

SENATE COMMITTEE OF REFERENCE REPORT

Chairman of Committee

February 14, 2012
Date

Committee on Local Government.

After consideration on the merits, the Committee recommends the following:

SB12-021 be amended as follows, and as so amended, be referred to the Committee on Appropriations with favorable recommendation:

1 Amend printed bill, strike everything below the enacting clause and
2 substitute the following:

3 "SECTION 1. In Colorado Revised Statutes, **add** part 34 to
4 article 32 of title 24 as follows:

5 PART 34

6 FINANCIAL LITERACY PILOT PROGRAM

7 **24-32-3401. Financial literacy pilot program - legislative**
8 **declaration.** (1) THE GENERAL ASSEMBLY DECLARES THAT THE PURPOSE
9 OF THE FINANCIAL LITERACY PILOT PROGRAM IS TO INCREASE THE ABILITY
10 OF PARTICIPANTS IN THE PILOT PROGRAM TO MANAGE THEIR PERSONAL
11 FINANCES BY PROVIDING ACCESS TO CLASSES ON FINANCIAL LITERACY.
12 THE GOALS OF THE PILOT PROGRAM ARE TO:

13 (a) PROVIDE ACCESS TO FINANCIAL EDUCATION AND RESOURCES
14 SO THAT PARTICIPANTS CAN OBTAIN PERSONAL FINANCIAL KNOWLEDGE
15 AND SKILLS THAT THEY CAN EMPLOY AT VARIOUS LIFE STAGES AND FOR
16 PARTICULAR LIFE EVENTS TO MAKE INFORMED FINANCIAL DECISIONS;

17 (b) DECREASE THE NUMBER OF PERSONS IN THE STATE WHO ARE
18 EVICTED, LOSE THEIR HOMES DUE TO FORECLOSURE, OR LOSE THEIR
19 TRANSPORTATION DUE TO REPOSSESSION OF A MOTOR VEHICLE;

20 (c) DECREASE THE NUMBER OF PERSONS IN THE STATE WHO RELY
21 ON COLORADO WORKS OR OTHER FORMS OF PUBLIC ASSISTANCE; AND

22 (d) INCREASE THE NUMBER OF PERSONS IN THE STATE WHO ARE
23 FINANCIALLY SELF-SUFFICIENT.

24 **24-32-3402. Definitions.** AS USED IN THIS PART 34, UNLESS THE
25 CONTEXT OTHERWISE REQUIRES:

1 (1) "COMMUNITY PARTNER" MEANS A NONPROFIT ORGANIZATION
2 THAT PARTNERS WITH A COUNTY TO PROVIDE VOLUNTEERS OR FINANCIAL
3 RESOURCES OR BOTH TO ASSIST A COUNTY IN OPERATING A FINANCIAL
4 LITERACY PILOT PROGRAM IN THE COUNTY.

5 (2) "CSU EXTENSION SERVICE" MEANS THE COLORADO STATE
6 UNIVERSITY COOPERATIVE EXTENSION SERVICE AS PROVIDED FOR IN PART
7 7 OF ARTICLE 31 OF TITLE 23, C.R.S.

8 (3) "DEPARTMENT" MEANS THE DEPARTMENT OF LOCAL AFFAIRS
9 CREATED IN SECTION 24-1-125.

10 (4) "FINANCIAL LITERACY" MEANS KNOWLEDGE OF PERSONAL
11 FINANCES THAT IS SUFFICIENT TO ENABLE A PERSON TO CREATE AND
12 MAINTAIN A HOUSEHOLD BUDGET, MANAGE PERSONAL DEBT, SAVE TO
13 MEET HIS OR HER FINANCIAL GOALS, UNDERSTAND CONSUMER CREDIT AND
14 FINANCE, KNOW THE IMPORTANCE OF SEEKING INFORMATION AND ASKING
15 QUESTIONS BEFORE ENTERING INTO FINANCIAL TRANSACTIONS, AND
16 UNDERSTAND AND SELECT FROM AMONG SHORT-TERM AND LONG-TERM
17 INVESTMENT OPTIONS.

