AMENDED IN ASSEMBLY APRIL 22, 2010

california legislature—2009–10 regular session

Assembly Concurrent Resolution No. 147

Introduced by Assembly Members Lieu and Niello

(Coauthors: Assembly Members Adams, Ammiano, Anderson, Arambula, Bass, Beall, Bill Berryhill, Tom Berryhill, Blakeslee, Block, Bradford, Brownley, Buchanan, Charles Calderon, Carter, Chesbro, Conway, Cook, Coto, Davis, De La Torre, De Leon, Emmerson, Eng, Evans, Feuer, Fletcher, Fong, Fuentes, Fuller, Furutani, Gaines, Galgiani, Garrick, Gilmore, Hagman, Hall, Hayashi, Hernandez, Hill, Jeffries, Jones, Bonnie Lowenthal, Ma, Mendoza, Miller, Monning, Nava, Nestande, Nielsen, John A. Perez, V. Manuel Perez, Portantino, Ruskin, Salas, Saldana, Silva, Skinner, Solorio, Audra Strickland, Swanson, Torlakson, Torres, Torrico, Tran, Villines, and Yamada)

March 22, 2010

Assembly Concurrent Resolution No. 147—Relative to Financial Aid and Literacy Month.

legislative counsel's digest

ACR 147, as amended, Lieu. Financial Aid and Literacy Month.

This measure would declare April 2010 as Financial Aid and Literacy Month to raise public awareness about the need for increased financial literacy.

Fiscal committee: no.

WHEREAS, Over 630,000 California homeowners faced losing their homes through foreclosure in 2009, an increase of nearly 21 percent from 2008, and many of these homeowners were unaware of the risks associated with their specific mortgage loan; and

WHEREAS, Current mortgage disclosures convey key information to consumers that is often confusing, misunderstood, and may contribute to information problems in the mortgage market; and

WHEREAS, The average outstanding credit debt for households that have a credit card was $10,679 at the end of 2008; and

WHEREAS, Over one-third of young adults own credit cards, and young people receive little in the way of financial education; and

WHEREAS, Nearly one-third of college students put tuition fees on their credit cards, an increase from 24 percent in 2004; and

WHEREAS, As students progress through school, credit card usage increases. Ninety-two percent of final-year college students have a credit card compared to 42 percent of freshmen. Fifty-six percent of final-year students carry four or more cards, and 74 percent of undergraduates use credit cards for school supplies; and

WHEREAS, Eighty-four percent of undergraduate college students carried at least one credit card in 2008, up from 76 percent in 2004; and

WHEREAS, In 2008, college seniors with at least one credit card graduated with an average of $4,138 in credit card debt, up 44 percent from 2004, and first year students' average credit card debt jumped 27 percent to $2,038; and

WHEREAS, Eighty-four percent of undergraduates indicated in a recent Sallie Mae survey that they need more education on financial management topics; and

WHEREAS, The share of families with any type of debt climbed to 77 percent during the period of 2004 through 2007, and the largest increase was for families headed by persons 75 years of age or older; and

WHEREAS, A large majority of workers who have not put money aside for retirement have little in savings at all, and seven in 10 of these workers say their assets total less than $10,000; and

WHEREAS, The median amount in retirement accounts is $2,000; and

WHEREAS, The savings rate for American consumers is only 4 percent; and

WHEREAS, Only 41 percent of workers indicate they or their spouses currently have a defined benefit pension plan, yet 59 percent say they are expecting to receive income from such a plan during retirement; and

WHEREAS, According to an Oppenheimer Funds retirement survey, 98 percent of retirees that were surveyed regret how they spent their money before retiring, and 97 percent of baby boomers share this regret and are uncomfortable with how much they have accumulated during their preretirement years; and

WHEREAS, The percentage of workers who are very confident about having sufficient financial resources for a comfortable retirement fell from 27 percent in 2007 to 18 percent in 2008; and

WHEREAS, One in five Americans reported using nonbank loan methods such as payday loans or cash advances in the last five years; and

WHEREAS, The national unemployment rate climbed to 9.7 percent in February of this year; and

WHEREAS, High school seniors taking part in a national survey of financial knowledge scored an average of 48.3 percent, a failing grade; and

WHEREAS, Increasing the financial literacy of all economic and ethnic groups is documented to increase consumer confidence, lead to improved decisionmaking, and provide for a more secure future for the individuals and their families who have been educated in these issues; and

WHEREAS, In recognition of the importance of teaching financial literacy, the number of states that require high school students to take a personal finance course has increased from seven in 2007 to 13 in 2009; and

WHEREAS, Many groups are dedicated to increasing the financial literacy of Americans and a broad range of quality personal finance materials and curricula have been created for this purpose, but audiences to which this information is vital are not being reached; and

WHEREAS, Financial literacy training may easily be integrated as a valuable component for elementary and secondary schools, colleges and universities, libraries, community groups, and citizen town hall meetings; now, therefore, be it

Resolved by the Assembly of the State of California, the Senate thereof concurring, That the Legislature hereby declares April

2010 as Financial Aid and Literacy Month to raise public awareness about the need for increased financial literacy; and be it further

Resolved, That legislators, employers, schools, service groups, community organizations, libraries, financial institutions, and the media be encouraged to provide opportunities for financial literacy education for all Californians through a variety of means and to collaborate with members of the California Society of Certified Public Accountants, the California Jump$tart Coalition, and others as they provide outreach and education; and be it further

Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the author for appropriate distribution.

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