

U.S. DEPARTMENT OF THE TREASURY

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PRESIDENT'S ADVISORY COUNCIL ON
FINANCIAL CAPABILITY

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PUBLIC MEETING

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THURSDAY
JANUARY 19, 2012

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The Council met in the Cash Room of the U.S. Department of the Treasury, 1500 Pennsylvania Avenue, N.W., Washington, D.C., at 10:00 a.m., John W. Rogers, Jr., Chair, presiding.

PRESENT

- JOHN W. ROGERS, JR., Chair
- AMY ROSEN, Vice Chair
- ROLAND ARTEAGA, Member
- JANIE BARRERA, Member
- TED BECK, Member
- SHERRY SALWAY BLACK, Member
- JOHN HOPE BRYANT, Member
- SAMUEL T. JACKSON, Member
- RICHARD KETCHUM, Member
- BETH KOBLINER, Member
- ADDISON BARRY RAND, Member
- CARRIE SCHWAB-POMERANTZ, Member
- KENNETH WADE, Member

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ALSO PRESENT

MATEEN ALI, Senior Manager, Retirement and
Wealth Strategy, Best Buy
CYRUS AMIR-MOKRI, Assistant Secretary,
Financial Institutions, U.S. Department of the
Treasury
STEVE BIGARI, Chief Executive Officer,
Stellar Restaurant Solutions; Founder,
America's Family
MARY DuPONT, Director of Financial
Empowerment, State of Delaware
MICHELLE GREENE, Vice President of Corporate
Responsibility, NYSE Euronext; Executive
Director, NYSE Foundation
ALAN B. KRUEGER, Chairman, President's
Council of Economic Advisors
BRAD WENGER, General Manager, Hilton
Wilmington
JOSH WRIGHT, Acting Director, Office of
Financial Education and Financial
Access, U.S. Department of the Treasury

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1 P-R-O-C-E-E-D-I-N-G-S

2 (10:01 a.m.)

3 MR. WRIGHT: I know Council Member
4 Arteaga is very punctual, wants us to make
5 sure we start on time. As soon as you mention
6 the military guy, the crowd gets quiet.

7 Well, welcome to the Treasury
8 Department. We have the great honor of having
9 Treasury Assistant Secretary for Financial
10 Institutions, Cyrus Amir-Mokri, join us to
11 kick off our meeting with welcoming remarks.

12 As Assistant Secretary for
13 Financial Institutions, he's responsible for
14 developing and coordinating Treasury's
15 policies on issues affecting financial
16 institutions.

17 Most recently he served as the
18 Senior Counsel to the Chairman of the
19 Commodities Future Trading Commission where he
20 also was the Agency's Deputy Representative to
21 the Financial Stability Oversight Council.

22 Prior to joining the CFTC he was a

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1 partner at the law firm Skadden Arps Slate
2 Meagher & Flom. His practice focused on
3 complex security and anti-trust litigation.
4 He also clerked for the Honorable Bruce M.
5 Selya of the United States Court of Appeals
6 for the First Circuit. He received his JD
7 from the University of Chicago Law School, a
8 Ph.D. in History from the University of
9 Chicago, and his AB in Biochemistry from
10 Harvard College. Cyrus.

11 ASST. SEC. AMIR-MOKRI: Thanks very
12 much, Josh and good morning, everyone, and
13 welcome to the Treasury Department.

14 I wanted to thank you all for
15 joining us here for the fifth meeting of the
16 President's Advisory Council on Financial
17 Capability. Our agenda today is very
18 important and promises to be very thought-
19 provoking.

20 At the outset I am pleased to
21 extend a special welcome to two new members of
22 the Council that were recently appointed by

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1 President Obama. First, we're very fortunate
2 to have Janie Barrera, Founding President and
3 CEO of ACCION Texas, who is now on board.
4 ACCION Texas is a multi-state non-profit micro
5 and small business lender, and for many years
6 Ms. Barrera has been a leader in the areas of
7 micro lending, entrepreneurship, and community
8 development. She also has been a very
9 important voice for financial literacy and
10 access to financial services, so we're very
11 fortunate to have her.

12 It's also my pleasure to welcome
13 Sherry Salway Black, Director of the
14 Partnership for Tribal Governance at the
15 National Congress of American Indians.

16 Ms. Black is a member of the
17 Oglala Lakota Nation. She has had a
18 distinguished career focused on improving the
19 economic condition of Native communities by
20 promoting business development and financial
21 literacy.

22 In addition to welcoming the new

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1 members, I want to thank the existing members
2 of the President's Advisory Council for their
3 dedication and enthusiasm over the last 15
4 months. Your insights, suggestions, and hard
5 work are already making a difference.

6 I want to make special mention of
7 the interim report that you're releasing
8 today. I know that you still have more work to
9 do, and I look forward to receiving your final
10 report and recommendations for the President
11 and the Secretary of the Treasury at the end
12 of this year. Still, this interim report
13 presents some important ideas that will
14 provide a foundation for helping all Americans
15 obtain the information and tools they need to
16 make good financial decisions.