18 (5) "PILOT PROGRAM" MEANS THE FINANCIAL LITERACY PILOT
19 PROGRAM CREATED IN SECTION 24-32-3404.

20 (6) "PARTICIPANT" MEANS A PERSON WHO ATTENDS FINANCIAL
21 LITERACY CLASSES OFFERED IN HIS OR HER COUNTY OF RESIDENCE BY A
22 COUNTY SELECTED TO PARTICIPATE IN THE FINANCIAL LITERACY PILOT
23 PROGRAM.

24 **24-32-3403. Department of local affairs - oversight and**
25 **administration.** AS OUTLINED IN SECTION 24-32-3404, THE DEPARTMENT
26 OF LOCAL AFFAIRS SHALL OVERSEE AND ADMINISTER THE FINANCIAL
27 LITERACY PILOT PROGRAM AND SHALL AWARD GRANTS TO COUNTIES
28 SELECTED TO PARTICIPATE IN THE PILOT PROGRAM.

29 **24-32-3404. Financial literacy pilot program - fund - notice of**
30 **funding through gifts, grants, and donations.** (1) THE CSU EXTENSION
31 SERVICE SHALL DESIGN A FINANCIAL LITERACY PILOT PROGRAM TO TEST
32 THE EFFICACY OF TWO TEACHING METHODS OF PROVIDING FINANCIAL
33 LITERACY CLASSES TO PARTICIPANTS, USING THE CURRICULUM DESCRIBED
34 IN SUBSECTION (5) OF THIS SECTION, AS FOLLOWS:

35 (a) UNDER ONE METHOD, THE CSU EXTENSION SERVICE TEACHES
36 THE FINANCIAL LITERACY CLASSES TO PARTICIPANTS; AND

37 (b) UNDER THE OTHER METHOD, THE CSU EXTENSION SERVICE
38 TRAINS STAFF FROM A COUNTY OR VOLUNTEERS FROM A COMMUNITY
39 PARTNER WORKING WITH A COUNTY TO TEACH FINANCIAL LITERACY
40 CLASSES TO PARTICIPANTS. IN THE METHOD DESCRIBED IN THIS
41 PARAGRAPH (b), THE CSU EXTENSION SERVICE EMPHASIZES HOW TO WORK
42 EFFECTIVELY AND SENSITIVELY WITH LOW-INCOME POPULATIONS. THE

1 TRAINING MAY ALSO INCLUDE HOW TO DELIVER FINANCIAL LITERACY
2 INSTRUCTION TO AN INDIVIDUAL PARTICIPANT OR TO GROUPS IN A
3 CLASSROOM SETTING.

4 (2) ON OR BEFORE OCTOBER 1, 2012, THE DEPARTMENT SHALL
5 DEVELOP AND ANNOUNCE THE REQUIREMENTS FOR THE PILOT PROGRAM,
6 THE APPLICATION PROCESS, AND THE CRITERIA FOR SELECTING COUNTIES
7 TO PARTICIPATE IN THE PILOT PROGRAM. IN DEVELOPING THE CRITERIA FOR
8 THE PILOT PROGRAM, THE DEPARTMENT SHALL INCLUDE A REQUIREMENT
9 THAT PARTICIPATION BY PARTICIPANTS IS VOLUNTARY. BASED ON THE
10 CRITERIA FOR THE PILOT PROGRAM AND THE STRENGTH OF THE
11 APPLICATION, THE DEPARTMENT SHALL SELECT NO MORE THAN FOUR
12 COUNTIES TO PARTICIPATE IN THE PILOT PROGRAM. ONE OF THE COUNTIES
13 SHALL HAVE A POPULATION OF LESS THAN TWENTY-FIVE THOUSAND, ONE
14 OF THE COUNTIES SHALL HAVE A POPULATION OF MORE THAN
15 TWENTY-FIVE THOUSAND BUT LESS THAN ONE HUNDRED THOUSAND, AND
16 TWO OF THE COUNTIES SHALL HAVE A POPULATION OF MORE THAN ONE
17 HUNDRED THOUSAND. THE PILOT PROGRAM SHALL COMMENCE ON OR
18 AFTER JANUARY 1, 2013, AND END ON DECEMBER 31, 2015.

