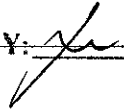


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SENATE
S. No. 2716

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EXPLANATORY NOTE

As a result of the financial crisis, consumers are more concerned about their personal finances than ever before. Household confidence in job security and future employment prospects, income stability, and the ability to preserve and build assets is reportedly plummeting. Meanwhile, high fuel and food prices and tightening credit conditions are placing more pressure on households to maximize their financial decisions.

While individuals and businesses bear the majority of the economic strain, young people are uniquely impacted by their interactions with household finances. Such moments of financial trouble are teachable opportunities for young people to learn about personal finance, and to improve their own money management skills.¹

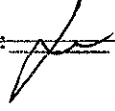
Hence, this bill directs the Secretary of Education to establish a pilot program awarding grants to ten educational agencies to develop financial literacy programs in elementary and secondary schools. The bill further requires grant funds to be used to: (1) integrate financial literacy programs into elementary and secondary school curricula; (2) provide financial literacy teacher training; and (3) collect, analyze, and develop the information necessary to accomplish the pilot program.


MIRIAM DEFENSOR SANTIAGO

¹ http://www.newamerica.net/publications/policy/effectiveness_youth_financial_education_1.

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1 AN ACT
2 REQUIRING THE SECRETARY OF EDUCATION TO ESTABLISH A PILOT PROGRAM
3 TO AWARD GRANTS TO EDUCATIONAL AGENCIES TO DEVELOP FINANCIAL
4 LITERACY PROGRAMS IN ELEMENTARY AND SECONDARY SCHOOLS

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

5 SECTION 1. *Short Title.* – This Act shall be known as the “Financial Literacy for Youth
6 Act” or the “FLY Act.”

7 SECTION 2. *Definition of Terms.* – For purposes of this Act, the term—

8 (a) “Financial literacy” means the acquisition of knowledge and understanding of all
9 personal financial matters and transactions, from finance management and investment, to being
10 able to make sound financial decisions, including but not limited to understanding:

11 (1) how to balance a check book, read a credit card statement, and calculate interest
12 rates;

13 (2) what a pay slip is, and why taxes, and contributions for Government Service
14 Insurance System (GSIS), Social Security System (SSS), Philhealth, and PAG-
15 IBIG are deducted from wages;

16 (3) the differences between various types of bank accounts;

17 (4) the significance of a credit score and how to read credit reports;

18 (5) the marketing techniques frequently used by individuals and businesses to attract
19 patrons; and

20 (6) the importance of saving for college and retirement; and

21 (b) “Secretary” refers to the Secretary of Education.

1 SECTION 3. *Pilot Program to Award Grants to Educational Agencies to Develop*
2 *Financial Literacy Programs in Elementary and Secondary Schools.* –

3 (a) *In General.* –

4 (1) *Pilot Program.* – The Secretary shall establish a pilot program to award grants to
5 educational agencies to develop financial literacy programs in elementary and
6 secondary schools.

7 (2) *Grant Awards.* – The Secretary shall award grants under the pilot program to ten
8 (10) education agencies.

9 (b) *Application.* –

10 (1) *In General.* – Each educational agency that desires a grant under the pilot
11 program shall submit an application to the Secretary at such time, in such manner,
12 and accompanied by such information as the Secretary shall require.

13 (2) *Contents.* – Each grant application under the pilot program shall describe how:

14 (A) funds will be used to incorporate financial literacy into the curriculum;

15 (B) the funds will be used for professional development;

16 (C) an educational agency will measure performance and evaluate the
17 effectiveness of its program.

18 (c) *Use of Funds.* – A grant award under the pilot program shall be used to integrate
19 financial literacy programs into elementary and secondary school curriculums; to carry out
20 professional development, including fellowships for financial literacy instructors and personnel
21 (including licensed teachers, education administrators, and bank personnel) involved in the
22 education of financial literacy programs; to conduct program evaluations and surveys; and to
23 collect, analyze, and develop information necessary to accomplish the pilot program.

24 (d) *Maximum Grant.* – A grant award under the pilot program to any educational
25 agency shall be not more than two million pesos (P2,000,000.00).

26 (e) *Limitation on Administrative Costs.* – Not more than four percent (4%) of the
27 amounts made available under the pilot program for any fiscal year may be used for
28 administrative costs to carry out the pilot program.

29 SECTION 4. *Reports.* –

1 (a) *Report by the Education Agency.* – Not later than ninety (90) days after the
2 conclusion of the pilot program, an educational agency shall prepare and submit to the Secretary
3 a report that details which curricula and policies implemented in the financial literacy program
4 were successful or unsuccessful, which curricula and policies they would recommend to other
5 education agencies, and such further guidelines for this report as the Secretary shall deem
6 necessary.

7 (b) *Report by the Secretary.* – Not later than one hundred eighty (180) days after the
8 conclusion of the pilot program, the Secretary shall submit to Congress a report on the pilot
9 program.

10 SECTION 5. *Implementing Rules and Regulations.* – The Secretary shall promulgate the
11 implementing rules and regulations of this Act not later than thirty (30) days after the effectivity
12 of this Act.

13 SECTION 6. *Authorization of Appropriations.* – To carry out the provisions of this Act,
14 there are authorized to be appropriated such sums as may be necessary for each fiscal year

15 SECTION 7. *Separability Clause.* – If any provision of this Act shall be declared
16 unconstitutional, any other provision not affected thereby shall remain in full force and effect.

17 SECTION 8. *Repealing Clause.* – All laws, decrees, orders, rules and regulations, or
18 parts thereof inconsistent with this Act are hereby repealed or amended accordingly.

19 SECTION 9. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication
20 in at least two (2) newspapers of general circulation.

Approved,

/fldp