

NOTE: This bill has been prepared for the signatures of the appropriate legislative officers and the Governor. To determine whether the Governor has signed the bill or taken other action on it, please consult the legislative status sheet, the legislative history, or the Session Laws.



HOUSE BILL 22-1389

BY REPRESENTATIVE(S) Herod, Amabile, Bacon, Bernett, Bird, Cutter, Duran, Esgar, Exum, Hooton, Jodeh, Kipp, Lindsay, Lontine, McLachlan, Michaelson Jenet, Mullica, Ricks, Titone, Valdez D., Young;
also SENATOR(S) Hinrichsen, Bridges, Buckner, Danielson, Donovan, Lee, Moreno, Pettersen, Winter, Fenberg.

CONCERNING THE CREATION OF FINANCIAL LITERACY AND EXCHANGE PROGRAM ACCOUNTS, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, **add** 24-32-726 as follows:

24-32-726. Financial literacy and exchange program - creation - FLEX accounts - FLEX cash fund - short title - legislative declaration - definitions. (1) THE SHORT TITLE OF THIS SECTION IS THE "FINANCIAL LITERACY AND EXCHANGE PROGRAM (FLEX) ACT".

(2) THE GENERAL ASSEMBLY HEREBY FINDS AND DECLARES THAT:

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

(a) COLORADO FAMILIES AND YOUTH ARE IMPROVING THEIR LONG-TERM ECONOMIC WELL-BEING THROUGH PARTICIPATION IN THE FEDERAL FAMILY SELF-SUFFICIENCY PROGRAM AUTHORIZED UNDER 24 CFR PART 984;

(b) THE FEDERAL FAMILY SELF-SUFFICIENCY PROGRAM ALLOWS DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT-ASSISTED FAMILIES, INCLUDING YOUTH TRANSITIONING FROM FOSTER CARE, TO BE MENTORED ON FINANCIAL LITERACY, INCREASE THEIR EARNED INCOME, BECOME FINANCIALLY STABLE, AND REDUCE AND EVENTUALLY ELIMINATE THEIR DEPENDENCY ON GOVERNMENT ASSISTANCE, RENTAL SUBSIDIES, AND OTHER GOVERNMENT PROGRAMS;

(c) THE STATE OF COLORADO ADMINISTERS STATE-FUNDED SUPPORTIVE HOUSING VOUCHERS WHEREBY RECIPIENTS WOULD BENEFIT FROM PARTICIPATION IN A PROGRAM LIKE THE FEDERAL FAMILY SELF-SUFFICIENCY PROGRAM; AND

(d) THEREFORE, IT IS THE INTENT OF THE GENERAL ASSEMBLY TO CREATE THE COLORADO FINANCIAL LITERACY AND EQUITY EXCHANGE PROGRAM, A VOLUNTARY PROGRAM WITH THE GOAL OF GRANTING FINANCIAL SECURITY THROUGH EDUCATION, EMPLOYMENT, INVESTMENT, HOUSING STABILITY, AND SOCIAL MATURITY BY:

(I) ENABLING DIVISION OF HOUSING-ASSISTED INDIVIDUALS TO INCREASE THEIR EARNED INCOME AND REDUCE THEIR DEPENDENCY ON WELFARE ASSISTANCE AND RENTAL SUBSIDIES BY OFFERING SUCH INDIVIDUALS A FINANCIAL INCENTIVE TO INCREASE THEIR EARNINGS IN THE FORM OF AN ESCROW-LIKE SAVINGS ACCOUNT THAT GROWS AS AN INDIVIDUAL'S EARNINGS INCREASE; AND

(II) PROVIDING DIVISION OF HOUSING-ASSISTED INDIVIDUALS WITH ACCESS TO SERVICE PROVIDERS FOR ELIGIBLE YOUTH AND FAMILIES FOR FINANCIAL MENTORING, LIFE SKILLS TRAINING, AND ASSET MANAGEMENT.

(3) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) "ELIGIBLE EXPENSE" MEANS AN EXPENSE THAT SATISFIES THE CRITERIA ESTABLISHED BY THE DIVISION IN SUBSECTION (5)(d)(II) OF THIS

SECTION.

(b) "ELIGIBLE HOUSING ASSISTANCE VOUCHER PROGRAM" MEANS A STATE PROGRAM THAT PROVIDES HOUSING ASSISTANCE VOUCHERS AND SATISFIES THE CRITERIA ESTABLISHED BY THE DIVISION PURSUANT TO SUBSECTION (5)(a) OF THIS SECTION.

