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ACR-53 Financial Fitness Month. (2017-2018)

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Assembly Concurrent Resolution No. 53

CHAPTER 54

Relative to Financial Fitness Month.

[Filed with Secretary of State May 19, 2017.]

LEGISLATIVE COUNSEL'S DIGEST

ACR 53, Dababneh. Financial Fitness Month.

This measure would declare the month of April 2017 as Financial Fitness Month, with the theme of "Financial Fitness for Life," to raise public awareness about the continuing need for increased financial literacy.

Fiscal Committee: no

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, According to American Consumer Credit Counseling, the United States ranks 14th on the global list of financially literate countries, behind countries like the Czech Republic and Singapore; and

WHEREAS, According to a GOBankingRates.com survey, 69 percent of Americans have less than \$1,000 in their savings accounts; and

WHEREAS, According to Sallie Mae's "How America Saves for College 2016," on average, parents saved \$16,380 for college, an increase of 9 percent from 2015; and

WHEREAS, 79 percent of parents believe it is more difficult for today's parents to save and pay for college than it was for their parents' generation; and

WHEREAS, Families that do not save for college typically do not save generally. Parents who are not saving for college have had, on average, 65 percent less money saved for all purposes than those who are saving for college; and

WHEREAS, The top reason cited for not saving for college is that families do not have enough discretionary money to set aside exclusively for a child's college education. More than 80 percent of parents cite this as a reason for not having started to save for college; and

WHEREAS, Nearly 67 percent of noncollege-saving parents are not saving for college because they assume their children will be able to use financial aid or scholarships to cover the cost of paying for college; and

WHEREAS, According to the Junior Achievement 2015 Teens & Personal Finance Survey, 48 percent of teenagers think that their parents will help pay for college, but only 16 percent of parents of teenagers report planning to pay for postsecondary education;

and

WHEREAS, Parents serve as teenagers' biggest teachers when it comes to money management skills. Eighty-four percent of teenagers report looking to their parents for information on how to manage money, but 34 percent of parents say their family's approach to financial matters is to not discuss money with their children; and

WHEREAS, Parents who do talk to their children about money are often leaving girls out of the conversation. Teenage girls are more likely than teenage boys to say that their parents do not talk to them enough about money management (40 percent to 24 percent) and paying for college (34 percent to 23 percent); and

WHEREAS, The number of teenagers who think that their parents do not spend enough time talking to them about managing money rose from 21 percent in 2014 to 32 percent in 2015; and

WHEREAS, According to the Council for Economic Education's 2016 Survey of the States, student loan debt is more than \$1.3 trillion, the second largest class of consumer debt after mortgages; and

WHEREAS, The college graduating class of 2014 graduated with an average of nearly \$29,000 in student loan debt; and

WHEREAS, Undergraduate students typically can use scholarships and grants to cover only about 31 percent of the total average cost of one year of a college education; and

WHEREAS, 75 percent of credit card-carrying college students did not know they would be hit with late payment fees; and

WHEREAS, 4 in 10 millennials say they are overwhelmed with debt and more than one-half say they are living paycheck to paycheck, leaving them no ability to save for the future; and

WHEREAS, According to a study by PwC and the George Washington Global Financial Literacy Excellence Center of millennials 23 to 35 years of age, inclusive, millennials are the age group with the lowest level of financial literacy. Only 24 percent demonstrated basic financial literacy, and only 8 percent demonstrated high financial literacy; and

WHEREAS, Millennials are "financially fragile" in the sense that nearly 50 percent do not believe they could come up with \$2,000 if an unexpected need arose within the next month, nearly 30 percent are overdrawing on their checking accounts, and 53 percent carried over a credit card balance in the last 12 months; and

WHEREAS, Only 36 percent of millennials have a retirement account, 17 percent with an account took a loan in the past 12 months, and 14 percent took a hardship withdrawal in the past 12 months; and

WHEREAS, Women are an increasingly important part of the workforce and overall economy, and comprise nearly half of the labor force in the United States and a substantial portion of all United States economic activity; and

WHEREAS, Women in the workforce often face different challenges than their male counterparts. Women are more likely than men to work part time and the majority of women who work part time do so by choice, although these choices may be constrained by factors such as their children's school hours and the cost of child care; and

WHEREAS, An additional challenge faced by women is they typically work fewer years than men, often taking time out of the workforce to raise children or care for elderly relatives, but have longer life expectancies. This makes women more vulnerable to financial hardship during retirement and research shows that women are less likely than men to plan for retirement; and

WHEREAS, Longer life expectancies, coupled with low marriage rates and high divorce rates, also mean that women are more likely to manage their finances alone at some point in life and thus, a detailed understanding of working women's financial capability is critical; 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, 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 Jump\$tart Coalition, the CalCPA Institute, 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 2017 as Financial Fitness Month, with the theme of "Financial Fitness for Life," 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.