “(I) IN GENERAL.—An institu-  
23 tion of higher education that receives  
24 a grant under this paragraph shall  
25 conduct a study to evaluate the im-

1 pacts, if any, of the financial and eco-  
2 nomic literacy and counseling activi-  
3 ties on students' levels of savings and  
4 indebtedness, and creditworthiness,  
5 and such activities' effectiveness in re-  
6 ducing the incidence of problems with  
7 handling credit, including bankruptcy  
8 filing and student financial loan de-  
9 fault.

10 “(II) ASSISTANCE.—An institu-  
11 tion of higher education may conduct  
12 the study under subclause (I) with the  
13 assistance of appropriate Federal  
14 agencies or other entities approved by  
15 the Secretary.

16 “(III) REPORT.—Not later than  
17 6 months after completion of the  
18 study under subclause (I), the institu-  
19 tion of higher education shall report  
20 the results of such study to the Sec-  
21 retary, the Secretary of the Treasury,  
22 the Committee on Health, Education,  
23 Labor, and Pensions of the Senate,  
24 the Committee on Banking, Housing,  
25 and Urban Affairs of the Senate, the

1                   Committee on Education and the  
2                   Workforce of the House of Represent-  
3                   atives, and the Committee on Finan-  
4                   cial Services of the House of Rep-  
5                   resentatives.

6                   “(D) DURATION.—Grants awarded under  
7                   this paragraph shall be for a period of 3 years.

8                   “(E) AMOUNT.—The Secretary shall award  
9                   grants of not more than \$1,000,000 annually to  
10                  each institution of higher education awarded a  
11                  grant under this paragraph. The Secretary may  
12                  determine the grant award amount based on  
13                  the number of students to be counseled at the  
14                  institution of higher education.

15                  “(F) REPORT.—Not later than 90 days  
16                  after the date of completion of the pilot pro-  
17                  gram under this paragraph, the Secretary shall  
18                  submit a report to Congress on the effectiveness  
19                  of the program.

20                  “(G) AUTHORIZATION OF APPROPRIA-  
21                  TIONS.—There is authorized to be appropriated  
22                  to carry out this paragraph such sums as may  
23                  be necessary for each of fiscal years 2005  
24                  through 2009.”; and

1 (C) in subsection (c), by adding at the end  
 2 the following: “Appropriate Federal agencies  
 3 shall provide material developed by such agen-  
 4 cies for the purpose of financial education, to fi-  
 5 nancial assistance information personnel at in-  
 6 stitutions of higher education for the use of  
 7 such personnel in financial aid counseling.”;  
 8 and

9 (19) in section 491(d)(8), by inserting “, in-  
 10 cluding those related to financial literacy activities,”  
 11 after “resources and services”.

12 **SEC. 5. GRANT PROGRAMS.**

13 (a) INNOVATIVE DELIVERY SYSTEMS.—

14 (1) DEFINITIONS.—In this subsection:

15 (A) DELIVERY SYSTEM.—The term “deliv-  
 16 ery system” means any range of media or  
 17 methods that institutions of higher education  
 18 use to instruct or to convey information to the  
 19 students enrolled at such institutions.

20 (B) ELIGIBLE ENTITY.—The term “eligible  
 21 entity”—

22 (i) means an institution of higher edu-  
 23 cation; and

1 (ii) includes an institution of higher  
2 education in partnership with a public, pri-  
3 vate, or nonprofit entity.

4 (C) INSTITUTION OF HIGHER EDU-  
5 CATION.—The term “institution of higher edu-  
6 cation” has the meaning given the term in sec-  
7 tion 101 of the Higher Education Act of 1965  
8 (20 U.S.C. 1001).

9 (D) SECRETARY.—The term “Secretary”  
10 means the Secretary of Education.

11 (2) AUTHORIZATION.—From funds appro-  
12 priated under paragraph (10), the Secretary shall  
13 award grants, on a competitive basis, to eligible enti-  
14 ties to enable such entities to develop or sponsor ex-  
15 perimental financial literacy delivery systems.

16 (3) APPLICATION.—

17 (A) IN GENERAL.—An eligible entity that  
18 desires to receive a grant under this subsection  
19 shall submit an application to the Secretary at  
20 such time, in such manner, and containing such  
21 information as the Secretary may require.

