

109TH CONGRESS
2D SESSION

S. 3863

To amend part A of title IV of the Social Security Act to require a State to promote economic and financial education under the Temporary Assistance for Needy Families (TANF) Program and to allow economic and financial education to count as a work activity under that program.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 7 (legislative day, SEPTEMBER 6), 2006

Mr. AKAKA (for himself, Mr. LAUTENBERG, Ms. STABENOW, and Mr. OBAMA) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend part A of title IV of the Social Security Act to require a State to promote economic and financial education under the Temporary Assistance for Needy Families (TANF) Program and to allow economic and financial education to count as a work activity under that program.

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 “TANF Economic and
5 Financial Education Promotion Act of 2006”.

1 **SEC. 2. FINDINGS AND PURPOSES.**

2 (a) FINDINGS.—Congress makes the following find-
3 ings:

4 (1) Most recipients of assistance under the
5 Temporary Assistance for Needy Families (TANF)
6 Program established under part A of title IV of the
7 Social Security Act (42 U.S.C. 601 et seq.) and indi-
8 viduals moving toward self-sufficiency operate out-
9 side the financial mainstream, paying high costs to
10 handle their finances and saving little for emer-
11 gencies or the future.

12 (2) Personal debt levels and bankruptcy filing
13 rates are high and savings rates are at their lowest
14 levels in 70 years. In 2005, the savings rate was
15 negative. The inability of many households to budg-
16 et, save, and invest prevents them from laying the
17 foundation for a secure financial future.

18 (3) Financial planning can help families meet
19 near-term obligations and maximize their longer-
20 term well being, especially valuable for populations
21 that have traditionally been underserved by our fi-
22 nancial system.

23 (4) Economic and financial education can give
24 individuals the necessary financial tools to create
25 household budgets, initiate savings plans, and ac-
26 quire assets.

1 (5) Economic and financial education can pre-
2 vent vulnerable customers from becoming entangled
3 in financially devastating credit arrangements.

4 (6) Economic and financial education that ad-
5 dresses abusive lending practices targeted at specific
6 neighborhoods or vulnerable segments of the popu-
7 lation can prevent unaffordable payments, equity
8 stripping, and foreclosure.

9 (7) Economic and financial education speaks to
10 the broader purpose of the TANF Program to equip
11 individuals with the tools to succeed and support
12 themselves and their families in self-sufficiency.

13 (b) PURPOSES.—The purposes of this Act are the fol-
14 lowing:

15 (1) To promote economic and financial literacy
16 among individuals receiving assistance under Tem-
17 porary Assistance for Needy Families programs
18 funded under part A of title IV of the Social Secu-
19 rity Act (42 U.S.C. 601 et seq.) by permitting
20 States to include economic and financial literacy
21 education that is provided directly to individuals as
22 a work activity under such programs.

23 (2) To provide individuals receiving assistance
24 under Temporary Assistance for Needy Families
25 programs funded under part A of title IV of the So-

8 (a) STATE PLAN REQUIREMENT.—Section
9 402(a)(1)(A) of the Social Security Act (42 U.S.C.
10 602(a)(1)(A)) is amended by adding at the end the fol-
11 lowing new clause:

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1 Agriculture, the Securities and Exchange
 2 Commission, and the Board of Governors
 3 of the Federal Reserve System.”.

4 (b) PROGRAM REQUIREMENTS.—Section 404 of the
 5 Social Security Act (42 U.S.C. 604) is amended by adding
 6 at the end the following new subsection:

7 “(l) ECONOMIC AND FINANCIAL EDUCATION.—

8 “(1) IN GENERAL.—Subject to the succeeding
 9 paragraphs of this subsection, a State to which a
 10 grant is made under section 403—

11 “(A) shall use the grant or State funds
 12 that are qualified State expenditures (as de-
 13 fined in section 409(a)(7)(B)(i)) to establish a
 14 program to provide economic and financial edu-
 15 cation directly for parents and caretakers re-
 16 ceiving assistance under the State program
 17 funded under this part; and

18 “(B) may count a parent’s or caretaker’s
 19 hours of participation in such program as being
 20 engaged in work for purposes of determining
 21 monthly participation rates under section
 22 407(b)(1)(B)(i).

23 “(2) REQUIREMENTS.—A State shall ensure
 24 that the economic and financial literacy activities

1 conducted under the program established under this
 2 subsection—

3 “(A) are accessible to the target population
 4 through curriculum geared to the general lit-
 5 eracy level of the participants;

6 “(B) provide relevant and practical infor-
 7 mation to participants;

8 “(C) include a direct delivery component;
 9 and

10 “(D) to the extent practicable, are con-
 11 ducted in conjunction with an asset building
 12 program conducted in the State.

13 “(3) COLLABORATION WITH NONGOVERN-
 14 MENTAL OR NONPROFIT ORGANIZATIONS ENCOUR-
 15 AGED.—In carrying out economic and financial edu-
 16 cation activities under a program established under
 17 this subsection, a State is encouraged to collaborate
 18 with nongovernmental or nonprofit organizations
 19 with a proven record of educating the public, espe-
 20 cially at-risk populations, regarding economic and fi-
 21 nancial literacy.

22 “(4) EVALUATION.—A State shall conduct an
 23 evaluation of the economic and financial literacy pro-
 24 gram established under this subsection not less than
 25 once every 3 years for the purpose of—

1 “(A) monitoring the number of parents
2 and caretakers served under the program;

3 “(B) improving program administration;

4 “(C) facilitating replication and expansion
5 of best practices;

6 “(D) assessing behavioral changes of par-
7 ticipants; and

8 “(E) assessing asset accumulation of par-
9 ticipants.

10 “(5) DEFINITION OF ECONOMIC AND FINANCIAL
11 EDUCATION.—In this subsection, the term ‘economic
12 and financial education’ means education that—

13 “(A) promotes an understanding of con-
14 sumer, economic, and personal finance concepts,
15 including basic economic concepts such as sup-
16 ply and demand and opportunity cost, as well
17 as basic financial literacy concepts such as
18 budgeting and money management, saving, re-
19 irement planning, maintaining good credit, and
20 the avoidance of predatory lending and financial
21 abuse schemes; and

22 “(B) is based on recognized standards for
23 economic and financial education.”.

24 (c) EFFECTIVE DATE.—

1 (1) IN GENERAL.—Except as provided in para-
2 graph (2), the amendments made by this section
3 take effect on October 1, 2006.

4 (2) EXCEPTION.—In the case of a State plan
5 under part A of title IV of the Social Security Act
6 which the Secretary of Health and Human Services
7 determines requires State legislation in order for the
8 plan to meet the additional requirements imposed by
9 the amendments made by this Act, the effective date
10 of the amendments imposing the additional require-
11 ments shall be 3 months after the first day of the
12 first calendar quarter beginning after the close of
13 the first regular session of the State legislature that
14 begins after the date of enactment of this Act. For
15 purposes of the preceding sentence, in the case of a
16 State that has a 2-year legislative session, each year
17 of the session shall be considered to be a separate
18 regular session of the State legislature.

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