

Ranking Member Tim Scott (R-S.C.)
Opening Statement
Full Committee Hearing
May 9, 2024 at 10:00 AM

Thank you, Mr. Chairman, and thank you to the witnesses for being with us today.

At last week's hearing, we heard from my colleagues on the other side of the aisle that the high prices Americans are paying, as they struggle to put food on the table and face mounting debt, are the result of "greedflation" and "shrinkflation."

And today, it's a similar story. This time, the "boogeyman" is so-called "junk fees"—and these fees are to blame for the obvious economic pain Americans are feeling.

Not skyrocketing inflation. Not increasing global instability. And certainly not the slush-fund known as the Inflation Reduction Act.

Clearly there is no shortage of finger pointing for the failures of Bidenomics, or as I like to call it, "Brokenomics." Because that's what's happening to the average American family.

My Democratic colleagues and this administration have deployed a herd of scapegoats to deflect blame for the economic harm they have brought upon American households.

Instead of taking responsibility for the real consequences of unchecked spending and increased regulation across the economy, the Biden administration would rather throw a towel over the mirror and say, "not me."

Sure, it might be easy, or even politically expedient, to slap a label of "junk" or "excessive" on additional costs for legitimate products and services in an effort to villainize business in America, so that they themselves do not have to face the reality that Bidenomics – Brokenomics – is causing devastation after devastation after devastation upon the shoulders of the American people.

But it is long past time that Democrats stopped playing political games with price controls and trying to micromanage the business operations.

Especially when the real outcome of these feel-good games is reducing access to credit and limiting economic opportunity for those who need it most.

That's why I introduced a CRA resolution to overturn the CFPB's credit card penalty fee rule.

Let's be clear about what this rule will mean for American families.

It will result in lower credit limits and higher interest rates for borrowers.

It will result in new fees for services that are currently provided free of charge.

Finally, and perhaps worst of all, this rule will cut off access to credit and stymie financial inclusion for the families who need it most.

Sadly, I wasn't surprised when the CFPB finalized the credit card penalty fee just days before the president's State of the Union address.

That's the politics of this administration. Actions that sound good for press hit talking points, just like the billions of dollars of student loan forgiveness, but they are truly divorced from economic reality.

And it's not just the financial sector, it's everything, everywhere, all at once.

That's what astounds me – this administration's rhetorical hypocrisy.

The White House has claimed that a "junk fee" is a charge "designed either to confuse or deceive consumers."

Ironically enough, two of the recent targets within this committee's jurisdiction – overdraft and credit card late fees – are two of the most highly regulated and transparent business practices in any industry.

The credit card late fees and overdraft fees we are discussing here today are, in fact, not illegal and are heavily regulated.

And while we are on the subject of regulation, if Democrats actually wanted to address the “junk fees” that American families are facing, a good place to start would be the enormous costs that consumers are paying due to the Biden administration’s regulatory onslaught.

It’s an albatross around every family trying to make ends meet.

Since he took office, the total cost of President Biden’s regulatory nightmare – the mountain of red-tape is \$1.37 trillion.

That’s one point three seven trillion – t as in Tom – dollars.

Paid by everyday families in the form of higher prices because of these new regulations.

This contributes to the increased costs for food, housing, vehicles, and all the other basics a family must have just to survive – and this happens while inflation is raging.

If my friends on the other side of the aisle were truly interested in helping the American family – the American people –this hearing would be about finding solutions to tame the inflation that has increased the cost of goods by almost 20% since President Biden took office.

We should be discussing how real average hourly wages have decreased under this administration.

Remember, 52 paychecks in a row where inflation was higher than wage increases.

And we would be discussing how President Biden has promised to let the Tax Cuts and Jobs Act expire next year – which would result in a \$2.5 trillion tax increase on the American family.

But that’s not the conversation we’re having today, unfortunately.

In closing, it is my hope that we will hear today how misguided the administration's attempts are to push the financial services industry into

only offering one-size fits all products, when we should really be focusing on providing solutions to the financial hardships facing Americans.

And let me just close with one example: everyone I know hates paying a late fee. But the late fee is oftentimes the one thing that encourages us to take our bills more seriously. Because ultimately, a late fee represents a late payment, and if you are late on your payment, ultimately your credit score goes down which means that the cost of borrowing goes up. Undeniably.

If we really want to save Americans more money, we should focus not on these fees that encourages better payment history so your credit score goes up and your interest rates go down, we should focus on the costs of gas up 40 %, we should focus on the cost of energy up 30%, we should focus on the cost of food up 20%.

Not on late fees.