

109TH CONGRESS
2D SESSION

H. CON. RES. 387

Encouraging minority participation in the goals of Financial Literacy Month
for April, 2006.

IN THE HOUSE OF REPRESENTATIVES

APRIL 6, 2006

Ms. MILLENDER-MCDONALD submitted the following concurrent resolution;
which was referred to the Committee on Government Reform

CONCURRENT RESOLUTION

Encouraging minority participation in the goals of Financial
Literacy Month for April, 2006.

Whereas in order to succeed in our dynamic American economy, it is imperative that all young people have access to the skills, knowledge, and experience necessary to manage their personal finances and obtain general financial literacy;

Whereas it is important that social and economic factors do not hinder the availability of educational tools that young adults need to make informed financial decisions;

Whereas personal financial education integrates instruction in valuable life skills with instruction in economics, including income and taxes, money management, investment and spending, and the importance of personal savings to prepare students for the workforce and for financial inde-

pendence by developing their sense of individual responsibility, improving their life skills, and providing them with a thorough understanding of consumer economics that will benefit them for their entire lives;

Whereas recent studies have identified the lack of financial literacy as a significant problem for minorities and immigrants in the United States, and often these groups deal in informal cash economies, or rely on ethnic savings and credit systems (such as the various cultural informal “round robin” systems used to pool savings for large purchases), or some combination of the two;

Whereas studies have found many of minority and immigrant individuals and households are reluctant to engage in a formal financial relationship with banks because of negative historical experiences or perceptions;

Whereas, in a “new ownership society”, it is important that minorities are taught that financial services can be useful tools to manage personal finances more effectively and to provide a cushion against unforeseen events;

Whereas awareness about the benefits of having a deposit relationship with a financial institution will lead to greater access to credit for the purpose of purchasing a home or other wealth-building items in these communities;

Whereas this deposit relationship and access to credit will set into motion at least 20 consumer protection laws and regulations aimed at ensuring that historically disadvantaged consumers are safeguarded from unfair, discriminatory, or predatory lending practices;

Whereas entrepreneurship is one of the pillars of American economics and individual financial independence, under-

standing the finances is one of the most important pieces to owning and operating a successful small business;

Whereas, while the 4-year survival rates have risen in recent years to 72.6 percent for nonminority-owned businesses establishments, the survival rates for minority-owned businesses were lower, including Asian and Pacific Islander-owned at 72.1 percent, Hispanic-owned at 68.6 percent, American Indian and Native Alaskan-owned at 67 percent, and Black-owned at 61 percent;

Whereas, with proper management and financial training, survival rates rise to 80 to 90 percent;

Whereas at the heart of the reasons these businesses fail are poor financial planning and the general mishandling of funds;

Whereas most Americans believe a long career of hard work equates to a fruitful retirement in their older years, more than half of working Americans are not putting aside enough to maintain anything like our present standard of living upon retirement;

Whereas by the year 2010, when 78,000,000 Americans will be 65 years old or older, 30 percent will have no retirement savings and today's average 50-year old has only \$2,300 saved toward retirement;

Whereas homeownership is valued not only as a stabilizing factor for families and communities, but also for its contributions to the nation's economic stability through the housing sector;

Whereas minorities accounted for 40 percent of net new homeowners during the past 5 years;

Whereas, despite these recent gains, a substantial “home-ownership gap” continues between white and minority households in the United States;

Whereas more than 70 percent of white Americans own their own homes, compared to less than half of African Americans and Hispanic Americans;

Whereas, while 94 percent of 16- to 22-year-old students report that they are likely to turn to their parents for financial advice, only 7 percent of parents feel that their children understand financial matters well and only 32 percent of parents talk to their children regularly about personal finances;

Whereas 40 percent of Americans admit to living beyond their means;

Whereas an evaluation by the High School Financial Planning Program of the National Endowment for Financial Education, undertaken jointly with the Cooperative State Research, Education, and Extension Service of the United States Department of Agriculture, demonstrates that as little as 10 hours of classroom instruction can impart substantial knowledge and affect significant change in how teens handle their money;

Whereas the programs such as Operation Hope’s Banking on Our Future (BOOF) program can deliver financial literacy education with a focus on urban, under-served communities that impart the principles of such topics as “Basics of Banking”, “Checking & Savings Accounts”, “The Power of Credit”, and “Basic Investments” for urban and historically disadvantaged youths between the ages of 9 and 18 at no cost to school districts;

Whereas, in addition to financial education, the students are left with a message of empowerment, a message of responsibility, and most importantly, a message of hope;

Whereas State educational leaders have recognized the importance of providing a basic financial education to students in kindergarten through grade 12 by integrating financial education into State educational standards, but by 2004, only 7 States required students to complete a course that covered personal finance before graduating from high school;

Whereas ensuring teacher training and professional development are critical to achieving youth financial literacy and teachers should be given the tools they need to educate our Nation's youth on personal finance and economics;

Whereas the consumers and investors of tomorrow are in our schools today and the teaching of personal finance should be encouraged at all levels of our Nation's educational system, from kindergarten through grade 12; and

Whereas educational and financial institutions; Federal, State, and local government entities; and community-based organizations can work together to ensure a stronger financial education system so that Americans can make informed choices about their finances: Now, therefore, be it

1 *Resolved by the House of Representatives (the Senate*
 2 *concurring)*, That the Congress—

3 (1) supports the goals and ideals of Financial
 4 Literacy Month; and

5 (2) supports the efforts of States, localities,
 6 schools, non-profit organizations, businesses, other

1 entities, and the people of the United States who
2 support financial literacy programs and activities to
3 promote wealth-building behavior in minority and
4 historically disadvantaged communities

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