
OLR Bill Analysis

sHB 5490

AN ACT CONCERNING FINANCIAL LITERACY.

SUMMARY:

This bill requires the Department of Education (SDE), Board of Regents for Higher Education (BOR), and UConn Board of Trustees (BOT), in consultation with the Department of Banking (DOB), to develop a plan to ensure that students in public high schools and state higher education institutions receive financial literacy instruction, including the impact of using credit and debit cards. The financial literacy instruction must occur (1) during a public high school student's final year and (2) by the end of the second semester for students at state higher education institutions.

It also requires (1) SDE, BOR, and UConn Board of Trustees (BOT), to work with the DOB to secure federal, state, or private funding to implement the plan and (2) the commissioner of education, the BOR president, the UConn BOT chairman, and the DOB commissioner to report to the Banks Committee, by January 1, 2015, on the plan development.

The bill requires a "card issuer" (see BACKGROUND) that advertises on a Connecticut higher education institution campus to explain the fees associated with its credit or debit card to each student applying for one.

Lastly, the bill also requires BOR, UConn BOT, and the Connecticut Conference of Independent Colleges (CCIC) to ensure that each student, who applies for a credit or debit card through any card issuer described above, receives (1) one-on-one financial literacy counseling or (2) a one-page financial literacy sheet. The financial literacy sheet must clearly and succinctly explain the financial implications of using a credit card and debit card, including the fees.

EFFECTIVE DATE: July 1, 2014

BACKGROUND

Card Issuer, Credit Card, and Debit Card

“Card issuer” means a credit card issuer, in the case of a “credit card;” and a debit card issuer, in the case of a “debit card” (15 USCA § 1681a(r)(1)).

“Credit card” means any card, plate, coupon book, or other credit device used to obtain money, property, labor, or services on credit (15 USCA § 1602 (l)).

“Debit card” means any card issued by a financial institution to a consumer to be used to (1) initiate an electronic funds transfer from his or her account, (2) transfer money between accounts, or (3) obtain money, property, labor, or services (15 USCA § 1681a(r)(3)) .

Existing Law

A 1997 law requires the State Board of Education to provide curriculum guides and materials to help school districts provide courses in personal financial management (CGS § 10-16b (d) (6)). The requirement took effect on October 1, 1997. A 2010 law establishing higher minimum credits for high school graduation also requires students to take at least two credits in career and life skill electives, which can include personal finance courses. The requirements apply starting with the class graduating from high school in 2020.

COMMITTEE ACTION

Banks Committee

Joint Favorable Substitute

Yea 17 Nay 0 (03/18/2014)