

**Second Regular Session
Seventy-third General Assembly
STATE OF COLORADO**

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 22-0869.03 Pierce Lively x2059

HOUSE BILL 22-1389

HOUSE SPONSORSHIP

Herod,

SENATE SPONSORSHIP

Hinrichsen,

House Committees

Business Affairs & Labor
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE CREATION OF FINANCIAL LITERACY AND EXCHANGE**
102 **PROGRAM ACCOUNTS.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

The bill establishes the financial literacy and exchange program (program) within the division of housing (division). The program allows the division to create FLEX accounts for certain people who sign FLEX agreements and participate in eligible housing assistance voucher programs.

The division is required to establish policies and procedures as

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

necessary for the administration of the program and to annually report to the general assembly on the status of the program.

The bill also creates the continuously appropriated FLEX fund, which may be used for the direct and indirect costs of implementing the program.

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:

(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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 (b) THE QUALIFICATIONS OF ELIGIBLE PARTICIPANTS;

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

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

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

1 (II) WHICH EXPENSES QUALIFY AS ELIGIBLE EXPENSES; [REDACTED]

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

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

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

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

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

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

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

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

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

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

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

- 26 (I) THE NUMBER OF FLEX ACCOUNT HOLDERS;
- 27 (II) THE NUMBER OF FLEX ACCOUNT HOLDERS WHO HAVE

1 SUCCESSFULLY COMPLETED THE FLEX ACCOUNT PROGRAM, AS
2 DETERMINED BY THE DIVISION; AND

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

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

8 **SECTION 2. Act subject to petition - effective date.** This act
9 takes effect January 1, 2023; except that, if a referendum petition is filed
10 pursuant to section 1 (3) of article V of the state constitution against this
11 act or an item, section, or part of this act within the ninety-day period
12 after final adjournment of the general assembly, then the act, item,
13 section, or part will not take effect unless approved by the people at the
14 general election to be held in November 2022 and, in such case, will take
15 effect January 1, 2023, or on the date of the official declaration of the
16 vote thereon by the governor, whichever is later.