17 The Council should be commended
18 for directing our focus to three fundamental
19 concepts. First, financial education should
20 take its rightful place in American schools.
21 Second, the United States needs a financially
22 capable workforce and retiree community, both

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1 necessary for a stable and globally
2 competitive economy. Third, Americans should
3 also learn the core concepts of personal
4 finance at the heart of their lives; that is,
5 in their families and in their communities.

6 By focusing financial capability
7 in places so central to our lives; that is,
8 school, work, homes and communities, we are
9 reminded that there is no wrong time or place
10 to learn about financial matters. In fact,
11 taking steps to improve our financial fitness
12 can and should become an everyday habit for
13 all of us.

14 Let me elaborate on the second
15 theme, the workplace, which is a major focus
16 of today's meeting. Making the workplace a
17 venue for improving financial learning and
18 capability is a very promising and positive
19 development.

20 In many ways, employers already
21 assist workers with matters of significant
22 financial importance, such as learning about

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1 the importance of saving for retirement and
2 choosing the right health insurance plan. So,
3 employers could see significant benefits from
4 providing financial capability tools to their
5 employees, and this approach has the potential
6 to increase employee performance and
7 stability, which are central factors in
8 increasing productivity at work, and reducing
9 absenteeism, worker turnover, and general
10 stress in the workplace.

11 If workers are more productive and
12 financially capable, businesses become more
13 efficient and profitable, and our economy
14 grows and becomes more stable.

15 Let me also add that financial
16 pressures, the resulting anxiety and potential
17 for lost productivity are issues that all of
18 us face in some way at some time in our lives.
19 I, myself, have had to deal with these issues
20 at different stages of my life.

21 My family immigrated to the United
22 States when I was a young adult. My parents

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1 left behind most everything that they had
2 worked for so we could start a new life here
3 in America. In those days, I remember as my
4 parents were rebuilding their lives we had to
5 take a hard look at what we could afford and
6 what we could spend.

7 Later after having gone through
8 school I had student loans and a home
9 mortgage. I was asking my questions like how
10 much should I borrow? Who should I borrow
11 from? How quickly should I be paying back my
12 loans? What else can I spend my money on when
13 I have debt?

14 I consider myself to have been
15 extremely fortunate. I was asking these
16 questions having gone through a legal
17 education, being able to seek advice from
18 knowledgeable friends and family, and having
19 some resources at my disposal.

20 Many Americans are facing
21 financial issues under much more trying
22 circumstances. So, regardless of where you

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1 find yourself in life, financial capability
2 matters, and you will always have a need for
3 more financial education. Asking the kinds of
4 questions I was asking is not something that
5 people should feel embarrassed about. It's a
6 reality we all face. So, I'm grateful,
7 particularly grateful to the Council for
8 tackling this important matter.

9 We're all looking forward to
10 hearing from today's panel and to receiving
11 the Council's future recommendations on
12 strategies to encourage more employees to
13 engage in these types of efforts.

14 Two more matters before I turn
15 things over to John. First, we're very
16 fortunate to have Alan Krueger join us today
17 for part of the discussion. Alan needs no
18 introduction. He is one of America's
19 preeminent economists, previously served as
20 the Treasury Department's Chief Economist and
21 currently, as you all know, he's Chairman of
22 the President's Council of Economic Advisors,

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1 and a very, very special person.

2 Second, speaking of special
3 persons, I'd like to acknowledge the fine work
4 of Josh Wright. He has served as the Acting
5 Director of the Office of Financial Literacy
6 and Financial Access for more than a year.
7 He's been instrumental in Treasury support for
8 this Council, and moving forward Treasury's
9 agenda on financial capability.

10 Unfortunately for us, for all of
11 us, and particularly for me because he's done
12 so much to educate me in this area, he'll be
13 leaving Treasury later this month. But that's
14 the private sector's good fortune, and I
15 expect that he'll be continuing his great work
16 on these issues in his new capacity.

17 So, Josh, on behalf of Treasury
18 and the Council, thank you for all your hard
19 work, your excellent work, your thoughtful
20 strategies, your thoughtful presence to
21 improve the capabilities of all Americans.
22 We'll miss you. We wish you the best, and I

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1 personally am very grateful to you, Josh, for
2 as I said educating me on these issues.

3 (Applause.)

4 ASST. SEC. AMIR-MOKRI: And then
5 again to the Council, thank you for all your
6 efforts. The President and Secretary are
7 interested in the important work that you are
8 doing. We all look forward to working with
9 you on these issues over the coming months.
10 And now I'll turn it over to Chairman John
11 Rogers.

12 CHAIR ROGERS: Thank you. Thank
13 you, Mr. Assistant Secretary. Those opening
14 remarks we really appreciated. Thank you for
15 being here this morning and your leadership.

16 I'd also like to thank all the
17 Council members for all the hard work since
18 the last meeting. I know everyone has been
19 working hard. We've been having individual
20 meetings and Subcommittee Chair meetings, and
21 conference calls. And it's been just a great,
22 hardworking group.

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1 I'd also like to also welcome our
2 two newest members. Janie and Sherry bring
3 immense additional talent to our group, and I
4 know I speak for all of us, we really are
5 excited that you are joining us. And your
6 special unique skills will add so much to our
7 deliberations here at the Council, so thank
8 you.

