



Credit Union National Association

cuna.org

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STATEMENT FOR THE RECORD  
OF  
THE HOUSE FINANCIAL SERVICES COMMITTEE  
HEARING ON  
FINANCIAL LITERACY AND EDUCATION:  
THE EFFECTIVENESS OF GOVERNMENTAL AND PRIVATE SECTOR INITIATIVES  
APRIL 15, 2008

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Mr. Chairman, on behalf of the Credit Union National Association (CUNA), which represents approximately 90 percent of the nation's 8,400 state and federally chartered credit unions and approximately 90 million members, we applaud the attention that you and other members of the Financial Services Committee have given to promoting financial literacy. And, we appreciate the opportunity to provide an outline of the programs and initiatives that CUNA and our member credit unions are involved in to promote financial education to both youth and adults.

CUNA supports H. Res. 1079, a resolution supporting the goals and ideals of Financial Literacy Month 2008. This resolution has been introduced by Representatives Ruben Hinojosa and Judy Biggert. We applaud their leadership on this issue.

Credit unions have traditionally made financial education a part of their mission, providing financial information and training to members on a one-to-one basis. Many of our member credit unions actively sponsor community and school-based educational programs and seminars, providing individuals with resources such as: how to maintain a checking account; how and what to look for when purchasing family transportation; how to complete a mortgage loan application; what is involved when applying to finance or repair a home. Many credit unions are actively working in schools to teach personal finance skills to children and teenagers.

In addition to the financial literacy initiatives of individual credit unions, the credit union system develops and organizes several financial literacy programs through CUNA and the National Credit Union Foundation. Credit unions are also affiliated and partner with several external organizations, including the National Endowment for Financial Education (NEFE), the Cooperative Extension Program, Junior Achievement, and State Jump\$tart Coalitions.

**Credit Union National Association Efforts**

CUNA has sponsored Financial Literacy Summits, events that that continue to bring together representatives from credit unions and partner organizations to discuss financial literacy challenges and set an educational agenda for the credit union movement. In January 2007, CUNA released its National Financial Literacy Summit report which highlighted the presentations of the September 2006 Summit and provided recommendations for the financial services system which include:



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- Committing to educating the undeserved;
- Making a long-term commitment to financial education as part of the educational curricula in your community;
- Supporting making personal financial education a high school graduation requirement;
- Measuring the effectiveness of these efforts.

CUNA has developed several on-line financial literacy programs which reached a combined total of more than five million consumers in 2007. *The Home & Family Finance Resource Center* is an online personal finance magazine for adults. The site includes the *Financial Fitness Challenge* – an online, monthly interactive program consisting of steps for increasing members’ financial confidence and security. *Googolplex: CU Guide for Student Money-makers* is a three-in-one online personal finance magazine for children and teenagers. *MoneyMix: Launch Your Life* is an online resources and financial information for 18-to-30s. *Guides to Independence* is an online, interactive personal finance tutorials for teenagers. *Plan It: Retire-ready Toolkit* is an interactive Web site offering pre-retirement planning information and resources.

CUNA has been a strong supporter of a number of other Congressional efforts to recognize and promote financial literacy, including the organization of the U.S. Financial Literacy Commission as required under Title V of the Fair and Accurate Credit Transaction Act. National Credit Union Administration Board Chairman JoAnn Johnson is a member of the Commission. In May 2006, CUNA President and CEO Dan Mica became the only credit union trade organization representative to address the commission, briefing members on the outreach efforts of credit unions as well as CUNA. We also appreciate Representative Biggert’s comments at the March 2005 Commission meeting commending CUNA’s partnership with the National Endowment for Financial Education and credit unions’ efforts to help improve financial literacy in the Ukraine.

### **National Credit Union Youth Week**

Credit unions recognize Financial Literacy Month by designating the week of April 20-26 as National Credit Union Youth Week. Credit unions participating in the National Youth Savings Challenge motivate children, teenagers, and their parents to become more-active users of credit union services. Over past several years, this program has seen a steady increase in participation and in savings. In 2007, 393 credit unions participated and 71,844 youth made deposits (including 9,067 new youth accounts). This effort resulted in \$10,133,355 total youth savings deposits – about \$140 per youth.

### **Cooperation with National Endowment for Financial Education**

Credit unions across the nation have directly assisted the delivery of the National Endowment for Financial Education’s (NEFE) *High School Financial Planning Program* materials to more than 1,200 schools and 500,000 students nationwide (about 10% of the total) during the course of the CUNA-NEFE partnership, which began in 2000. NEFE released the first edition of the High School Financial Planning Program in 1984. Since then, it has distributed nearly 6 million student guides—more than 4 million since entering the partnership with CUNA in 2000. Please see the chart below for more detailed

information on distribution numbers since NEFE's partnership with America's credit unions:

School year	Credit union assisted schools	Credit union assisted students	Total participating schools	Total participating students
2000-01	414	32,453	4,330	345,899
2001-02	765	75,467	6,032	475,926
2002-03	899	76,568	6,381	491,925
2003-04	1,221	78,104	7,044	566,856
2004-05	1,238	85,440	7,385	647,013
2005-06	820	66,940	5,950	534,810
2006-07	828	73,190	7,852	606,746
2007-08 (9/30/07)	231	29,668	6,305	387,969
<b>Total</b>	*	<b>517,830**</b>		<b>4,057,144</b>

\* School numbers not totaled because of duplication from year to year.

