

**OPENING REMARKS OF THE HONORABLE RUBEN HINOJOSA
HOUSE COMMITTEE ON FINANCIAL SERVICES
“GENERATIONS WORKING TOGETHER: FINANCIAL LITERACY AND
SOCIAL SECURITY REFORM”
APRIL 20, 2005**

Chairman Oxley and Ranking Member Frank,

I want to express my sincere appreciation for you holding this very important hearing today on financial literacy. I hope that this will be the first in a series of hearings you will hold on this topic as financial literacy is truly the key to providing our constituents with the tools they need to grow financially during all stages of their lives.

Every day, consumers deal with money -from balancing a checking account; to shopping for a mortgage or auto loan; researching ways to pay for a college education; checking credit card statements; saving money for retirement; understanding a credit report; or simply deciding whether to pay cash or charge a purchase. ..the list goes on and on. But many consumers don't really understand their finances, and it is even more difficult for them to understand the ins and outs of social security

Financial literacy means empowerment -power to manage money, credit, and debt and become responsible workers, heads of households, investors, entrepreneurs, and leaders. It means banking the unbanked and bringing them into the mainstream financial system to protect them from abusive, predatory, or deceptive credit offers and financial products.

In 2004, reports from Jump\$tart and the National Council on Economic Education, the Schwab Foundation and others indicated that almost 66 percent of high school students failed a basic financial literacy exam. The numbers aren't much better for adults. High bankruptcy rates, increased credit card debt and identity theft make it imperative that all of us take an active role in providing financial and economic education during all stages of one's life.

To address these problems, I co-founded, and currently co-chair, the Congressional Financial and Economic Literacy Caucus with Congresswoman Biggert. The Caucus seeks to address these issues head-on by increasing public awareness of poor financial literacy rates and will work to improve those rates. The Caucus will provide a forum for my colleagues to promote policies that advance financial literacy and economic education.

As one of our first actions as heads of the Caucus, Congresswoman Biggert and I introduced H.Res.148, a resolution “Supporting the Goals and Ideals of Financial Literacy Month,” which falls in April every year. I was pleased when the House passed the legislation earlier this month and am pleased that States, cities and localities are honoring financial literacy month in numerous ways.

To celebrate Financial Literacy Month on Capitol Hill, Congresswoman Biggert and I are collaborating with Jump\$Start, Junior Achievement and the National Council on Economic Education on a Financial Literacy Day Fair that will be held April 27th from 12:30 to 4pm in the Cannon Caucus Room. A luncheon will be served at 12:30 with a short program beginning at 1pm. The program will include guest speakers and a video testimonial on the need to address financial literacy throughout the United States during all stages of life. I encourage all my colleagues and their staffs to attend this event.

As Chairman of the Congressional Hispanic Caucus Task Force on Education, I am working to improve financial literacy education for Hispanic students throughout the educational pipeline. I hope to promote financial literacy education in elementary and secondary schools; promote after school programs that foster financial literacy; promote financial literacy education for college students; and promote financial literacy education for parents and adult learners. Knowing that the Hispanic community is preyed upon the most by such entities as predatory lenders and check cashers, I intend to take whatever actions necessary to end their abusive behavior by either preventing or punishing those who engage in these outrageous practices. Seven out of ten first graders in Texas are Hispanic, and I guarantee you that they will not put up with these practices once they become adults and financially literate. There will be a backlash against these predators.

To ensure that the Hispanic community receives as much assistance with financial literacy as possible, I worked with Ranking Member Frank to insert a provision in the FACT Act requiring that all documents, toll-free numbers and the national financial literacy public service multi-media campaign, as authorized by H.R. 2622, the Fair and Accurate Credit Transactions Act (FACT Act) be translated in multiple languages, especially Spanish. I was pleased to learn that the mymoney.gov website and the financial literacy kits available via Treasury's toll-free number have been translated into Spanish.

To complement this development, I co-signed a letter authored by House Rules Chairman Dreier requesting that the Appropriations Committee include \$3 million in the Fiscal Year 2006 Transportation, Treasury, and HUD Appropriations bill to fund the national financial literacy public service multi-media campaign. A national financial literacy public service campaign will promote the importance of personal finance for all Americans, providing them with the tools to attain financial stability and secure opportunities for success.

I joined with Congressman Biggert and several colleagues in writing and sending a letter to the Appropriations Committee urging them to include \$3 million in funding for the Excellence in Economic Education ("EEE") program in the Fiscal Year 2006 Labor, HHS and Education Appropriations bill. In the No Child Left Behind Act, Congress established the EEE program "to promote economic and financial literacy of all students in kindergarten through grade 12." Congress also specified that under this program, the Department of Education would use a competitive process to award "one grant to a national nonprofit educational organization that has as its primary purpose the improvement of students' understanding of personal finance and economics. The law

requires the national education organization to distribute 75 percent of EEE funding to state and local organizations with proven, successful economic and financial education programs. In turn, these sub-grant recipients must match the EEE funds dollar-for-dollar. Both the national education organization and the sub-grant recipients work together and direct EEE funding to:

1. Increase students' knowledge of, and achievement in, economics and personal finance to enable them to become more productive and informed citizens;
2. Strengthen teachers' understanding of, and competency in, economics and finance to enable them to increase student mastery of economic principles and the practical application of those principles;
3. Encourage economic education research and development, to disseminate effective instructional materials, and to promote replication of best practices and exemplary programs that foster economic literacy;
4. Assist States in measuring the impact of education programs in economics and finance; and
5. Leverage and expand private and public support for economic education and financial literacy partnerships at the national, State, and local levels.

It is my hope that, through the Financial and Economic Literacy Caucus and my position as Chairman of the CHC Task Force on Education, we can further educate Americans about financial and economic topics ranging from how and why to open a checking and savings account, the benefits of home ownership and how to obtain and maintain good credit ratings. As Mr. Salisbury notes in his written remarks, everyone, regardless of age, income, and personal retirement goals, should be educated on issues of savings, life expectancy, investment allocation, and the basics of Social Security. Until such time when our nation's youth, young adults and retirees are financially literate and investment savvy, I find it inappropriate and untimely for us to alter the current Social Security system. In the words of Barbara Kennelly...."Ultimately, privatization will cut Social Security benefits, increase federal borrowing, and weaken Social Security. While it is always prudent to encourage financial literacy and enhance savings for retirement, no amount of planning can adequately protect all Americans from the unforeseen financial hazards of life the way Social Security does. To replace Social Security with a privatized system would put the retirement security of millions of Americans of all ages at risk "

We should be focusing more on the fundamentals of financial literacy such as how and why to open a checking and savings account, the importance of saving, and the need to manage debt properly before creating private accounts within Social Security.

As I tell my grown children, my two young daughters, my staff and all those who visit me to discuss the Caucus and financial literacy, it is never too late to take control of your personal finances- and it's something that all of us in the United States can start today!

With that, Mr. Chairman, I yield back the remainder of my time.