

**OPENING REMARKS OF THE HONORABLE RUBEN HINOJOSA
HOUSE COMMITTEE ON FINANCIAL SERVICES
SUBCOMMITTEE ON FINANCIAL INSTITUTIONS
“PROBLEM CREDIT CARD PRACTICES AFFECTING STUDENTS”
JUNE 26, 2008**

Chairwoman Waters, Ranking Member Biggert, I want to thank you for holding this extremely important hearing today on a subject that is very near and dear to my heart....and that is ensuring that higher education is available and affordable to as many students as possible.

I strive to ensure that students obtain college loans at the lowest rates possible and graduate with the least amount of debt possible from both student loans and especially credit card debt, which carries a much higher interest rate than student loans.

Chairwoman Maloney, I want to commend you and your staff for tackling such a difficult issue and introducing H.R. 5422, the “Credit Cardholders’ Bill of Rights Act.” I am proud to be both a cosponsor of that legislation and a cosigner of the letter to the Federal Reserve, the Office of Thrift Supervision, and the National Credit Union Administration in support of the proposed rule they have issued under the Federal Trade Commission Act to ban unfair or deceptive credit card practices. If there is any other way I can help you tackle this issue as the legislation moves forward, please do not hesitate to contact me.

As Chairman of the Subcommittee on Higher Education, I am very concerned that more than 100,000 students each year do not enroll in higher education institutions because of financial barriers. I am equally concerned about the amount of debt that students are incurring while attending institutions of higher education. As Chairman of the Subcommittee, I have been working diligently to make college more affordable. We are tackling that issue as well as trying to ensure that students graduate with the least amount of debt possible, including credit card debt.

Chairwoman Maloney, I am interested in the relationship between institutions of higher education and credit card companies. Many receive revenue from credit card deals. I am curious as to the nature of the deals; how much the credit card companies make from those deals; how they market the cards to the students; and whether the institutions approach the credit card companies or vice versa. We need to find out how widespread the practice is and whether it is national in scope.

As co-founder and co-chair of the Financial and Economic Literacy Caucus, I believe that it is a detriment to our nation’s economic prosperity that so many American consumers, especially students, do not properly understand how to manage their money, credit and debt. The goal of the Caucus Ranking Member Biggert and I co-founded and co-chair is to improve the financial literacy rates of all individuals across the United States, especially college students. I look forward to working with her on both this Committee and the Committee on Education and Labor to address student credit card debt.

At this point, I ask unanimous consent to submit for the record a report by U.S. PIRG, entitled "The Campus Credit Card Trap." I also ask unanimous consent to submit for the record a press release from House Education and Labor Chairman Miller on the FTC's New Consumer Guide on Student Lenders' Deceptive Marketing Practices and a copy of that guide entitled "FTC Facts for Consumers: Student Loans: Avoiding Deceptive Offers." One of the guide's recommendations is that students avoid promotions or incentives like gift cards, credit cards, and sweepstakes prizes that would divert their attention from assessing whether the key terms of the loan they are entering are reasonable.

Chairwoman Maloney, I again want to thank you for holding this very important hearing today and applaud you for your legislation and letter and your never ending determination to bring an end to certain credit card practices.

I yield back the remainder of my time.