22 (B) CONTENT.—An application submitted  
23 under subparagraph (A) shall include—

24 (i) a description of the plan for the  
25 development or sponsorship of the financial

1 literacy delivery system the eligible entity  
2 intends to support with grant funds re-  
3 ceived under this subsection;

4 (ii) information on the students ex-  
5 pected to be served by such system; and

6 (iii) information on the means by  
7 which the effectiveness of such system will  
8 be measured.

9 (4) AWARDING OF GRANTS.—In awarding  
10 grants under this subsection, the Secretary shall—

11 (A) give priority to eligible entities that  
12 take measures to ban or discourage the pro-  
13 liferation of credit cards and abusive credit  
14 marketing practices on campus; and

15 (B) consider—

16 (i) the quality of the proposed finan-  
17 cial literacy delivery system and the degree  
18 to which such system may be used as a  
19 model for adoption by other institutions of  
20 higher education;

21 (ii) the resources, if any, that the eli-  
22 gible entity intends to dedicate to the im-  
23 plementation of the plan for the develop-  
24 ment or sponsorship of such system;

1 (iii) the degree to which technology is  
2 to be used in the implementation of such  
3 plan; and

4 (iv) the degree to which the eligible  
5 entity will collaborate with other entities in  
6 implementing such plan.

7 (5) USE OF FUNDS.—An eligible entity awarded  
8 a grant under this subsection shall use the grant  
9 funds—

10 (A) to develop or sponsor an experimental  
11 financial literacy delivery system; and

12 (B) for activities that explore and assess  
13 the effectiveness of various delivery systems in  
14 delivering personal financial education and  
15 counseling to students and in increasing stu-  
16 dent personal financial literacy.

17 (6) OBLIGATION.—Grant funds received under  
18 this subsection shall be available for obligation for a  
19 period of not more than 4 years.

20 (7) TECHNICAL ASSISTANCE.—From not more  
21 than 5 percent of the funds appropriated to carry  
22 out this subsection, the Secretary shall make tech-  
23 nical assistance available to eligible entities that re-  
24 ceive grants under this subsection.

1           (8) REPORT.—An eligible entity that receives a  
2 grant under this subsection shall submit a report—

3           (A) on an annual basis, to the Secretary  
4 on the effectiveness of the financial literacy de-  
5 livery system; and

6           (B) at the end of the grant period, to the  
7 appropriate committees of Congress on the ef-  
8 fectiveness of the financial literacy delivery sys-  
9 tem.

10          (9) REGULATIONS.—The Secretary shall pro-  
11 mulgate regulations to carry out this subsection.

12          (10) AUTHORIZATION OF APPROPRIATIONS.—  
13 There is authorized to be appropriated to carry out  
14 this subsection \$5,000,000 for each of fiscal years  
15 2005 through 2009.

16          (b) PERSONAL FINANCE COURSE.—

17           (1) DEFINITIONS.—In this subsection:

18           (A) ELIGIBLE ENTITY.—The term “eligible  
19 entity”—

20           (i) means an institution of higher edu-  
21 cation; and

22           (ii) includes an institution of higher  
23 education in partnership with a public, pri-  
24 vate, or nonprofit entity.

1           (B) INSTITUTION OF HIGHER EDU-  
2           CATION.—The term “institution of higher edu-  
3           cation” has the meaning given the term in sec-  
4           tion 101 of the Higher Education Act of 1965  
5           (20 U.S.C. 1001).

6           (C) SECRETARY.—The term “Secretary”  
7           means the Secretary of Education.

8           (2) AUTHORIZATION.—From funds appro-  
9           priated under paragraph (8), the Secretary shall  
10          award grants, on a competitive basis, to eligible enti-  
11          ties to enable such entities to—

12               (A) if such entities do not offer a course  
13               in personal finance, create a course in personal  
14               finance; or

15               (B) if such entities offer a course in per-  
16               sonal finance, share best practices and related  
17               information with other institutions of higher  
18               education about successful personal finance  
19               courses.

20          (3) APPLICATION.—

21               (A) IN GENERAL.—An eligible entity that  
22               desires to receive a grant under this subsection  
23               shall submit an application to the Secretary at  
24               such time, in such manner, and containing such  
25               information as the Secretary may require.

1 (B) CONTENT.—An application submitted  
2 under subparagraph (A) shall include—

3 (i) if the entity intends to create a  
4 course in personal finance with grant  
5 funds received under this subsection, infor-  
6 mation on the number of students who  
7 could enroll in such course and the ex-  
8 pected outcomes of the course; or

9 (ii) if the entity already offers a  
10 course in personal finance, information on  
11 how the institution will share its best prac-  
12 tices with other institutions.