9 Now, I'd like to officially call
10 the fifth meeting of the Financial Capability
11 Council to order, and we'll start our official
12 work. Josh will provide a full update later in
13 the meeting, but I want to highlight one
14 initial adjustment that we are making with the
15 Council.

16 We decided to expand the scope of
17 our Access Subcommittee for two reasons. We
18 think it's very, very important to make this
19 change, and it was sort of alluded to earlier.

20 We think it's important that Americans should
21 also learn the core concepts of personal
22 finance at the heart of their lives, in their

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1 families and in their communities.

2 To better align with the needs of
3 traditionally under-served populations, which
4 is an issue President Obama asked us to
5 address in his original Executive Order that
6 created this Council, we are going to work to
7 change the titles of our Council.

8 Arty Arteaga has agreed to
9 voluntarily put his mission aside and allow us
10 to make a transition with our Subcommittee
11 Chairs, so we really want to thank you, Arty,
12 for your willingness and flexibility. And it
13 was actually your idea for us to make these
14 changes. And, of course, Arty will continue to
15 serve on the Committee, and continue to serve
16 on our Council.

17 After an enormous amount of
18 deliberation with our Subcommittee Chairs and
19 Treasury, we decided to ask John Hope Bryant
20 to Chair our new Subcommittee. John really
21 needs no introduction. We know he's the
22 founder and Chairman and CEO of Operation

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1 Hope. And he's made working on financial
2 capability and financial literacy really his
3 life's work, so we're really glad to see
4 John's willingness to step up and take on this
5 leadership role.

6 We really feel that what's going
7 to happen now in this new role is the
8 Subcommittee Chair will be able to work with
9 this idea of really making sure that we can
10 have the core competencies and the things that
11 we need to learn to be a part of really our
12 community work, and to be able to reach out
13 broadly and making sure that everyone in the
14 community has a chance to learn the things
15 that they need to learn to be able to be more
16 financially capable, be more financially
17 literate.

18 And we know sometimes we won't be
19 able to reach everyone in public schools, we
20 won't be able to reach everyone in the
21 workplace, so we want to make sure that we can
22 meet people out in the community, meet people

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1 in their homes, and find ways to reach those
2 diverse communities. So, thank you, John, for
3 your willingness to take on this leadership
4 role.

5 And then, finally, I wanted to
6 also thank Josh for his leadership. We really
7 will miss you. You've been available on every
8 conference call and always been there whenever
9 we have asked for anything, so I know you're
10 going to be extraordinarily successful in your
11 new role, and look forward to staying in touch
12 with your new leadership position. So, I also
13 want to thank you, Josh.

14 So, with that I'll turn it over to
15 Josh to go through today's schedule. And,
16 hopefully, we'll be able to have a really
17 robust discussion and dialogue this morning,
18 and look forward to everybody being involved
19 and included. So, thank you.

20 MR. WRIGHT: Thank you, John.

21 So, I want to make a few just
22 basic announcements to start off. One, which

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1 we alluded to in the last meeting, is that the
2 duration of this Council has been extended. On
3 November 23rd, 2011, President Obama extended
4 by Executive Order the term of the Council for
5 one additional year, until January 29th, 2013.

6 This provides the Council with
7 additional time to engage experts and the
8 public in the formation of their final
9 recommendations for the President and the
10 Secretary. So, John requested that, and we're
11 happy to oblige with that, meeting that
12 request.

13 The second is that the Council has
14 produced an interim report. It summarizes its
15 work to date, provides information on planned
16 next steps, and gives a general framework for
17 how they'll proceed in the next year. This is
18 available on the Treasury website in the
19 educational portion of the website under
20 Resources.

21 And then, as you've heard, there
22 are two new members. On November 14th, the

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1 President announced the appointment of Janie
2 Barrera and Sherry Salway Black as the 12th
3 and 13th members of the Council. We're
4 fortunate to have both of these esteemed
5 experts in their field.

6 Janie has already begun work on
7 the Access Subcommittee, now the renamed
8 Subcommittee on the Under-Served and Community
9 Empowerment. And Sherry has already started
10 work on that same Subcommittee, as well as the
11 Youth Subcommittee.

12 I just want to give you a taste of
13 their bios to give you a sense of the
14 expertise and deep experience that they bring
15 to the Council. So, Janie is the founding
16 President and Chief Executive Officer of
17 ACCION Texas. Created in 1994, ACCION
18 provides small loans and management training
19 to individuals and small businesses in Texas
20 and Louisiana.

21 The San Antonio Business Journal
22 listed Ms. Barrera as the 20th defining player

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1 - I'm sorry - in the 20 defining players,
2 people who have helped shape the city. She's
3 also served on many national, state, and local
4 boards including the Federal Reserve Board's
5 National Consumer Advisory Council.

6 Ms. Barrera received a BS from
7 Corpus Christi State University in Corpus
8 Christi, Texas, and an MBA from the University
9 of the Incarnate Word in Texas, I'm sorry, in
10 San Antonio, Texas.

