

# Remarks of Secretary Lew before the Financial Literacy Education Commission (FLEC)

May 14, 2013

*As prepared for delivery*

**WASHINGTON** - Good morning. I am very pleased to be here today for what I know will be an interesting and important discussion.

A week ago, I visited an eighth grade science class at a public charter school in Cleveland. It was a good conversation with a group of students about their plans and dreams for the future. I got a chance to discuss the importance of education in science, technology, engineering and math and hear about their projects for an upcoming science fair. At the end of my visit, I asked the students, "How many of you plan to go to college?" Every single hand in the class shot up.

I walked away encouraged, and motivated, to do what I can to make sure those hopes and dreams become reality. This is a commitment the President shares. And it is why I am so glad that the Commission has chosen to focus today's event on how we can do more to provide young Americans with the financial resources, knowledge, and tools they need to earn a college degree or make other critical choices throughout their lives.

This Administration is committed to helping young people get the skills and knowledge they will need to pursue successful careers and contribute to our economy. That is why we want to expand access to education beyond high school. Workers with post-secondary training are more likely to be employed, earn higher wages, and rise up the economic ladder. Indeed, education helps create new businesses and jobs, supports the middle class, and spurs productivity and growth.

Yet even as the value of higher education increases, rising costs mean that more Americans are finding this opportunity out of reach. With state support for higher education declining, students and their families increasingly count on education grants and affordable loans through Federal financial aid. This Administration has focused on expanding these opportunities over the last several years, including an unprecedented expansion of Pell Grants, which help millions of Americans go to college. But we can do more to help students and their families use these options wisely and make more informed choices about higher education -- from where to go, to what to study, and how to pay for it.

These decisions—made early in life—mean the difference between an individual who is prepared to enter the workforce and has put themselves on a course for success, and an individual who is so weighed down by onerous debts that it is hard for them to move forward. We must do everything we can to make sure young people can achieve their dreams. Helping new workers pay back debt on reasonable terms, and ensuring that younger students do not take on more debt than they can afford, is critical to meeting that objective.

For this reason, the Obama Administration has worked over the past several years to improve repayment options available to student loan borrowers. Because of the President's actions, more Americans can qualify for an Income Based Repayment plan to cap their student loan payments at 10 percent of their current discretionary income. As long as they make their payments on time, their remaining federal loans will be forgiven after 20 years. This change should help ease the debt burden on millions of young workers and enable them to take advantage of the opportunities ahead. Yet we can and must do more.

Unemployment, especially among young people, is too high. We must take steps to help businesses innovate, expand, and hire so that more Americans can find good jobs.

The President's budget lays out several initiatives that will expand opportunities for workers. It creates advanced manufacturing hubs around the country, invests in research and technology, and helps expand domestic energy production – including clean energy and natural gas. It puts construction workers and contractors on the job right away to repair our aging infrastructure – so America has the roads, railways, and ports to compete in the future. It helps communities hit hardest by the recession and it adjusts the minimum wage so that working full-time will mean you are not stuck below the poverty line. And, crucially, it invests in training our workforce with the skills our economy demands and which will lead to higher wage jobs. Every one of these initiatives is fully paid for, and will not add a dime to the deficit.

Of course, all of that is necessary but not sufficient. In today's economy, it is also essential for Americans to develop basic financial knowledge and learn how to navigate a complex financial system. We need to make sure young people can make smart decisions about what financial products to use. That young people can plan and save for the long term while managing expenses and debt in the short-term; and that they can handle income shocks while still achieving their personal and financial goals.

It is critical to begin building these financial skills early in life. By starting young, children can learn the difference between wants and needs, the importance and power of saving, and the positive and productive role carefully managing money can play in their lives. That is why many experts, including the President's Advisory Council on Financial Capability, have recommended that financial education be integrated into the school day.

I am honored that my colleague Richard Cordray is joining me here today as vice chair of the Commission. I know how much he cares about making sure that our young people have the financial knowledge and tools they need to succeed – and how critical that mission is to the Consumer Financial Protection Bureau as well as to us here at Treasury.

I am also delighted to see so many of you. The diversity of agencies represented on this Commission demonstrates how critical financial literacy and financial decision-making is to all areas of our lives. And the collective work of its members, especially those who have been part of the Starting Early for Financial Success initiative, has been essential to making sure that every American has the opportunity to pursue their goals and achieve their dreams.

Finally, I would like to thank all of my colleagues across the federal government for their support on this important issue. I look forward to continuing to work with all of you.

Thank you.

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