

BILL ANALYSIS

C.S.H.B. 900
By: Chavez
Economic Development
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Under current law, financial literacy is not required in workforce development programs. Workforce development programs serve displaced workers by providing them with the training necessary to obtain jobs in new fields. Workers in these programs tend to have low incomes, and studies have shown that individuals with low income are more likely to be placed in a subprime lending category, thus being more susceptible to predatory lending practices. Low credit scoring or no credit scoring keeps these individuals in the cycle of paying exorbitant interest rates and fees. Financial literacy will help individuals in workforce development programs to improve their credit history and/or start a credit history, that will allow them to use their income for savings and/or other necessities rather than high interest rates and fees. This bill would require that workforce development programs provide financial literacy training for their workers. It also provides a mechanism by which donations may be received for this program.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1. Amends Subchapter A, Chapter 302, Labor Code, by adding Section 302.0027 to read as follows:

Sec. 302.0027 FINANCIAL LITERACY TRAINING.

- (a) Mandates that training in financial literacy be offered in workforce development programs statewide by the commission and local workforce development boards.
- (b) Requires Information and materials to be developed by the district for inclusion in the program.
- (c) Allows the commission to accept donations in the form of money, services or property which benefits the financial literacy program. Requires all donations to be accepted in public meetings by a majority of the voting members and stipulates the manner the donation must be publicly reported.

SECTION 2. Effective date.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2005.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute adds a subsection (c) which provides an avenue for commissions to receive donations and stipulates the receiving and reporting requirements for the donations.