11 Sherry is the Director of the
12 Partnership for Tribal Governments at the
13 National Congress of American Indians. She's
14 the former Senior Vice President of the First
15 Nations Development Institute, a Native-led
16 non-profit organization that works to improve
17 the economic condition of Native Americans
18 through promoting business development and
19 financial literacy.

20 Ms. Black is a member of the
21 Honoring Nations Board of Governors, a program
22 established by the Harvard Project on American

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1 Indian Economic Development to celebrate,
2 document, and disseminate outstanding success
3 stories in governance among American Indian
4 nations.

5 She also serves on the boards of
6 the First People's Fund and the Johnson
7 Scholarship Foundation. She's a member of the
8 Oglala Lakota Nation in Pine Ridge, South
9 Dakota, and she earned her BS from East
10 Stroudsburg University and her MBA from the
11 Wharton School of Business.

12 I'd like to take a few minutes to
13 give each of them an opportunity to make some
14 comments. Janie first.

15 MEMBER BARRERA: Thank you, Josh,
16 for the opportunity. I think as we talk about
17 access to capital, one thing that I'd like to
18 raise is the fact that we usually talk about
19 FICO scores as the number one factor in
20 underwriting and so on in the small business
21 world that we live in. And I could say that
22 our average customer/borrower has a FICO score

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1 of 575, and we have a 95 percent repayment
2 rate. So, we figured out a way to mitigate
3 this risk, and so I hope to bring that
4 expertise to our discussions. So, thank you,
5 Josh.

6 MR. WRIGHT: Sherry.

7 MEMBER BLACK: Good morning, and
8 thank you. It is an extraordinary honor to be
9 appointed to this Council.

10 COURT REPORTER: Push the button
11 in.

12 MEMBER BLACK: Is it on now? Boy, I
13 blew that opening, huh?

14 (Laughter.)

15 MEMBER BLACK: It is an
16 extraordinary honor to be appointed to this
17 Council and to be here with the people around
18 the table and the people in the room, not only
19 for me personally, but it provides an
20 opportunity for tribal concerns and tribal
21 perspectives to be brought to the discussions
22 here.

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1 As the Assistant Secretary
2 mentioned, I am, and Josh as well, Oglala
3 Lakota from Pine Ridge Indian Reservation
4 which has historically been the poorest place
5 in the United States. But that's changing,
6 and my career, and actually my passion for the
7 past 35 years has been working with American
8 Indian tribes and with Native people on asset
9 building, particularly, in that strategy.

10 I often wondered why American
11 Indian people and tribes are not fabulously
12 wealthy given the fact that we collectively
13 own 100 million acres across the United
14 States. We have \$3.2 billion in trust funds.
15 We have vast natural resources that have
16 significant energy potential, yet we are the
17 poorest in the United States. And the reason
18 is, is that we don't necessarily control those
19 assets to produce wealth.

20 So, my career has really been
21 devoted to helping tribes gain control of the
22 assets that they have, and to help create new

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1 assets. And to do that, you need financial
2 capability. So, my career has really been
3 focused on that.

4 The organization I worked with for
5 20 years founded the Lakota Fund, which was
6 the first micro enterprise and small business
7 loan fund in Indian country working now for 25
8 years.

9 We co-founded the -- or we founded
10 the Oweesta Corporation which works to start
11 Native CDFIs in Indian country, and we also
12 launched a financial curriculum to do that.
13 So, I am very happy to be here, and look
14 forward to the work. Thank you.

15 MR. WRIGHT: Thank you, Janie and
16 Sherry. The Council is extremely fortunate to
17 have both of you. You bring different yet
18 complementary skills and perspectives to the
19 work of the Council. I thank both of you for
20 your willingness to serve.

21 Before we go to our
22 interview/discussion with Alan Krueger, I do

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1 just want to provide a little brief context
2 for the meeting overall.

3 The Council has been using these
4 three meetings, the last meeting today and the
5 next meeting to focus on the three themes.
6 The last meeting was focused around youth, and
7 in particular the use of K-12 education and
8 technology in that context to improve
9 financial capability.

10 This meeting is heavily focused on
11 the workplace. We'll have more -- a larger
12 update from the Partnership Committee, which
13 is the one -- the Committee's the focused on
14 the workplace theme. We'll have a great
15 discussion led by our Vice Chair, Amy Rosen
16 with Alan Krueger, and then we'll have a great
17 set of panelists with real world business,
18 individuals who are struggling thinking about
19 these issues, thinking about ways to innovate,
20 and deliver, and improve the financial
21 capability of their employees. So, we're
22 incredibly excited about that.

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1 Just to give you a perspective,
2 there's close to 140 million workers who are
3 engaged in employment with their employers
4 across the country. It's a significant chunk
5 of the population and a huge opportunity to
6 engage and it presents a real unique
7 opportunity also to have a win-win situation,
8 situations where both the employee and the
9 employer can benefit for many of the reasons
10 that Assistant Secretary mentioned around
11 increased productivity, reduced absenteeism,
12 and that benefitting the employer.

