



FOR IMMEDIATE RELEASE
April 29, 2009

Contact: Jesse Broder Van Dyke
(202) 224-6361

"The Federal Government's Role in Empowering Americans to Make Informed Financial Decisions"

WASHINGTON, DC - Senator Daniel K. Akaka (D-HI), Chairman of the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security and Governmental Affairs, held a hearing to review the progress of the activities of the Financial Literacy and Education Commission, and examine the effectiveness of federal financial education programs.

Chairman Akaka's opening statement appears below.

Financial Literacy is an issue that must be addressed as we continue to grapple with severe economic challenges and global recession. The negative impact of financial illiteracy are less obvious when the economy is booming, employment is plentiful, and wages rise. It is when recessions come, people lose jobs, and wages fall where the true costs of financial illiteracy among working families becomes apparent.

My interest in financial literacy dates back to when my fourth grade teacher required me to have a piggy bank. We were made to understand how money saved, a little at a time, can grow into a large amount - enough to buy things that would have been impossible to obtain without savings. My experience with a piggy bank taught me important lessons about money management that have stayed with me throughout my life. More people need to be taught these important lessons so that they are better able to manage their resources.

Too many Americans lack basic financial literacy. Americans of all ages and backgrounds face increasingly complex financial decisions as members of the nation's workforce and managers of their families' resources. Without a sufficient understanding of economics and personal finance, individuals cannot appropriately manage their finances, effectively evaluate credit opportunities, successfully invest for long-term financial goals, or cope with difficult financial situations.

(OVER)

One of the root causes of the current economic crisis was that people were steered into mortgage products with costs or risks that they could not afford. It is essential that we work toward improving education, consumer protections, and empowering individuals and families through economic and financial literacy in order to build stronger families, businesses, and communities.

My legislation, the Excellence in Economic Education Act, or Triple-E Act, was enacted as part of the No Child Left Behind Act. The Triple-E Act promotes economic and financial literacy among elementary and high school students. It is intended to fund a range of activities such as teacher training, research and evaluation, and school-based activities to further understanding of economic principles. I have obtained funding of approximately \$1.5 million for the Act in each fiscal year since FY 2004. I will continue to work to fund this important program.

Additionally, in 2003, I along with several of my colleagues created the Financial Literacy and Education Commission intended to improve the financial literacy knowledge of all Americans. Unfortunately, the previous Administration did not develop an effective national strategy on financial literacy. We must revise the strategy, establish goals and objectives, and aggressively work to meet those goals.

In 2004, I worked to include in the Thrift Savings Plan Open Elections Act a mandate that the Office of Personnel Management (OPM) develop and implement a retirement financial literacy and education strategy for Federal employees. I have appreciated the efforts of OPM. I look forward to the establishment of goals and benchmarks so that we can continue to better prepare our federal workforce to retire on their own terms.

However, education is only one component of financial literacy. We must ensure that consumers are adequately protected. Too many Americans are taken advantage of by unscrupulous lenders through refund anticipation loans, payday loans, and other predatory products. Additionally, members of our armed forces are often pressured into making inappropriate investment choices. We must restrict practices which are predatory and ensure that our regulators better represent the interests of consumers.

The third vital component of financial literacy is economic empowerment. Millions of working families do not have a bank or credit union account. The unbanked rely on alternative financial service providers to obtain cash from checks, pay bills, and send remittances. Many of the unbanked are low- and moderate-income families that can ill afford to have their earnings diminished by relying on these high-cost financial services. In addition, the unbanked are unable to save securely to prepare for the loss of a job, a family illness, a down payment on a first home, or education expenses. Providing access to a bank or credit union account can empower families with increased financial opportunities. We must do more to bank the unbanked.

Today's hearing provides an opportunity to examine federal financial literacy efforts and the Financial Literacy and Education Commission. We must continue to work together to encourage better economic and financial literacy, which, in turn, will result in stronger families and better-functioning markets. I appreciate the appearance of the witnesses today and look forward to working with them and other members of the Administration on this issue of vital importance to working families.

-END-