(c) "ELIGIBLE PARTICIPANT" MEANS A PERSON WHO RECEIVES VOUCHERS FOR HOUSING ASSISTANCE FROM AN ELIGIBLE HOUSING ASSISTANCE VOUCHER PROGRAM AND SATISFIES ANY OTHER CRITERIA ESTABLISHED BY THE DIVISION IN SUBSECTION (5)(b) OF THIS SECTION.

(d) "FLEX ACCOUNT" MEANS AN ACCOUNT CREATED BY THE DIVISION IN ACCORDANCE WITH THE REQUIREMENTS OF SUBSECTION (6) OF THIS SECTION.

(e) "FLEX AGREEMENT" MEANS AN AGREEMENT BETWEEN AN ELIGIBLE PARTICIPANT AND THE DIVISION THAT SATISFIES THE REQUIREMENTS ESTABLISHED BY THE DIVISION PURSUANT TO SUBSECTION (5)(d) OF THIS SECTION AND IS ALSO PARTICIPANT DIRECTED.

(f) "FLEX FUND" MEANS THE FUND CREATED IN SUBSECTION (7)(b) OF THIS SECTION.

(4) THERE IS HEREBY CREATED IN THE DIVISION OF HOUSING THE FLEX ACCOUNT PROGRAM TO ESTABLISH AND ADMINISTER FLEX ACCOUNTS TO ASSIST ELIGIBLE PARTICIPANTS IN SOCIAL INTEGRATION AND FINANCIAL INDEPENDENCE.

(5) THE DIVISION SHALL IMPLEMENT THE FLEX ACCOUNT PROGRAM IN ACCORDANCE WITH THIS SECTION. THE DIVISION SHALL ESTABLISH SUCH POLICIES AND PROCEDURES AS MAY BE NECESSARY TO IMPLEMENT THE FLEX ACCOUNT PROGRAM. AT A MINIMUM, THESE POLICIES AND PROCEDURES MUST SPECIFY:

(a) WHICH PROGRAMS QUALIFY AS ELIGIBLE HOUSING ASSISTANCE VOUCHER PROGRAMS;

(b) THE QUALIFICATIONS OF ELIGIBLE PARTICIPANTS;

(c) THE APPLICATION PROCESS FOR AN ELIGIBLE PARTICIPANT TO QUALIFY FOR THE ESTABLISHMENT OF A FLEX ACCOUNT; AND

(d) THE ELEMENTS OF A FLEX AGREEMENT. SUCH AGREEMENTS MAY BE RENEGOTIATED BY THE PARTICIPANT AND THE DIVISION AND MUST INCLUDE, AT A MINIMUM:

(I) A WRITTEN PLAN FOR THE USE OF FUNDS IN A FLEX ACCOUNT;

(II) WHICH EXPENSES QUALIFY AS ELIGIBLE EXPENSES;

(III) THE CRITERIA THAT WILL RESULT IN THE FORFEITURE OF THE FUNDS IN A FLEX ACCOUNT; AND

(IV) THE CRITERIA FOR SUCCESSFUL COMPLETION OF THE FLEX ACCOUNT PROGRAM.

(6) (a) IF THE DIVISION DETERMINES THAT IT WILL AWARD A FLEX ACCOUNT TO AN ELIGIBLE PARTICIPANT, THE DIVISION SHALL CREATE AN INTEREST-BEARING ACCOUNT AND ASSIGN IT TO THAT ELIGIBLE PARTICIPANT.

(b) THE DIVISION SHALL PROVIDE TO EACH ELIGIBLE PARTICIPANT WHO IS ASSIGNED A FLEX ACCOUNT INFORMATION CONCERNING THE OPERATION OF THE FLEX ACCOUNT, INCLUDING A DESCRIPTION OF ELIGIBLE EXPENSES. MONEY IN A FLEX ACCOUNT MAY ONLY BE WITHDRAWN FOR AN ELIGIBLE EXPENSE.

(c) THE DIVISION SHALL CONTRACT WITH FOR-PROFIT AND NONPROFIT ENTITIES TO PROVIDE FINANCIAL LITERACY SUPPORT TO ELIGIBLE PARTICIPANTS.

(d) IF AN ELIGIBLE PARTICIPANT VIOLATES A FLEX AGREEMENT OR WITHDRAWS MONEY IN A FLEX ACCOUNT FOR AN EXPENSES OTHER THAN AN ELIGIBLE EXPENSE, THE DIVISION MAY TRANSFER THE MONEY IN THE ELIGIBLE PARTICIPANT'S FLEX ACCOUNT TO THE FLEX FUND ESTABLISHED IN SUBSECTION (7)(b) OF THIS SECTION.