19 (3) THE DEPARTMENT, IN CONSULTATION WITH THE CSU
20 EXTENSION SERVICE, SHALL ESTABLISH FEES FOR FINANCIAL LITERACY
21 CLASSES. THE FEES PAID BY PARTICIPANTS SHALL BE REASONABLE AND
22 ESTABLISHED ON A SLIDING SCALE BASED ON INCOME OR ABILITY TO PAY,
23 INCLUDING THE WAIVER OF FEES BASED ON HARDSHIP. ANY FEES PAID BY
24 PARTICIPANTS SHALL BE PAID TO THE DEPARTMENT, WHICH SHALL
25 TRANSMIT THE FEES TO THE STATE TREASURER TO BE CREDITED TO THE
26 FINANCIAL LITERACY PILOT PROGRAM FUND CREATED IN SUBSECTION (6)
27 OF THIS SECTION. THE DEPARTMENT AND CSU EXTENSION SERVICE SHALL
28 ALSO SET A FEE THAT THE COUNTIES SHALL PAY TO COVER THE DIRECT
29 COSTS TO THE CSU EXTENSION SERVICE OF TEACHING CLASSES TO
30 PARTICIPANTS AND OF TRAINING STAFF AND VOLUNTEERS TO TEACH
31 FINANCIAL LITERACY CLASSES. THE COUNTY SHALL PAY THOSE FEES TO
32 THE DEPARTMENT, WHICH SHALL TRANSMIT THE FEES TO THE STATE
33 TREASURER TO BE CREDITED TO THE FINANCIAL LITERACY PILOT PROGRAM
34 FUND CREATED IN SUBSECTION (6) OF THIS SECTION.

35 (4) (a) ON OR BEFORE NOVEMBER 1, 2012, A COUNTY MAY APPLY
36 TO THE DEPARTMENT TO PARTICIPATE IN THE PILOT PROGRAM. THE
37 APPLYING COUNTY DETERMINES THE APPROPRIATE COUNTY AGENCY TO
38 ADMINISTER THE PILOT PROGRAM IN THAT COUNTY, WHICH AGENCY MAY
39 INCLUDE THE COUNTY LIBRARY, THE COUNTY DEPARTMENT OF SOCIAL
40 SERVICES, THE COUNTY DEPARTMENT OF PUBLIC HEALTH, ANOTHER
41 COUNTY AGENCY, OR A COMMUNITY PARTNER. EACH APPLICATION SHALL
42 SPECIFY, AT A MINIMUM:

- 1 (I) WHICH OF THE TWO TEACHING METHODS DESCRIBED IN
2 SUBSECTION (1) OF THIS SECTION THAT THE COUNTY INTENDS TO USE;
- 3 (II) HOW THE COUNTY WOULD NOTIFY ITS RESIDENTS OF THE
4 FINANCIAL LITERACY CLASSES, INCLUDING RADIO AND NEWSPAPER
5 ANNOUNCEMENTS, PRESS RELEASES, POSTERS, AND BROCHURES;
- 6 (III) THE NUMBER OF PARTICIPANTS THE COUNTY EXPECTS TO
7 SERVE;
- 8 (IV) THE AGENCY THAT WILL ADMINISTER THE PROGRAM IN THE
9 COUNTY AND WHETHER THE COUNTY IS PARTNERING WITH A COMMUNITY
10 PARTNER;
- 11 (V) WHETHER THE COUNTY WOULD PROVIDE COUNTY FUNDS FOR
12 THE PILOT PROGRAM, AND, IF SO, THE PROJECTED AMOUNT;
- 13 (VI) THE PROJECTED BUDGET FOR THE PILOT PROGRAM; AND
- 14 (VII) ANY OTHER INFORMATION THE CSU EXTENSION SERVICE OR
15 THE DEPARTMENT DEEMS NECESSARY TO THE APPLICATION.
- 16 (b) THE COUNTY MAY APPLY WITH A COMMUNITY PARTNER. IF THE
17 COUNTY APPLIES WITH A COMMUNITY PARTNER, THE COUNTY SHALL
18 INDICATE THE ROLE OF THE COMMUNITY PARTNER AND WHETHER THE
19 COMMUNITY PARTNER IS PROVIDING ADDITIONAL FUNDING TO SUPPORT
20 THE COSTS OF THE PILOT PROGRAM IN THAT COUNTY.
- 21 (5) (a) THE CSU EXTENSION SERVICE SHALL DESIGN THE
22 CURRICULUM FOR THE FINANCIAL LITERACY CLASSES BASED UPON
23 CURRICULUM THE SERVICE HAS ALREADY DEVELOPED THAT EMPHASIZES
24 THE FIVE CORE COMPETENCIES THAT HELP CONSUMERS TO MAKE
25 INFORMED DECISIONS ABOUT THEIR PERSONAL FINANCES: EARNING,
26 SPENDING, SAVING AND INVESTING, BORROWING, AND PROTECTING
27 AGAINST RISK. THE CSU EXTENSION SERVICE WILL DETERMINE THE
28 FREQUENCY AND DURATION OF THE CLASSES AND HOW TO MEASURE THE
29 PARTICIPANTS' IMPROVED KNOWLEDGE AND APPLICATION OF THE
30 INSTRUCTION TO THEIR LIVES. THE CSU EXTENSION SERVICE SHALL ALSO
31 DESIGN THE FINANCIAL LITERACY CURRICULUM TO TEACH A PARTICIPANT,
32 AT A MINIMUM, TO:
- 33 (I) ASSESS HIS OR HER EARNING CAPABILITIES AND INCOME,
34 INCLUDING INCREASED EARNING POTENTIAL;
- 35 (II) ASSESS HIS OR HER CURRENT SPENDING PRACTICES OR ASSESS
36 THE SPENDING PRACTICES OF HIS OR HER HOUSEHOLD;
- 37 (III) DEVELOP A BUDGET, INCLUDING HOW TO DETERMINE HOW
38 MUCH OF THE HOUSEHOLD'S INCOME CAN BE SPENT ON RENT OR HOUSING,
39 GROCERIES, CHILD CARE, TRANSPORTATION, INCIDENTALS, OR OTHER
40 ITEMS;
- 41 (IV) FIND WAYS TO SAVE MONEY AND TO DETERMINE HOW MUCH
42 TO SAVE;

1 (V) UNDERSTAND CONSUMER CREDIT AND FINANCE, INCLUDING
2 HOW TO UNDERSTAND AND OBTAIN A CONSUMER CREDIT REPORT, HOW TO
3 AVOID PITFALLS AND RISKS FROM DIFFERENT FINANCIAL CREDIT
4 PRODUCTS, AND WHERE TO OBTAIN HELP AND INFORMATION ON CONSUMER
5 CREDIT AND FINANCE;

6 (VI) MANAGE PERSONAL DEBT AND EVALUATE CREDIT OPTIONS;
7 AND

8 (VII) UNDERSTAND AND EVALUATE PERSONAL INVESTMENT
9 OPTIONS.

10 (b) THE CLASS INSTRUCTOR SHALL PREPARE A REPORT AND SUBMIT
11 IT TO THE CSU EXTENSION SERVICE, INCLUDING THE NAME OF THE
12 PARTICIPATING COUNTY, THE NUMBER OF PARTICIPANTS, AND AN
13 EVALUATION TOOL COMPLETED BY EACH PARTICIPANT INDICATING THE
14 PARTICIPANT'S KNOWLEDGE OF HIS OR HER CREDIT SCORE AND THAT THE
15 PARTICIPANT PREPARED A WRITTEN FINANCIAL PLAN FOR THE PERSONAL
16 USE OF THE PARTICIPANT AND NOT SHARED WITH THE EVALUATOR.