13 (4) AWARDING OF GRANTS.—In awarding  
14 grants under this subsection, the Secretary shall give  
15 priority to eligible entities that take measures to ban  
16 or discourage the proliferation of credit cards and  
17 abusive credit marketing practices on campus.

18 (5) OBLIGATION.—Grant funds received under  
19 this subsection shall be available for obligation for a  
20 period of not more than 3 years.

21 (6) REPORT.—An eligible entity that receives a  
22 grant under this subsection shall submit a report—

23 (A) on an annual basis, to the Secretary  
24 on the effectiveness of the personal finance  
25 course in increasing the personal financial lit-

1 eracy of students who complete such course;  
2 and

3 (B) at the end of the grant period, to the  
4 appropriate committees of Congress on the ef-  
5 fectiveness of the personal finance course in in-  
6 creasing the personal financial literacy of stu-  
7 dents who complete such course.

8 (7) REGULATIONS.—The Secretary shall pro-  
9 mulgate regulations to carry out this subsection.

10 (8) AUTHORIZATION OF APPROPRIATIONS.—  
11 There is authorized to be appropriated to carry out  
12 this subsection \$5,000,000 for each of fiscal years  
13 2005 through 2009.

14 (c) INTEGRATION.—

15 (1) AUTHORIZATION.—From funds appro-  
16 priated under paragraph (6), the Secretary of Edu-  
17 cation (referred to in this subsection as the “Sec-  
18 retary”) shall award a grant, on a competitive basis,  
19 to a nonprofit organization, or a consortium of non-  
20 profit organizations, working in partnership with rel-  
21 evant Federal agencies, educational organizations,  
22 and other nonprofit organizations, to study and rec-  
23 ommend the best ways to integrate personal finance  
24 and economics into basic educational subjects.

1           (2) APPLICATION.—A nonprofit organization, or  
2           consortium of nonprofit organizations, that desires  
3           to receive the grant under this subsection shall sub-  
4           mit an application to the Secretary at such time, in  
5           such manner, and containing such information as  
6           the Secretary may require.

7           (3) AWARDING OF GRANTS.—In awarding the  
8           grant under this subsection, the Secretary shall—

9                   (A) give priority to an applicant that has  
10                  as its primary purpose the improvement of the  
11                  quality of student understanding of personal fi-  
12                  nance and economics; and

13                  (B) consider—

14                          (i) the previous record of work of the  
15                          applicant in improving the quality of stu-  
16                          dent understanding of personal finance  
17                          and economics; and

18                          (ii) the degree to which the applicant  
19                          has collaborated with other entities that  
20                          have as their primary purpose the improve-  
21                          ment of the quality of student under-  
22                          standing of personal finance and econom-  
23                          ics.

24           (4) REPORT.—Not later than 2 years after the  
25           grant funds have been distributed under this sub-

1 section, the nonprofit organization, or consortium of  
2 nonprofit organizations, that receives the grant  
3 under this subsection shall submit to the Secretary  
4 and the appropriate committees of Congress a report  
5 on the best ways to integrate personal finance and  
6 economics into basic educational subjects.

7 (5) REGULATIONS.—The Secretary shall pro-  
8 mulgate regulations to carry out this subsection.

9 (6) AUTHORIZATION OF APPROPRIATIONS.—  
10 There is authorized to be appropriated to carry out  
11 this subsection \$1,000,000 for each of fiscal years  
12 2005 through 2007.

13 (d) TEACHER AND COUNSELOR TRAINING.—

14 (1) DEFINITIONS.—In this subsection:

15 (A) ELIGIBLE ENTITY.—The term “eligible  
16 entity”—

17 (i) means—

18 (I) an education department of  
19 an institution of higher education; or

20 (II) an organization described in  
21 section 501(c)(3) of the Internal Rev-  
22 enue Code of 1986, that has as its  
23 primary purpose the improvement of  
24 the quality of student understanding

1 of personal finance and economics  
2 through effective teaching; and

3 (ii) includes a partnership of the enti-  
4 ties described in clause (i).

5 (B) INSTITUTION OF HIGHER EDU-  
6 CATION.—The term “institution of higher edu-  
7 cation” has the meaning given the term in sec-  
8 tion 101 of the Higher Education Act of 1965  
9 (20 U.S.C. 1001).

10 (C) SECRETARY.—The term “Secretary”  
11 means the Secretary of Education.

