

U.S. Trustee Program Promotes Financial Education Outreach

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Consumer Outreach

Nearly three years ago, in October 2001, the United States Trustee Program (USTP) launched its National Civil Enforcement Initiative. One important aspect of that Initiative is the protection of consumer debtors through vigorous prosecution of misconduct by attorneys, bankruptcy petition preparers, creditors, and others seeking to take advantage of debtors' financial difficulties.

Much of this consumer protection activity is accomplished through enforcement actions under Bankruptcy Code Sections 110 and 329, referrals to courts and state disciplinary panels, and coordination with private trustees in actions to avoid liens, object to improper claims, and pursue other unlawful conduct. Another aspect of the Initiative's consumer protection activity, however, is USTP's promotion of financial education outreach efforts that help consumers understand how to manage their money and perhaps avoid the financial distress that leads to bankruptcy.

In the bankruptcy community we understand all too well that managing money can be a challenge. Severe financial hardship can result from the failure to set aside a savings cushion, budget carefully, and make wise use of credit. Financial education programs can teach basic money management skills such as saving, budgeting, and using credit wisely. These programs also can educate consumers regarding rapidly changing commercial technologies such as credit cards, debit cards, and prepaid cards. Sound financial practices are becoming even more important as plastic cards are increasingly used as the favored form of payment in American retail transactions, as reported in the *Wall Street Journal* on July 23, 2004, and in *BusinessWeek* on August 9, 2004.

Governmental and Other Efforts

Over the past several years, a wide array of government, private, and non-profit entities have developed programs and materials to help consumers understand and manage their personal finances. Some programs tailor their approaches to specific groups. Various organizations reach out to high school and college students to arm them with the skills to support themselves financially. Military financial education programs teach financial responsibility to young service members. Professional associations may focus on the needs of clients or members, such as women, disabled individuals, recent immigrants, or seniors.

In 2003, Congress passed and the President signed into law the Fair and Accurate Credit Transactions Act, establishing the Financial Literacy and Education Commission. Commission duties include: (1) encouraging government and private sector efforts to promote financial literacy; (2)

coordinating financial education efforts of the federal government, including the identification and promotion of best practices; (3) developing a national strategy to promote financial literacy and education among American consumers; (4) establishing a web site to serve as a clearinghouse and resource for information about federal financial literacy and education programs, grants, and other information; and (5) establishing a toll-free hotline available to members of the public seeking information pertaining to financial literacy and education.

The Commission draws upon the expertise of approximately 20 governmental entities that offer consumer education and educational materials, including: the Federal Reserve, Federal Trade Commission, Social Security Administration, Treasury Department, Small Business Administration, Cooperative Extension System, National Credit Union Administration, and Federal Citizens Information Center. The Commission met in January and May, and plans to meet again in September.

In addition, the Judicial Conference Committee on the Administration of the Bankruptcy System endorsed judicial public outreach to improve citizen knowledge about financial management, noting that these efforts may reduce demands on the bankruptcy system. The Office of Public Affairs for the Administrative Office of the U.S. Courts has consulted with judges, teachers and others in developing a financial education initiative that includes participation by bankruptcy judges and personnel in supplementing local programs in their educational efforts.

Existing and Future Outreach

USTP's financial education outreach builds upon its long-standing involvement in education and volunteer outreach activities. For many years, USTP has supported financial education programs provided by Chapter 13 standing trustees. We believe these programs provide a helpful overview of the financial management skills necessary to successfully emerge from Chapter 13 bankruptcy. USTP continues to facilitate basic support for these promising practices.

In addition, USTP field office staff are active in their local communities. Some offices assist with the innovative Credit Abuse Resistance Education (CARE) Program developed by Chief Bankruptcy Judge John C. Ninfo in the Western District of New York. Volunteers visit high schools and colleges to discuss the importance of personal financial management from the unique perspective of the bankruptcy community. Recently, CARE developed a DVD that explains fundamental concepts of money management. USTP employees also volunteer in local consumer outreach programs and teach basic money management principles using materials developed by government agencies or non-profit organizations. For example, in Los Angeles, staff distributed educational materials on consumer issues such as credit reports, insurance, pension rights, and financial literacy education at the Los Angeles Black Business Expo.

The Executive Office for U.S. Trustees has produced a financial education brochure for use at Section 341 meetings and consumer financial education outreach events. The brochure briefly explains the importance of financial education and USTP outreach efforts, sets forth a few key money management tips, and lists the web site addresses for various government agencies that offer

information on consumer money management. The brochure and other outreach information will be posted on the USTP web site (www.usdoj.gov/ust).

Conclusion

We hope to strengthen our partnerships with other participants in the bankruptcy system, including judges, trustees, and practitioners, and with groups such as educators, to promote the expansion of financial education nationally. Let's work together to reach out to the many consumers who need help learning sound money management skills.