

Congresswoman Debbie Wasserman Schultz (FL-20)  
Statement for the Record  
House Financial Services Committee – Subcommittee on Oversight & Investigations  
“Financial Services Needs of Military Personnel & Their Families” (5/18/06)

Thank you Chairwoman Kelly and Ranking Member Gutierrez for convening what I hope will be the first of many hearings to help us better understand what is really happening in the military credit marketplace. Like most of my colleagues, I have a number of military personnel and reservists in my district, and I am committed to ensuring their financial needs be met fairly and adequately.

Most Americans simply do not receive the training they need during high school and college to manage their personal finances, which is why I joined the House Financial Literacy Caucus when I first came to Congress. When it comes to our service members, we must do all we can to provide them with the tools they need to successfully manage their finances.

I believe it is essential that the Department of Defense and branches of the Armed Forces continue to focus their efforts on improving personal financial management training for all enlisted personnel. I am especially concerned that more junior enlisted personnel, who are paid only modest wages, may be vulnerable to predatory lenders without additional training.

While financial counseling and educational programs are important, I urge my colleagues to consider additional legislative protections if we find that certain widespread abusive lending practices target service members and their families.

During my time in the Florida legislature, I learned about many cases in which payday lenders engaged in improper practices by repeatedly rolling over loans to military personnel. Like Florida, most states now regulate payday lending, and the industry has since adopted a series of best practices based, in part, on my state's laws.

However – since coming to Congress, I have heard anecdotes about other types of lenders that may be actively engaged in unsavory business practices – such as charging service members very high rates, topping off loans with grossly expensive single premium credit insurance and extraneous service fees, and then rolling over the loans.

While today's hearing is a start, I encourage my colleagues and this Committee to continue investigating businesses that may engage in this practice, as rolled loans all too often keep our military personnel in a vicious cycle of debt. I ask this Committee to hold as many hearings as necessary to fully expose predatory actions against our service members and to consider legislative solutions to this devastating problem.

Thank you, I yield the balance of my time.