(e) ALL INTEREST EARNED BY THE MONEY IN A FLEX ACCOUNT MUST BE CREDITED TO THAT FLEX ACCOUNT.

(f) THE DIVISION MAY REQUIRE ELIGIBLE PARTICIPANTS TO REPORT TO THE DIVISION INFORMATION RELEVANT TO THE OPERATION OF A FLEX ACCOUNT.

(7) (a) THE DIVISION MAY SEEK, ACCEPT, AND EXPEND GIFTS, GRANTS, OR DONATIONS FROM PRIVATE OR PUBLIC SOURCES FOR THE PURPOSES OF THIS SECTION. THE DIVISION SHALL TRANSMIT ALL MONEY RECEIVED FOR THE ADMINISTRATION OF THIS SECTION THROUGH GIFTS, GRANTS, OR DONATIONS TO THE STATE TREASURER, WHO SHALL CREDIT THE MONEY TO THE FUND CREATED IN SUBSECTION (7)(b) OF THIS SECTION.

(b) THE FLEX FUND IS CREATED IN THE STATE TREASURY. THE FUND CONSISTS OF ANY MONEY THAT THE GENERAL ASSEMBLY MAY APPROPRIATE TO THE FUND, GIFTS, GRANTS, AND DONATIONS RECEIVED BY THE DIVISION PURSUANT TO SUBSECTION (7)(a) OF THIS SECTION, OR ANY OTHER MONEY TRANSFERRED TO THE FUND. MONEY IN THE FUND IS CONTINUOUSLY APPROPRIATED TO THE DIVISION FOR THE DIRECT AND INDIRECT COSTS OF IMPLEMENTING THE FLEX ACT DESCRIBED IN THIS SECTION. THE STATE TREASURER MAY INVEST ANY MONEY IN THE FUND NOT EXPENDED FOR THE PURPOSES OF THIS SECTION AS PROVIDED BY LAW. THE STATE TREASURER SHALL CREDIT ALL INTEREST AND INCOME DERIVED FROM THE INVESTMENT AND DEPOSIT OF MONEY IN THE FUND TO THE FUND.

(8) (a) ON OR BEFORE FEBRUARY 1, 2024, AND ON OR BEFORE FEBRUARY 1 OF EACH YEAR THEREAFTER, FOR THE DURATION OF THE FLEX ACCOUNT PROGRAM, THE DIVISION SHALL SUBMIT A SUMMARIZED REPORT TO THE SENATE COMMITTEE ON LOCAL GOVERNMENT AND THE HOUSE OF REPRESENTATIVES COMMITTEE ON TRANSPORTATION AND LOCAL GOVERNMENT, OR ANY SUCCESSOR COMMITTEES, ON THE FLEX ACCOUNT PROGRAM. AT A MINIMUM, THE REPORT MUST INCLUDE:

(I) THE NUMBER OF FLEX ACCOUNT HOLDERS;

(II) THE NUMBER OF FLEX ACCOUNT HOLDERS WHO HAVE SUCCESSFULLY COMPLETED THE FLEX ACCOUNT PROGRAM, AS DETERMINED BY THE DIVISION; AND

(III) THE NUMBER OF FLEX ACCOUNT HOLDERS WHOSE MONEY HAS REVERTED TO THE FLEX FUND.

(b) NOTWITHSTANDING SECTION 24-1-136 (11)(a)(I), THE REPORTING REQUIREMENTS SET FORTH IN THIS SUBSECTION (8) CONTINUE FOR THE DURATION OF THE FLEX ACCOUNT PROGRAM.

SECTION 2. Appropriation. For the 2022-23 state fiscal year, \$103,355 is appropriated to the FLEX fund created in section 24-32-726 (7)(b), C.R.S. This appropriation is from the general fund. The department of local affairs is responsible for the accounting related to this appropriation.

SECTION 3. Act subject to petition - effective date. This act takes effect January 1, 2023; except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within the ninety-day period after final adjournment of the general assembly, then the act, item, section, or part will not take effect unless approved by the people at the general election to be

held in November 2022 and, in such case, will take effect January 1, 2023, or on the date of the official declaration of the vote thereon by the governor, whichever is later.

Alec Garnett
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

Steve Fenberg
PRESIDENT OF
THE SENATE

Robin Jones
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

Cindi L. Markwell
SECRETARY OF
THE SENATE

APPROVED _____
(Date and Time)

Jared S. Polis
GOVERNOR OF THE STATE OF COLORADO