17 (6) (a) THE DEPARTMENT IS AUTHORIZED TO SEEK AND ACCEPT
18 GIFTS, GRANTS, OR DONATIONS FROM PRIVATE OR PUBLIC SOURCES FOR
19 THE PURPOSES OF AWARDING GRANTS TO COUNTIES SELECTED TO
20 PARTICIPATE IN THE PILOT PROGRAM; EXCEPT THAT THE DEPARTMENT MAY
21 NOT ACCEPT A GIFT, GRANT, OR DONATION THAT IS SUBJECT TO
22 CONDITIONS THAT ARE INCONSISTENT WITH THIS PART 34 OR ANY OTHER
23 LAW OF THE STATE. THE DEPARTMENT SHALL TRANSMIT ALL PRIVATE AND
24 PUBLIC MONEYS RECEIVED THROUGH GIFTS, GRANTS, OR DONATIONS TO
25 THE STATE TREASURER, WHO SHALL CREDIT THE SAME TO THE FINANCIAL
26 LITERACY PILOT PROGRAM FUND, WHICH FUND IS HEREBY CREATED AND
27 REFERRED TO IN THIS SECTION AS THE "FUND". THE FUND SHALL CONSIST
28 OF MONEYS RECEIVED FROM GIFTS, GRANTS, AND DONATIONS, FEES
29 COLLECTED FROM PARTICIPANTS WHO ATTEND FINANCIAL LITERACY
30 CLASSES AS DESCRIBED IN SUBSECTION (4) OF THIS SECTION, FEES PAID BY
31 COUNTIES FOR TRAINING CLASSES AS DESCRIBED IN SUBSECTION (4) OF
32 THIS SECTION, AND ANY MONEYS THAT MAY BE APPROPRIATED TO THE
33 FUND BY THE GENERAL ASSEMBLY. THE MONEYS IN THE FUND ARE
34 SUBJECT TO ANNUAL APPROPRIATION BY THE GENERAL ASSEMBLY TO THE
35 DEPARTMENT TO MAKE GRANTS AND TO THE CSU EXTENSION SERVICE FOR
36 THE DIRECT AND INDIRECT COSTS ASSOCIATED WITH IMPLEMENTING THIS
37 PART 34.

38 (b) THE STATE TREASURER MAY INVEST ANY MONEYS IN THE FUND
39 NOT EXPENDED FOR THE PURPOSE OF THIS PART 34 AS PROVIDED BY LAW.
40 THE STATE TREASURER SHALL CREDIT ALL INTEREST AND INCOME DERIVED
41 FROM THE INVESTMENT AND DEPOSIT OF MONEYS IN THE FUND TO THE
42 FUND. ANY UNEXPENDED AND UNENCUMBERED MONEYS REMAINING IN

1 THE FUND AT THE END OF A FISCAL YEAR REMAIN IN THE FUND AND SHALL
2 NOT BE CREDITED OR TRANSFERRED TO THE GENERAL FUND OR ANOTHER
3 FUND. THE STATE TREASURER SHALL TRANSFER ALL UNEXPENDED AND
4 UNENCUMBERED MONEYS REMAINING IN THE FUND AS OF JUNE 30, 2016,
5 TO THE GENERAL FUND.

6 (c) (I) IN SEEKING OR ACCEPTING A GIFT, GRANT, OR DONATION,
7 THE DEPARTMENT SHALL NOTIFY THE LEGISLATIVE COUNCIL STAFF WHEN
8 THE DEPARTMENT HAS RECEIVED ADEQUATE FUNDING THROUGH GIFTS,
9 GRANTS, OR DONATIONS FOR THE PILOT PROGRAM AND SHALL INCLUDE IN
10 THE NOTIFICATION THE INFORMATION SPECIFIED IN SECTION 24-75-1303
11 (3).

12 (II) THIS PARAGRAPH (c) IS REPEALED, EFFECTIVE JULY 1, 2016.

13 (7) (a) SUBJECT TO AVAILABLE APPROPRIATIONS FROM THE FUND
14 CREATED IN SUBSECTION (8) OF THIS SECTION, THE DEPARTMENT SHALL
15 AWARD A GRANT TO EACH OF THE COUNTIES SELECTED TO PARTICIPATE IN
16 THE PILOT PROGRAM. THE PURPOSE OF THE GRANT IS TO COVER THE COSTS
17 OF ADMINISTERING THE PILOT PROGRAM IN A SELECTED COUNTY. NOTHING
18 IN THIS SECTION PRECLUDES A COUNTY OR A COMMUNITY PARTNER FROM
19 PROVIDING ADDITIONAL FUNDS TO SUPPORT THE PILOT PROGRAM.