\*\* Student figures reflect workbooks shipped.

Credit union-Cooperative Extension joint projects are responsible for about 10% of CU-assisted student participation.

### **BizKid\$ Television Series**

The *BizKid\$* television series promotes financial education for middle and high school students. The 26-episode series reaches more than 90 million American households -- including more than 230 million people over the age of two -- through 301 PBS stations serving 48 states. *BizKid\$* is airing in 20 of the nation's top 25 public television markets, including Los Angeles, New York City, and Chicago. *BizKid\$* is a joint project of the Washington Credit Union Foundation, the Public Broadcasting Service, and Junior Achievement Worldwide, funded by the National Credit Union Foundation, several state credit union foundations and a coalition of nearly 200 credit unions, service providers, other nonprofits and individuals.

Each episode of *BizKid\$* comes with teaching materials developed by Junior Achievement to be used in classrooms and homes. Credit union staff and volunteers are working with Junior Achievement to teach *BizKid\$*' financial literacy lessons to as many as 4 million students in 178,000 classrooms.

### **Thrive By Five™: Teaching Your Preschooler about Spending and Saving**

The *Thrive By Five* program is set of eight free activities, available in English and Spanish, that parents can share with their preschool-age children at home to instill simple money concepts and values. Developed in cooperation with the Cooperative Extension System and funded by the National Credit Union Foundation and the Ohio and Texas credit union foundations, roughly 122,000 copies of the eight parent activities in English and 11,000 in Spanish have been downloaded since the program's launch in 2005.

### **Desjardins Youth Financial Education Award**

To recognize exemplary credit union and league efforts to improve young people's personal finance knowledge and skill, CUNA administers the Desjardins Youth Financial Education Award and a separate Desjardins Youth Financial Education State Lawmaker Award. 2007 Desjardins Youth Financial Education Award winners include:

*Credit Union Organization Winners*—Denver (Colo.) Community Credit Union; Education First Credit Union (Southgate, Mich.); Kansas State University Federal Credit Union (Manhattan, Kan.); Langley Federal Credit Union, (Newport News, Va.); Maine Credit Union League; Virginia Beach Schools Federal Credit Union & Beach Municipal Federal Credit Union Partnership (Virginia Beach, Va.); Virginia Credit Union League.

*Credit Union Organization Honorable Mentions* —A+ Federal Credit Union (Austin, Texas); Cal Poly Federal Credit Union (Pomona, Calif.); LA DOTD Federal Credit Union (Denham Springs, La.); Loudoun Credit Union (Leesburg, Va.); Rogue Federal Credit Union (Medford, Ore.); St. Vrain Valley Credit Union (Longmont, Colo.).

*State Lawmaker award*—California Assemblymember Ted W. Lieu (53rd Dist.)

### **National Youth Involvement Board**

In 1972, CUNA's member credit unions created the National Youth Involvement Board (NYIB) in an effort to gain grassroots input from individuals working in credit unions or CUNA's league affiliates to create a national system for the dissemination of information and resources regarding youth participation in the credit union movement. Since its inception, NYIB has worked with its participating credit unions to better prepare them to serve the projected 90 million-strong youth market. NYIB provides credit unions access to proven tools, techniques, and resources to learn the latest advancements in youth marketing, innovative ideas for educating youth about money, and a built-in network of peers with diverse experiences and valuable "best-practices."

### **In-School Branches**

The credit union movement extends financial literacy to youth through in-school and youth center branches across the nation. As of March 31<sup>st</sup>, 2008 CUNA's online directory of in-school and youth center branches shows that 181 credit unions in 32 states and the District of Columbia operate these unique branches. All reported in-school and youth center branches are, to some degree, student run. Most offer basic savings accounts and limited withdrawals, and require a visit to a full-service office for more-sophisticated services.

Many credit unions tie their in-school branches to personal finance instruction in the classroom. Some use in-school branch teller positions to recruit students for internships and have even hired student tellers after graduation.

### **Personal Finance Camps**

Credit unions provide several opportunities for youth that take advantage of peer influences to make learning about personal finance and credit uniqueness more memorable and long-

lasting. Examples of bringing teenagers together to explore credit union history, traditions, and cooperative solutions to socio-economic problems include:

- *Money Talks-Are You Listening?*—a one half day session on credit union uniqueness, operations, and career opportunities involving collaboration among CP FCU (Jackson, Mich.), Option 1 CU (Grand Rapids, Mich.) and Michigan Cooperative Extension 4-H.
- *Camp SmartMoney*—a five-day interactive financial literacy day camp for teenagers, aged 14-to-18, hosted by E FCU (Baton Rouge, La.).

### **Credit Union Staff Training Programs**

State credit union leagues are involved in programs that help prepare credit union employees to assist members with personal finance challenges, such as the annual *Financial Literacy Boot Camp* run by the Virginia Credit Union League.

### **Conclusion**

The examples identified in this statement are not intended to be completely inclusive of all of the effort and resources credit unions dedicate to financial literacy and education. Because of the member-owned, not-for-profit, cooperative structure of credit unions, having members who are financially literate is in the best interest of each credit union, and providing access to financial education is among the core missions of the credit union system. For credit unions, financial literacy is not just something we do in April – financial education is a service we provide our members each day of the year.

Mr. Chairman, we appreciate the opportunity to comment on the importance of financial literacy and financial education.