Statement of U.S. Treasurer Jovita Carranza Before the U.S. Senate Committee on Health, Education, Labor and Pensions Subcommittee on Primary Health and Retirement Security

August 21, 2018

Chairman Enzi, Ranking Member Sanders, and Members of the Subcommittee, thank you for the opportunity to submit written testimony on Treasury's efforts to improve the federal government's financial literacy and education programs.

One of the highest priorities in this Administration, and the Department of the Treasury (Treasury), is to promote economic growth in America. Our economic success is predicated on the financial well-being of individual consumers and households. As as we enhance economic opportunities across our nation, we must also improve and expand access to quality financial literacy tools necessary to properly manage economic prosperity.

Treasury leads the Financial Literacy and Education Commission ("FLEC"). The FLEC was created by statute in 2003, and comprises 23 federal entities with the unifying purpose of developing a national strategy for improving financial literacy in the United States. The FLEC is chaired by the Secretary of the Treasury and the Vice Chair is the Director of the Bureau of Consumer Financial Protection. The Office of Consumer Policy, which administers the FLEC, reports directly to the Office of the United States Treasurer.

Although the FLEC was established to centralize and coordinate federal financial literacy efforts, many agencies continue to administer their own standalone programs and educational tools. In 2017, the FLEC agencies collectively spent an estimated $250 million dollars on financial literacy and education activities; some of these efforts were duplicative and lacked clear measures of effectiveness.

Since assuming leadership of Treasury, Secretary Mnuchin has prioritized the need to revise our national strategy on financial literacy in order to better meet the needs of our communities. FLEC reform is focused on merging duplicative programs and initiatives, implementing best-in-class financial education tools, setting assessment standards for financial literacy, and developing a new governance structure that will facilitate the FLEC's central role in coordinating resources and financial literacy efforts.

Significant engagement among internal and external stakeholders was involved in developing the reform recommendations that Treasury is planning to share with the Office of Management and Budget this year. The reform effort was initiated by creating a steering committee of FLEC agencies to assess the effectiveness of existing programs. Treasury then formed internal staff working groups to examine high impact areas of financial literacy. These working groups cover seven functional areas: savings and retirement, credit and borrowing, homeownership, student loans, unbanked and underbanked, wealth preservation and financial education for entrepreneurs. To-date, the staff working groups have met with over 60 stakeholders, including academics, nonprofits, financial services firms, and state and local governments.

Although FLEC reform is still ongoing, I can share with you that we have identified several recommendations related to merging websites, programs, and research. With respect to websites, the federal government currently operates 40 websites with an array of financial literacy and educational content; 25% of these websites are duplicative. As part of FLEC reform Treasury is exploring consolidation of certain federal financial literacy and educational content onto a single web platform.

While consolidation and allocation of resources are key themes of the proposed FLEC reform, there are a number of cases where consolidation may not be the best solution. Some agencies have profound institutional knowledge and experience addressing a specific area (e.g. HUD and housing issues), and are natural conduits for providing information to certain populations (e.g. DoD and service members, HHS and senior citizens). The FLEC reform is assessing existing programs to make strategic decisions about when consolidation is most beneficial. The crosscutting nature of financial literacy renders it nearly impossible for one agency alone to address the issue entirely. Coordination among agencies is the best path to promote and create effective financial literacy tools.

In the coming months Treasury will make recommendations to OMB on strategies for improving federal financial literacy and education. We hope to work closely with members of this committee to better prepare our communities through effective financial literacy and education tools.

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