13 So, we're excited about the agenda
14 today. We're going to hear about a number of
15 innovative efforts, and have an opportunity to
16 learn from the business people's experience in
17 those efforts.

18 I'm now going to turn it over to
19 Amy to lead us in an interview and discussion
20 with Alan Krueger. She's going to make her
21 way to the stage and introduce Alan.

22 VICE CHAIR ROSEN: I will do that.

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1 Just before I do it, I want to also welcome
2 our new members. And I'm sitting here
3 thinking my other colleagues on this Council
4 who are women, Beth and Carrie, we're getting
5 close to a majority. We're not there yet, but
6 we know what these competencies bring. So,
7 thank you and welcome. And I assume that Alan
8 is going to mysteriously appear.

9 MR. WRIGHT: He should appear
10 through the back door.

11 (Laughter.)

12 VICE CHAIR ROSEN: Well, while
13 we're waiting for Alan. Since as our esteemed
14 Assistant Secretary said, he really needs no
15 introduction, but since I was told and I
16 almost always do what I was told to introduce
17 him, I will remind everybody that he was
18 fortunately confirmed by the Senate in
19 November 2011 to serve as the Chief -- how are
20 you, Alan.

21 DR. KRUEGER: Hi, thank you.

22 VICE CHAIR ROSEN: Good to see you.

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1 Thank you. I'm introducing somebody who needs
2 no introduction. As the Chairman of the
3 President's Council on Economic Advisors and a
4 member of his cabinet, previously he had
5 served in the administration as the Assistant
6 Secretary for Economic Policy, and had the
7 lofty title of Chief Economist at the U.S.
8 Department of Treasury, so welcome back to the
9 Treasury Department.

10 He's currently on leave from
11 Princeton where he is the Bendheim Professor
12 of Economics and Public Affairs and has
13 appointments in both the Economics and the
14 Woodrow Wilson School.

15 In '94 and '95, he served as the
16 Chief Economist of the United States
17 Department of Labor.

18 DR. KRUEGER: Do you read the whole
19 thing?

20 VICE CHAIR ROSEN: I'm going to
21 stop any minute now and just say that not
22 surprisingly, he has a Ph.D. in economics from

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1 Harvard. So, welcome, Alan, and thank you for
2 taking the time. And I suspect there's a few
3 things like the State of the Union and other
4 things that you could be thinking about today,
5 but it really reflects on your commitment to
6 this issue, and we appreciate it.

7 DR. KRUEGER: Thank you, and I
8 appreciate all the work that you're doing, and
9 that the Commission is doing. It's, as we'll
10 discuss, I think extremely important for the
11 U.S. economy.

12 VICE CHAIR ROSEN: Yes. So, as a
13 teacher by trade and since part of our mission
14 is to help lead the American public to be more
15 financially literate, you want to just briefly
16 give us a little talk about what the actual
17 Council of Economic Advisors do, and how you
18 would sort of define success as the Chairman?

19 DR. KRUEGER: Sure. The Council was
20 set up during the Truman administration, 1946
21 I think, and our legislative mandate is to
22 advise the President. Once a year we produce

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1 the Economic Report of the President. That's
2 coming out in a few weeks. The exact date is
3 not set, but we're putting the finishing
4 touches on it.

5 There will be a connection
6 actually between this year's Economic Report
7 of the President and Financial Literacy. I'll
8 say a little bit more about that later on
9 maybe. And our main role is to serve as the
10 President's think tank on economic matters.

11 When I came in, I had a meeting
12 with the President and he asked me how things
13 were going. And I said -- I talked to a lot of
14 the past chairmen and they all told me that
15 I've got one objective, one client to try to
16 provide the best advice, and try to serve the
17 President as best we can. And that's really
18 what we do.

19 And it's been an interesting
20 transition moving over from Treasury where
21 everything Treasury does is economic policy,
22 in my opinion. And the President has other

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1 things on his plate, international relations
2 for example, and trying to find the right
3 balance where I'm not overloading him with
4 unnecessary information but giving him the
5 kinds of input that he needs to make the best
6 decisions that he can on economic policy.

7 VICE CHAIR ROSEN: Great. So,
8 speaking of the former Chairman, I read
9 somewhere that after he returned to academia
10 that he said -- attributed to the financial
11 illiteracy of the American public as one of
12 the driving factors that led us into what we
13 call now the Great Recession.

14 So, let me just give you the flip
15 side of that. Where do you think the key
16 levers are in the power that we have, and the
17 consequences of making Americans more
18 financially literate could drive us in terms
19 of a successful economy?

20 DR. KRUEGER: Well, I certainly
21 agree there were multiple factors that
22 contributed to the Great Recession. And one

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1 of them was people making financial decisions
2 that were not in their long run interest,
3 sometimes because they made mistakes, other
4 times because they were misled. And I think
5 there was a whole systemic failure.

6 I think the regulation that we had
7 wasn't appropriate for the kind of financial
8 system that we have, as well, and that more
9 appropriate regulation could have prevented
10 some of those mistakes, which is why I think
11 it's very important that the Dodd-Frank Bill
12 included the Consumer Financial Protection
13 Bureau, for example.

