

AMENDED IN SENATE MARCH 19, 2013

Senate Concurrent Resolution

No. 15

Introduced by Senator Lieu

(Coauthors: Senators DeSaulnier, Gaines, Liu, Monning, and Yee)

**(Coauthors: Assembly Members Ian Calderon, Frazier, Hernández,
Ting, Wieckowski, and Yamada)**

February 25, 2013

Senate Concurrent Resolution No. 15—Relative to financial literacy.

LEGISLATIVE COUNSEL'S DIGEST

SCR 15, as amended, Lieu. Financial Aid and Literacy Month.

This measure would declare April 2013 as Financial Aid and Literacy Month to raise public awareness about the need for increased financial literacy.

Fiscal committee: no.

- 1 WHEREAS, Studies reviewed by the Library of Congress
- 2 indicate that United States retail investors lack basic financial
- 3 literacy, including a weak grasp of elementary financial concepts
- 4 and a critical lack of knowledge of ways to avoid investment fraud;
- 5 and
- 6 WHEREAS, Sixty-two percent of women and 53 percent of
- 7 men would have less trust in someone if they found out that the
- 8 prospective partner was in serious debt; and
- 9 WHEREAS, Sixty-eight percent of adults believe that sharing
- 10 the same attitudes toward managing money is the most important
- 11 factor in a relationship; and
- 12 WHEREAS, Sixty-nine percent of parents expect their children
- 13 to contribute financially to their college education, and the same

1 percentage of parents expect that they or their children will be
2 paying student loans off for at least five years after graduation;
3 and

4 WHEREAS, More than ~~half~~ *one-half* of teenagers say they want
5 to learn more about how to manage their money, especially about
6 basic personal finance topics such as budgeting, saving, checking
7 accounts, and investing; and

8 WHEREAS, Fifty-six percent of United States adults admit that
9 they do not have a budget, and 77 million American adults do not
10 pay all of their bills on time; and

11 WHEREAS, Outstanding student loan balances increased to
12 \$956 billion as of September 2012, and the size of the average
13 student loan since 2005 has risen by 58 percent to \$27,253, with
14 a delinquency rate of 15.1 percent; and

15 WHEREAS, As of September 2012 about \$1.01 trillion of
16 American consumer debt is delinquent, with \$740 million seriously
17 delinquent; and

18 WHEREAS, There are 382 million open credit card accounts
19 and balances on these *credit* cards increased by approximately \$2
20 billion in the third quarter of 2012; and

21 WHEREAS, Forty percent of low- and middle-income
22 households use credit cards to pay for basic living expenses such
23 as rent or mortgage bills, groceries, utilities, or insurance because
24 they did not have enough money in their checking or savings
25 accounts; and

26 WHEREAS, Nearly ~~half~~ *one-half* of low- and middle-income
27 households carry debt from out-of-pocket medical expenses on
28 their credit cards, with the average amount of medical credit card
29 debt being \$1,678; and

30 WHEREAS, Approximately 11 percent of United States
31 consumers are unbanked, and another 11 percent are underbanked,
32 and these unbanked and underbanked individuals are more likely
33 than fully banked consumers to have lower incomes and be
34 younger, minority, female, unmarried, unemployed, and unwilling
35 to take financial risks; and

36 WHEREAS, The State of California leads the nation in terms
37 of personal debt per capita, and also leads the nation in the
38 delinquency status of debt balance per capita; and

1 WHEREAS, One-quarter of those participating in 401(k) plans
2 withdraw funds to cover nonretirement costs, such as school tuition,
3 mortgages, and credit card payments; and

4 WHEREAS, Forty-four percent of retired worker beneficiaries
5 who claimed social security benefits in 2011 were 62 years of age,
6 thus severely diminishing their overall benefits through the
7 remainder of their lives; and

8 WHEREAS, Nineteen percent of workers are not at all
9 comfortable in their financial preparations for retirement; and

10 WHEREAS, Twenty percent of workers and 12 percent of
11 retirees report their level of debt is a major problem; and

12 WHEREAS, In 2012, 62 percent of *adults who were between*
13 *the ages of 45 to 60-year-olds* reported at least a 20-percent decline
14 in the value of their financial assets since the start of the most
15 recent recession, up from 42 percent in 2010; and

16 WHEREAS, Fifty-one percent of military families who have
17 completed a financial literacy program are more likely to feel
18 extremely or very financially confident when it comes to dealing
19 with financial matters than those who never completed a financial
20 literacy program; and

21 WHEREAS, Baby boomers who grew up in households where
22 parents talked about money management and saving for retirement
23 are significantly more likely to be financially prepared for
24 retirement (42 percent) than unprepared financially (29 percent);
25 and

26 WHEREAS, According to the 2012 Junior Achievement
27 USA/Allstate Foundation “Teens and Personal Finance” survey,
28 86 percent of teenagers turn to their parents for money management
29 advice, and yet just 56 percent of them think they will be as
30 financially well-off or better than their parents; and

31 WHEREAS, Only 24 percent of teenagers learn how to manage
32 money from teachers; now, therefore, be it

33 *Resolved by the Senate of the State of California, the Assembly*
34 *thereof concurring*, That the Legislature hereby declares April
35 2013 as Financial Aid and Literacy Month to raise public awareness
36 about the need for increased financial literacy; and be it further

37 *Resolved*, That legislators, employers, schools, service groups,
38 community organizations, libraries, financial institutions, and the
39 media shall be encouraged to provide opportunities for financial
40 literacy education for all Californians through a variety of means

1 and to collaborate with members of the California Society of
2 Certified Public Accountants, the California Jump\$tart Coalition,
3 and others as they provide outreach and education; and be it further
4 *Resolved*, That the Secretary of the Senate transmit copies of
5 this resolution to the author for appropriate distribution.

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