12 (D) STATE.—The term “State” means  
13 each of the 50 States, the District of Columbia,  
14 the Commonwealth of Puerto Rico, the United  
15 States Virgin Islands, Guam, American Samoa,  
16 the Commonwealth of the Northern Mariana Is-  
17 lands, the freely associated states of the Repub-  
18 lic of the Marshall Islands, the Federated  
19 States of Micronesia, and the Republic of  
20 Palau.

21 (2) AUTHORIZATION.—From funds appro-  
22 priated under paragraph (10), the Secretary shall  
23 award grants, on a competitive basis, to eligible enti-  
24 ties to enable the entities to fund—

1 (A) preservice teacher training programs in  
2 the instruction of economics and personal fi-  
3 nance in elementary schools and secondary  
4 schools; and

5 (B) programs to provide preservice and in-  
6 service training of secondary school counselors  
7 in advising students on the importance of im-  
8 proving their economic and personal financial  
9 literacy.

10 (3) APPLICATION.—

11 (A) IN GENERAL.—An eligible entity that  
12 desires to receive a grant under this subsection  
13 shall submit an application to the Secretary at  
14 such time, in such manner, and containing such  
15 information as the Secretary may require.

16 (B) CONTENT.—An application submitted  
17 under subparagraph (A) shall include informa-  
18 tion on—

19 (i) the number of individuals who  
20 would be served by the eligible entity if  
21 awarded a grant under this subsection; and

22 (ii) the expected outcomes of the pro-  
23 posed training.

24 (4) AWARDING OF GRANTS.—

1 (A) IN GENERAL.—In awarding grants  
2 under this subsection, the Secretary shall—

3 (i) give priority to eligible entities that  
4 take measures to ban or discourage the  
5 proliferation of credit cards and abusive  
6 credit marketing practices on campus; and

7 (ii) consider the applicant’s past  
8 record of success in carrying out similar  
9 training programs.

10 (B) GRANTS TO ALL STATES.—For any  
11 fiscal year for which the amount appropriated  
12 to carry out this paragraph is more than  
13 \$25,000,000, the Secretary shall award not less  
14 than 1 grant to an eligible entity in each State.

15 (5) COORDINATION WITH EXISTING PRO-  
16 GRAMS.—In carrying out programs funded under  
17 this subsection, an eligible entity may coordinate ac-  
18 tivities with other training programs, including pro-  
19 grams authorized under the Excellence in Economic  
20 Education Act of 2001 (20 U.S.C. 7267 et seq.).

21 (6) SUPPLEMENT, NOT SUPPLANT.—Grant  
22 funds received under this subsection shall be used to  
23 supplement, and not supplant, non-Federal funds  
24 available to the eligible entity for the purpose of car-  
25 rying out similar training programs.

1           (7) OBLIGATION.—Grant funds received under  
2 this subsection shall be available for obligation for a  
3 period of not more than 3 years.

4           (8) REPORT.—An eligible entity that receives a  
5 grant under this subsection shall submit a report—

6                 (A) on an annual basis, to the Secretary  
7 on the effectiveness of training teachers and  
8 counselors in instructing and advising students  
9 on personal finance; and

10                (B) at the end of the grant period, to the  
11 appropriate committees of Congress on the ef-  
12 fectiveness of training teachers and counselors  
13 in instructing and advising students on personal  
14 finance.

15           (9) REGULATIONS.—The Secretary shall pro-  
16 mulgate regulations to carry out this subsection.

17           (10) AUTHORIZATION OF APPROPRIATIONS.—  
18 There is authorized to be appropriated to carry out  
19 this subsection \$10,000,000 for each of fiscal years  
20 2005 through 2009.

21 **SEC. 6. EVALUATION.**

22           Not later than 6 years after the date of enactment  
23 of this Act, the Comptroller General of the United States  
24 shall submit to the Committee on Health, Education,  
25 Labor, and Pensions of the Senate, the Committee on

1 Banking, Housing, and Urban Affairs of the Senate, the  
2 Committee on Education and the Workforce of the House  
3 of Representatives, and the Committee on Financial Serv-  
4 ices of the House of Representatives, an evaluation of the  
5 range and effectiveness of financial and economic edu-  
6 cation and financial aid counseling activities of institutions  
7 of higher education, lenders, servicers, and guaranty agen-  
8 cies as emphasized by the Secretary of Education pursu-  
9 ant to section 123 of the Higher Education Act of 1965.

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