14 I think it's very important to
15 start early, and I mentioned to you before
16 that I've been involved in writing a high
17 school economics textbook.

18 VICE CHAIR ROSEN: This is what he
19 does, by the way, late at night when he's
20 really bored and doesn't really have any time
21 to think about anything else, he thinks about
22 young people learning economics, so I applaud

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1 you for that.

2 DR. KRUEGER: I appreciate that.
3 Although, actually, the last few years I've
4 been prohibited from at least working on the
5 textbook. But one of my main objectives was
6 to try to teach personal finance within the
7 economics curriculum.

8 More students take economics in
9 high school than take economics in college. A
10 lot of the students don't go on to college, so
11 this is sort of the last opportunity to have
12 access to them, I would say. And it's also the
13 time in their lives when they're starting to
14 think about financial decisions, especially
15 for those who are not college-bound.

16 And I think of personal finance as
17 fitting very nicely within the economics
18 curriculum. Economics is all about making
19 decisions. People tend to think too much
20 about money when they think about economics as
21 opposed to a broader set of decisions. But
22 here it really is about --

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1 VICE CHAIR ROSEN: About money.

2 DR. KRUEGER: -- about money and
3 saving for the future, planning ahead,
4 choosing what to -- when to invest, how much
5 to invest and so on. And I think that fits in
6 very well with the kinds of decisions and
7 thoughts that high school students are having.

8 VICE CHAIR ROSEN: Yes.

9 DR. KRUEGER: So, I think that's
10 one area, but I think there are many. And I
11 have to say, I've been involved in this area a
12 bit, and I was very impressed by the work that
13 all of you are doing at the meeting that I
14 went to a few months ago. I came kind of with
15 the view that this would be another one of
16 those meetings that I go to where I don't come
17 away knowing much more than I knew before I
18 went to the meeting.

19 VICE CHAIR ROSEN: On our way out
20 the door.

21 DR. KRUEGER: No, I was very
22 impressed by the way that John has organized

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1 things, and by the initiatives that you're
2 considering.

3 So, I have to say, I think -- and
4 I've said this subsequently. I've said this at
5 other meetings that I've gone to, that
6 setting up this group on Financial Capability
7 I think is one way in which the Administration
8 can have a much wider impact than we would
9 otherwise have on an absolutely critical
10 issue. And some of the innovative solutions
11 that you've had were really eye opening for
12 me. And I say this with the background of
13 someone who had been the Chief Economist for
14 the National Council on Economic Education for
15 a while, now the Council on Economic
16 Education, where I thought for a while and
17 seen a lot of other people kind of thing about
18 how to influence the public's understanding
19 across the board.

20 And even in the area where the
21 National Council concentrated on K-12
22 education, I thought that you had some very

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1 good, insightful ideas.

2 VICE CHAIR ROSEN: Great. We're
3 going to circle back to those in a minute.
4 Just on a personal basis, though, it just
5 strikes me that you have been involved -- you
6 modestly say you've been involved in this for
7 a little while, for your entire career. And I
8 notice that you grew up and were educated in
9 the great State of New Jersey, as I was, in
10 public schools. And, obviously, went on to a
11 serious academic career.

12 What got your attention on this?
13 Is anything -- just interesting as to what
14 sort of grabbed you to not only do research
15 and care about this issue, but obviously to be
16 haunted about the impact of not doing it?

17 DR. KRUEGER: It was a mixture of
18 things. My dad was a CPA, a self-employed CPA
19 and I occasionally would work with him. One of
20 the highlights of my career growing up was he
21 would -- he taught me a little bit of
22 bookkeeping, and I found a mistake that the

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1 bookkeeper made at one of the construction
2 companies I worked for.

3 So, I saw a little bit, but my dad
4 actually, interestingly, I remember when he
5 went out on his own. He was self-employed. I
6 remember him being worried about like health
7 insurance and how would he get health
8 insurance. And, fortunately, my mom was a
9 school teacher and she was able to cover my
10 dad with health insurance which actually
11 enabled him to become self-employed. But he
12 didn't share too much about our own financial
13 situation. You know, he I think was always
14 very prudent, and gave me very wise advice.

15 I remember him saying over and
16 over again you never lose money by taking a
17 profit.

18 VICE CHAIR ROSEN: Are you serious?

19 DR. KRUEGER: I thought was a good
20 saying.

21 VICE CHAIR ROSEN: Yes.

22 DR. KRUEGER: And if you look at

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1 kind of what the secret to accumulating a lot
2 of money is, it's mostly not spending much
3 money. That's the kind of secret in the
4 millionaire next door. And that was certainly
5 the way that my father treated finances, and
6 that rubbed off.

7 And then you learn about -- in
8 economics you learn about the way that people
9 make financial decisions, how much they
10 overuse credit cards and the rates that they
11 borrow at. And you just kind of scratch your
12 head and say what's generating this?

13 I was the editor of the Journal of
14 Economic Perspectives, which is one of the
15 journals in the economics profession which is
16 meant to reach a wider audience. And we had
17 an article -- this is what got me interested
18 in writing a high school book. We had an
19 article on teaching economics, and somebody
20 pointed out in that article that more students
21 take economics in high school than college,
22 which was stunning to me; 2 million students a

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1 year take economics in high school.

