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SENATE
S. No. 2489

RECEIVED

Introduced by Senator Miriam Defensor Santiago

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

EXPLANATORY NOTE

The Constitution, Article 14, Sections 1 and 2 (2) provide:

Section 1. The State shall protect and promote the right of all citizens to quality education at all levels and shall take appropriate steps to make such education accessible to all.

Section 2. The State shall:

- (1) Establish, maintain, and support a complete, adequate, and integrated system of education relevant to the needs of the people and society;...

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, children and youth are uniquely impacted by their interactions with household finances.

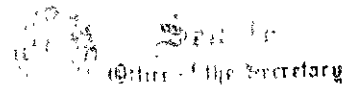
Such moments of financial trouble are teachable opportunities for children and youth to learn about personal finance, and to improve their own money management skills.¹

Hence, this bill directs the Secretary of the Department 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.²


MIRIAM DEFENSOR SANTIAGO
RP

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

² This bill was originally filed by Rep. Cleaver before the U.S. House of Representatives (112th Congress, 1st Session).



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

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

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

8 SECTION 2. *Definition of Terms.* – For purposes of this Act:

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

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

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

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

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

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

1 (6) the importance of saving for college and retirement.

2 (b) "Secretary" refers to the Secretary of the Department of Education.

3 SECTION 3. *Requirement to Establish a Pilot Program to Award Grants to*
4 *Educational Agencies to Develop Financial Literacy Programs in Elementary and*
5 *Secondary Schools.* –

6 (a) *In General.* –

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

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

12 (b) *Application.* –

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

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

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

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

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

24 (c) *Use of Funds.* – A grant award under the pilot program shall be used to
25 integrate financial literacy programs into elementary and secondary school curriculums;
26 to carry out professional development, including fellowships for financial literacy

1 instructors and personnel (including licensed teachers, education administrators, and bank
2 personnel) involved in the education of financial literacy programs; to conduct program
3 evaluations and surveys; and to collect, analyze, and develop information necessary to
4 accomplish the pilot program.

5 (d) *Maximum Grant.* – A grant award under the pilot program to any educational
6 agency shall be not more than ₱2,000,000.00.

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

10 SECTION 4. *Reports.* –

11 (a) *Report by the Education Agency.* – Not later than 90 days after the conclusion
12 of the pilot program, an educational agency shall prepare and submit to the Secretary a
13 report that details which curriculums and policies implemented in the financial literacy
14 program were successful or unsuccessful, which curriculums and policies they would
15 recommend to other education agencies, and such further guidelines for this report as the
16 Secretary shall deem necessary.

17 (b) *Report by the Secretary.* – Not later than 180 days after the conclusion of the
18 pilot program, the Secretary shall submit to the Committee on Education a report on the
19 pilot program.

20 SECTION 5. *Authorization of Appropriations.* – To carry out the provisions of this
21 Act, there are authorized to be appropriated such sums as may be necessary for each
22 fiscal year

23 SECTION 6. *Separability Clause.* – If any provision of this Act shall be declared
24 unconstitutional, any other provision not affected thereby shall remain in full force and
25 effect.

1 SECTION 7. *Repealing Clause.* – All laws, decrees, orders, rules and regulations,
2 or parts thereof inconsistent with this Act are hereby repealed or amended accordingly.

3 SECTION 8. *Effectivity.* – This Act shall take effect fifteen (15) days after its
4 publication in at least two (2) newspapers of general circulation.

Approved,

/fldpnov2014