



California Family Resource Association

Strong Families. Strong Communities.

THE CFRA CAPITOL REPORT

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Financial Literacy Legislation Moving Forward

A critical piece of legislation, AB 2123 by Assemblyman Lieu, is advancing in the Legislature. This legislation is critical to CFRA's Family Economic Success (FES) policy agenda and the families CFRA members serve. Assemblymember Lieu will be a featured speaker at CFRA's 2nd Biennial Policy Conference on April 24-25, 2008, in Los Angeles. (Visit CFRA's website to register at: www.californiafamilyresource.org)

CFRA is in communication with State Controller John Chiang and Assemblyman Ted Lieu about the role strengthening organizations can play implementing AB 2123. Assemblyman Lieu (D-Torrance) introduced AB 2123 in response to the growing number of people making poor financial decisions due to inadequate education, resulting in financial catastrophes such as the mortgage crisis and plummeting credit scores.

AB 2123 would create programs to assist low and middle income persons with such tasks as credit card applications, opening bank accounts and understanding credit scores. These programs will be administered through the Office of the State Controller and will be made available via the internet or phone. These financial literacy programs will provide the public with a team of professionals to assist them in making financially sound decision. A number of statistics demonstrates the important need for financial literacy in California:

- The average credit card debt among low and moderate-income households is \$8,650.
- Americans age 25 to 34 now have the second highest rate of bankruptcy.
- According to the U.S. Census, Americans own approximately 1.5 billion credit cards - an average of nearly nine credit cards issued per credit card holder.
- According to the Bureau of Economic Statistics, the national annual savings rate is now -0.4% of after-tax household income, a level not seen since the Great Depression.

The California State Controller is the sponsor of AB 2123 and wrote, "Through the establishment of the dedicated Financial Literacy Advocate and a Financial Literacy Advisory Committee, this bill will codify the state's financial interest in reducing unmanageable credit card debt, bankruptcy, and predatory lending misfortunes like those that led to the current subprime mortgage meltdown. The California Financial Literacy Initiative will create an information warehouse in my office where Californians can turn for answers on basic financial questions and for referral to other, more specific resources closer to home".

Governor Schwarzenegger Takes Step Towards New Taxes

Governor Schwarzenegger continues to argue that California has a spending problem, not a revenue problem. But with Democrats lined up against his proposal for a 10 percent across the board cut to all state services, and the state's deficit now reaching over \$16 billion, the Governor is sending stronger signals than ever that new taxes may be explored.

Specifically, Democrats are renewing an old idea that calls for all services provided in California become taxable. Currently, payments made for everything from dry cleaning to legal services are not taxed. It is believed that imposing state sales taxes on services and closing several tax loopholes might be enough to save Democratic priorities such as education, foster care, and assistance for the poor.

Legislative leaders and the Governor have made little progress in early talks on the budget. It is expected that no real negotiations will take place until the Governor releases his revised budget and revenue figures in May. The legislature will then have until June 15th to approve the state budget.

How Will the State Budget Impact Your County?

Learn the impact of the State budget cuts on your specific county. Go to the California Budget Project's (CBP) analysis by county at <http://www.cbp.org/Impactbycounty.htm>

CFRA Working for You

- CFRA's has secured Assemblyman Ted Lieu (D-Torrance) to speak at CFRA's upcoming conference in Los Angeles. Assemblyman Lieu is Chairman of the Assembly's powerful Rules Committee. (Attend the conference and hear about his policies that strengthen families.)
- CFRA met with the State Controller's office to explore how CFRA members can partner with the State Controller's office on his financial literacy initiative.
- CFRA is actively monitoring over 120 new pieces of legislation that may impact California's families.

- CFRA's lobbyist has met with the next Senator Pro Tem Darrell Steinberg and the next Speaker of the Assembly Karen Bass to offer CFRA's assistance on issues related to family strengthening policies.

Legislator Profile

This is part of a continuing series of California legislator profiles aimed at providing CFRA members insight into who is making decisions on their behalf in Sacramento and who are allies or potential champions for Family Strengthening (FS) policy.

Loni Hancock has had a remarkable public service career, spending more than three decades as a forceful advocate for social justice, health care, educational reforms, economic development, a open government, and environmental protections. She has served at the local, state and federal levels, including under Presidents Bill Clinton and Jimmy Carter.

Before being elected to the Assembly, Assemblywoman Hancock headed the Western Regional Office of the U.S. Department of Education. Working with schools, communities, state and local governments, she helped launch many of President Clinton's education initiatives.

Now serving in her third term as the representative of the 14th Assembly District, Assemblywoman Hancock also chairs the Assembly Select Committee on Bridging the Achievement Gap. Under her guidance, the Committee has tackled issues related to high dropout rates, school-to-career programs and oversight of the federal No Child Left Behind Act. Last year, the Governor signed legislation authored by Assemblywoman Hancock that greatly expands career technical education programs for high school students.

In addition, the Assemblywoman sits on the Committee on Rules and chairs the Subcommittee on Sexual Harassment and Violence Prevention. She is a member of the Committee on Education, the Committee on Housing and Community Development, the Budget Committee and the Budget Subcommittee on Health and Human Services

As a member of the Budget Subcommittee on Health and Human Services, she helped expand health care programs for children, increased funding for foster youth programs and fought cuts in Medi-Cal stipends and proposed cuts to programs for seniors and people with disabilities.

In addition to issues of the environment, education and health care, Assemblywoman Hancock is strongly committed to campaign finance reform, and she authored AB 583, the California Clean Money and Fair Elections Act, to provide full public financing for all statewide races in California.

Assemblywoman Hancock also served as President Jimmy Carter's Regional Director for ACTION, overseeing a host of domestic volunteer programs including VISTA, Foster Grandparents, Senior Companions and Retired Senior Volunteer Program.

Assemblywoman Hancock has lived in Berkeley since 1964 and is married to Tom Bates. They have four children and seven grandchildren.

What's Next in the Capitol?

The legislature is busy with policy committee hearings and continued hearings on legislative alternatives to the Governor's 2008-09 state budget. State Budget talks have begun on a very limited basis with no real negotiations expected until after the May Revise.