2 Then I looked at what the books
3 were like and I thought that they were really
4 watered down college books, but they kind of
5 jumped around, and I had trouble reading them.

6 So, I had the idea that I'd try to write the
7 Samuelson of high school. We'll see if that
8 succeeds.

9 VICE CHAIR ROSEN: Those of us who
10 are in this work are pretty excited to see
11 this high school. As a booby prize for showing
12 up here today, I had to hand Alan a NFTE
13 textbook on entrepreneurship, so we could
14 bring all those ideas together.

15 DR. KRUEGER: And I appreciated
16 that. It's on the table behind me, but I will
17 take it back. One of the things that I have
18 in the book which is really useful for me is,
19 I think people learn from stories, and we
20 don't do a very good job in economics telling
21 stories. So, I decided to have interviews in
22 each chapter.

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1 One of the interviews I had was
2 with Jeff Bezos, an extremely successful
3 entrepreneur. And I asked him about how he
4 became an entrepreneur, and what path does he
5 recommend for students who might think about
6 becoming an entrepreneur. And there are lots
7 of different paths, as you know, to becoming
8 an entrepreneur.

9 But that's something that I tried
10 to bring into the book, and after having
11 worked in the administration for about two and
12 a half years, I think that we don't put enough
13 emphasis in economics, in general, in economic
14 research on entrepreneurship. We assume that
15 you've got supply and you've got demand, and
16 the two kind of figure each other out. And
17 that's how markets work. But there are
18 entrepreneurs playing a very important role in
19 the middle of all of this.

20 VICE CHAIR ROSEN: Yes. Well, I
21 applaud you for that because in the stories
22 proven again and again to show young people

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1 the opportunities, as well as the paths.

2 We're going to get to the
3 workplace in a minute, but before we do that I
4 just want to ask you, because you've been
5 talking so much publicly about income
6 inequality. And I just wondered if you would
7 elaborate a little bit on the direct impact
8 that you see of that on the economy related to
9 the issue that we're here today to talk about.

10 DR. KRUEGER: We've had a 30-year
11 period in the U.S. where we have had a
12 remarkable evolution of inequality. And
13 initially it was the bottom of the income
14 distribution doing very poorly in the 1980s.
15 If you look at how the less educated fared in
16 the 1980s, it really was an awful record.
17 Then it spread to the middle class.

18 And what concerned me most is the
19 decline in the middle class. And if you kind
20 of put a broad band around the median, around
21 the middle and say what fraction of households
22 fall in that band, it's falling. And I think

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1 one of the great success stories of America,
2 one of the reasons for our great success is
3 that we expanded the middle class.

4 That's, I think, important for
5 political engagement. I think it's important
6 for having consensus around economic policy
7 issues like expanded trade. And over the last
8 30 years the middle class has been eroding.
9 And I think that also is a factor related to
10 the financial crisis that we started out
11 talking about.

12 If you look at what's happened to
13 median income over the last decade it's
14 fallen. We had an expansion where median
15 income was stagnant. And what I think one of
16 the contributing factors to the financial
17 crisis is that because people's incomes
18 weren't keeping up, they borrowed to maintain
19 their consumption. That helped to fuel the
20 credit bubble. It wasn't the only factor
21 behind it, but I think it was a contributing
22 factor.

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1 If we had the same income growth
2 for the middle in the 2000s that we had in the
3 1990s, the typical family, the median family
4 would have an extra \$9,000 to spend. That's
5 about a 20 percent, a little more than a 20
6 percent increase in their income. Their
7 financial problems would be much less severe
8 if they had -- if we had continued to grow at
9 that same pace.

10 So, I think these issues matter
11 tremendously, and I think the President was
12 right in his speech in Osawatomie, Kansas to
13 emphasize the erosion of the middle class.
14 And I think he says it much better than I can,
15 that when all Americans do well, America does
16 well.

17 VICE CHAIR ROSEN: Yes.

18 DR. KRUEGER: And we've had too
19 much polarizing growth, and I think we need to
20 look at ways to help support the middle class.

21 VICE CHAIR ROSEN: Yes, well thank
22 you for that, and the granular example on the

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1 9,000 I think brings it all home to us.

2 Since we are here to spend most of
3 today talking about the workplace, I just
4 wondered if -- and a lot of your research
5 always ties into the fact that how policies
6 can actually impact directly on the economy,
7 et cetera.

8 So, just some thoughts that you
9 might have and some advice you can share with
10 myself and my colleagues about opportunities
11 for the workplace. And, in fact, helping to
12 create more financially literate employees.

13 DR. KRUEGER: Well, I think the
14 workplace, once you're out of school where the
15 points were one can influence people's
16 financial decisions, and clearly the workplace
17 is an important one. Given the shift away
18 from defined benefit plans to defined
19 contribution plans, employees are much more in
20 control of their retirement savings than they
21 have been historically.

22 And when we look at decisions that

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1 people make in spite of all the incentives to
2 encourage saving for retirement or saving for
3 their children's college education, people
4 don't seem to take enough advantage of those
5 savings vehicles.

