A BILL FOR AN ACT

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

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.

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.
The division is required to establish policies and procedures as 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.

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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

(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
(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 non-profit 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 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.