

## Assembly Concurrent Resolution No. 39

### RESOLUTION CHAPTER 34

Assembly Concurrent Resolution No. 39—Relative to Financial Aid and Literacy Month.

[Filed with Secretary of State April 29, 2015.]

#### LEGISLATIVE COUNSEL'S DIGEST

ACR 39, Dababneh. Financial Aid and Literacy Month.

This measure would declare the month of April 2015 as Financial Aid and Literacy Month, with the theme of “Prosperity Through Education,” to raise public awareness about the continuing need for increased financial literacy.

WHEREAS, The President’s Advisory Council on Financial Capability urges the integration of personal finance into the teaching of math and English language arts common core academic content standards for K–12 education as well as other subjects; and

WHEREAS, California law requires that financial education, including budgeting, managing credit, student loans, consumer debt, and identity theft security, is included in the next revision of the social sciences, health, and mathematics curricula; and

WHEREAS, In Junior Achievement’s 2014 Teens and Personal Finance Survey, 77 percent of male teens and 63 percent of female teens 16 to 18 years of age said they do not keep track of their money; and

WHEREAS, Eighty-five percent of American parents believe that financial education courses should be a requirement for high school graduation and 52 percent of teenagers want to learn more about budgeting, saving, and investing; and

WHEREAS, According to a poll by Northeastern University’s Innovation Imperative Initiative, more than 80 percent of students 16 to 19 years of age believe obtaining a college degree is important to having a career, but 67 percent are worried they will not be able to afford college; and

WHEREAS, In Sallie Mae’s “How America Saves for College 2014,” the proportion of families saving for college declined during the recession from 62 percent in 2009 to 50 percent in 2013; and

WHEREAS, The total average savings for higher education is \$15,346, which is up from \$11,781 in 2014; and

WHEREAS, In 2014, student loan debt soared by more than 11 percent; and

WHEREAS, When it comes to where families put money, more parents use a general savings account (45 percent in 2014, compared with 42 percent in 2013) than any other method of saving, ahead of a 529 plan (29 percent

in 2014, compared with 27 percent in 2013) and a checking account (24 percent in 2014, compared with 27 percent in 2013); and

WHEREAS, Only 40 percent of adults keep a budget and track their spending, 75 percent of American families say they live paycheck to paycheck, and more than 25 percent of American families have no savings at all; and

WHEREAS, Statistics compiled by LearnVest and Chase Blueprint show that for Americans 45 to 54 years of age, the median saved for retirement is only \$101,000, and 38 percent of adults are concerned about being able to retire on time; and

WHEREAS, Only 5 percent of adults say they were taught about money by a teacher, and 40 percent would give themselves Cs, Ds, or Fs on their grasp of personal finance concepts; and

WHEREAS, Twenty-five percent of adults do not think any amount of debt is manageable, and 45 percent said that they could only handle debt payments of \$100 a month; and

WHEREAS, Nearly 67 percent of adults are concerned about being able to get a job, 60 percent expressed concern about having enough money as adults, and nearly 33 percent said college costs are “not worth it” and that the “costs will outweigh the benefits”; and

WHEREAS, According to the Federal Reserve, the total United States outstanding consumer debt, including car and student loans as well as revolving debt, was \$3.24 trillion as of July 2014; and

WHEREAS, Collectively, American consumers owe \$11.52 trillion to lenders and creditors and the debt burden is continuing to increase; and

WHEREAS, According to CreditCards.com, the average credit card debt per American adult, excluding zero-balance cards and store cards, is \$4,878.43; and

WHEREAS, The average interest rate paid on credit card balances is over 13 percent annual percentage rate (APR); and

WHEREAS, Children as young as five years old have shown an increase in depression and anxiety stemming from their parents’ unemployment and financial problems; and

WHEREAS, Children whose families endured financial hardships during the children’s adolescence became parents earlier than their peers and also treated their children more harshly; and

WHEREAS, According to T. Rowe Price’s 2014 Parents, Kids & Money Survey, 69 percent of parents are “very/extremely” concerned about setting a good financial example for their kids, but 74 percent admit they are reluctant to approach the topic because they do not want their kids to worry; and

WHEREAS, The State of California established the Bank on California Program to raise awareness among unbanked consumers about the benefits of account ownership and to spur Californians to open accounts; and

WHEREAS, The Bank on California Program makes quality money management education more easily available to low-income Californians

and raises statewide awareness of the unbanked problem and potential solutions; and

WHEREAS, An estimated 7.8 percent of Californians are unbanked and an additional 18 percent are considered underbanked; and

WHEREAS, The average unbanked Californian pays \$1,000 a year to cash paychecks; and

WHEREAS, Californians with bank accounts are more likely to save, have higher credit scores, and get better-priced car and home loans; and

WHEREAS, Many employers, government agencies, schools, service groups, community organizations, libraries, financial institutions, and nonprofit entities, including, but not limited to, FDIC: Money Smart, the Consumer Financial Protection Bureau's Office of Financial Empowerment, the California JumpStart Coalition, the CalCPA Financial Literacy Committee, the New America Foundation, SparkPoint Centers, America Saves, the United Way Financial Literacy Program, Junior Achievement Finance Park, and the Girl Scouts of America, have created programs to help people improve their financial literacy skills; and

WHEREAS, Resolutions similar to this resolution have been introduced and passed with strong bipartisan support to increase awareness of the need for financial literacy for California citizens; now, therefore, be it

*Resolved by the Assembly of the State of California, the Senate thereof concurring,* That the Legislature hereby declares the month of April 2015 as Financial Aid and Literacy Month, with the theme of "Prosperity Through Education," to raise public awareness about the continuing need for increased financial literacy; and be it further

*Resolved,* That legislators, employers, government agencies, schools, service groups, community organizations, libraries, financial institutions, and other nonprofit entities should be encouraged to provide all Californians with the opportunity to obtain or improve their financial literacy skills; and be it further

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