

AB 597 (Eng)
Financial Literacy Initiative
(Version: June 27, 2011)

SUMMARY

This bill would:

1. Establish a California Financial Literacy Fund that would authorize the Controller to accept and, with an appropriation, spend contributions for financial literacy training purposes in California;
2. Require the Controller, beginning in 2013, to provide a brief annual summary to the Legislature on the source and use of contributed funds;
3. Allow the Controller to convene a Financial Literacy Advisory Committee;

BACKGROUND

As California's economic crisis drags in to its fifth fiscal year the state's financial literacy crisis is evident in many way. For example:

- Four California cities are in the top ten worst cities in the United States for credit card debt, with more than 15% of the city's median income being owed to credit card companies.
- California also has one of the nation's highest per capita bankruptcy rates, at 3.57% per 1000 people.
- The foreclosure rate in California is third worst in the nation, behind only Nevada and Arizona.

At no cost to the state, this proposal would establish a financial literacy fund and enable strategic partnerships with the private and nonprofit sectors who are already working on these issues.

JUSTIFICATION

The creation of a financial literacy fund will provide a funding source for organizations who wish to partner with California on financial literacy efforts. In the long run, partnering with the state to educate people on financial literacy could benefit the California economy by helping to prevent bankruptcies, foreclosures, and job loss.

SUPPORT

American Federation of State, County, and Municipal Employees, AFL-CIO
California Bankers Association
California Chamber of Commerce
California Coalition for Rural Housing
California Credit Union League
California Library Association
CalSTRS
Consumer Federation of California
VISA
Controller John Chiang (sponsor)

FOR MORE INFORMATION

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Bill text and status information can be found at:
www.leginfo.ca.gov