20 (b) AS A CONDITION OF ACCEPTING A GRANT, EACH COUNTY SHALL
21 AGREE TO PARTICIPATE IN ANY SURVEYS FROM AND SUBMIT ANY DATA OR
22 EVALUATIONS REQUESTED BY THE CSU EXTENSION SERVICE.

23 (8) (a) THE CSU EXTENSION SERVICE SHALL CONTRACT WITH AN
24 OUTSIDE EVALUATION SPECIALIST TO EVALUATE THE RESULTS OF THE
25 PILOT PROGRAM. THE EVALUATION SPECIALIST SHALL SUBMIT A REPORT
26 TO THE DEPARTMENT AND TO THE FINANCE COMMITTEES AND LOCAL
27 GOVERNMENT COMMITTEES OF THE HOUSE OF REPRESENTATIVES AND THE
28 SENATE, OR ANY SUCCESSOR COMMITTEES, ON OR BEFORE FEBRUARY 1,
29 2015.

30 (b) THE REPORT SUBMITTED PURSUANT TO PARAGRAPH (a) OF THIS
31 SUBSECTION (8) SHALL INCLUDE:

32 (I) THE NUMBER OF COUNTIES THAT PARTICIPATED IN THE PILOT
33 PROGRAM;

34 (II) THE NUMBER OF PARTICIPANTS THAT PARTICIPATED IN AND
35 COMPLETED FINANCIAL LITERACY CLASSES;

36 (III) EVALUATION MEASURES SUCH AS THE NUMBER OF
37 PARTICIPANTS WHO KNOW THEIR ACTUAL CREDIT SCORES, THE NUMBER OF
38 PARTICIPANTS WHO KNOW HOW TO DEVELOP BUDGETS AND FINANCIAL
39 PLANS, WHETHER PARTICIPANTS HAVE BECOME MORE SELF-SUFFICIENT OR
40 FINANCIALLY KNOWLEDGEABLE THROUGH PARTICIPATING IN THE
41 FINANCIAL LITERACY CLASSES, AND WHETHER THE GOALS STATED IN
42 SECTION 24-32-3401 WERE MET;

1 (IV) A COMPARISON OF THE TWO TEACHING METHODS DESCRIBED
2 IN SUBSECTION (1) OF THIS SECTION AND A CONSIDERATION OF WHETHER
3 ONE METHOD WAS MORE EFFECTIVE THAN THE OTHER; AND

4 (V) RECOMMENDATIONS FOR FUTURE FINANCIAL LITERACY
5 TRAINING.

6 **24-32-3405. Repeal of part.** THIS PART 34 IS REPEALED, EFFECTIVE
7 JULY 1, 2016, UNLESS EXTENDED BY THE GENERAL ASSEMBLY ACTING BY
8 BILL.

9 **SECTION 2.** In Colorado Revised Statutes, 23-31-704, **add** (5)
10 as follows:

11 **23-31-704. Organization - cooperative relationships - repeal.**

12 (5)(a) THE SERVICE SHALL COOPERATE WITH THE DEPARTMENT OF LOCAL
13 AFFAIRS AND WITH ANY PARTICIPATING COUNTIES TO CARRY OUT THE
14 PURPOSES OF THE FINANCIAL LITERACY PILOT PROGRAM CREATED IN PART
15 34 OF ARTICLE 32 OF TITLE 24, C.R.S., AND TO CARRY OUT DUTIES
16 ASSIGNED TO THE SERVICE IN SECTION 24-32-3404, C.R.S.

17 (b) THIS SUBSECTION (5) IS REPEALED, EFFECTIVE JULY 1, 2016,
18 UNLESS PART 34 OF ARTICLE 32 OF TITLE 24, C.R.S., IS EXTENDED BY THE
19 GENERAL ASSEMBLY ACTING BY BILL.

20 **SECTION 3. Safety clause.** The general assembly hereby finds,
21 determines, and declares that this act is necessary for the immediate
22 preservation of the public peace, health, and safety.".

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