6 There's been a lot of work done on
7 participation in retirement savings plans
8 which finds that people leave a lot of money
9 on the table. They tend to be very passive in
10 making their decisions. If the default is
11 that they don't participate and they just
12 don't participate. So, the Pension Protection
13 Act that passed about five years ago made it
14 easier for companies to structure the default
15 so that it would encourage more people to
16 participate. They can opt out if they want to.

17 I think it's also important that
18 the default plan that they go into is a
19 sensible plan, because I think people find it
20 -- the way I would describe it is costly to
21 think about these issues and make a choice, so
22 they tend to kind of go with the flow.

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1 There was a recent study that was
2 done by David Laibson and coauthors at Harvard
3 which looked at what happened -- there was a
4 company that they studied which had as default
5 option for 401(k)s, that people would not
6 participate. Then they switched and they made
7 it that there was no default; you had to check
8 one box or the other. You couldn't get your
9 first pay check until you made that choice.
10 Participation in the 401(k) plan went up by 25
11 percent, so just by forcing people to make a
12 choice.

13 In economics, we're all about
14 choices, but often people try to avoid making
15 a choice. So, that's one thing that I would
16 stress.

17 And the other, obviously, is that
18 in a work setting, peers matter. People can
19 talk to peers. They can get counseling about
20 financial decisions. And many employers
21 provide that. I think it's in the employer's
22 interest because from the employer's

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1 perspective having workers who are financially
2 secure is better. They're probably more
3 closely tied to the company. They're less
4 stressed about their financial situation later
5 on.

6 So, I think that the workplace is
7 a natural opening to try to improve people's
8 financial decisionmaking, and also their
9 financial understanding, trying to provide
10 some background about making better financial
11 choices.

12 VICE CHAIR ROSEN: Right. Well, we
13 have a great panel who's going to talk about
14 that. And Carrie Schwab and her Committee has
15 done a lot of work with the federal
16 government. I think they're coming up with
17 some great recommendations.

18 DR. KRUEGER: I was going to say
19 that what I heard about the possibility of
20 having the federal government be a model, I
21 thought was a terrific idea.

22 VICE CHAIR ROSEN: Largest

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1 employer. Right?

2 DR. KRUEGER: The largest employer
3 in the country, and I think the country is a
4 lot better off if government employees are
5 making better decisions. If government
6 employees are doing a better job, I think the
7 country is better off. So, all of that I think
8 kind of fits together.

9 VICE CHAIR ROSEN: So, we had an
10 opportunity together to sit with the President
11 not too long ago, and he really challenged all
12 of us to come up with the big ideas that
13 really will make a difference in this area.
14 And we've all tossed around some ideas. You've
15 been part of those conversations.

16 Just curious as to what you think,
17 you know. Where would you put your money?

18 DR. KRUEGER: You know, as I said,
19 I thought the way that you had your work
20 structured made a great deal of sense. I like
21 the idea that I heard about having something
22 like a what-works clearinghouse for financial

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1 literacy. Doing a better job with assessment,
2 and kind of following all the way through. So,
3 I think what we've seen from some of the
4 analysis is that it is possible to improve
5 people's knowledge, and even change their
6 attitudes for a period of time.

7 But getting them to change their
8 behavior is really hard. So, I don't think
9 it's only a matter of saying, have people
10 learn things. I think that's necessary but not
11 sufficient. So, how do we follow through all
12 the way to the next step where we see that
13 they're making better decisions?

14 And this is an area where there
15 are a lot of initiatives taking place, good
16 evaluation work, promulgating that so that the
17 best practices are used I think could really
18 leverage the work that you're doing.

19 The other thing that I would
20 mention, and I think this is also related to
21 some of the things that Treasury has been
22 thinking about. What I was struck by with the

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1 work I did with the Council on Economic
2 Education, and I should mention that Nan
3 Morrison, the President, is here.

4 VICE CHAIR ROSEN: She is here,
5 yes.

6 DR. KRUEGER: Nan. That what I
7 was struck by is what students and teachers
8 get really excited about is what's called the
9 stock market game. And it's hard to -- I mean,
10 I really enjoyed talking to the teachers in
11 this area because they're really eager to get
12 input and advice. And when they find
13 something that students really like
14 participating in, that excites them. But when
15 you look at the stock market game, I think the
16 students take away mostly the wrong lesson.

17 The good news is it teaches them
18 about financial markets and what the role of
19 financial markets is, and they could
20 understand a little bit more when they hear
21 reporting on the stock market.

22 The bad news is, if you have a

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1 contest for who could have the highest return
2 in your class, you have an incentive to look
3 for a high-risk, high-variance portfolio. And
4 I think people take too much risk in their
5 lives. They're not adequately diversified.
6 You see the way that people invest in their
7 own companies, 401, you know, in their own
8 company's stock, their 401(k) for example. So,
9 I had a twist to the stock market game which
10 is kind of minor, which is, can the whole
11 class as a whole beat the market, which I
12 think would think about taking risk into
13 account.

14 But what I would like to see is
15 kind of a broader game, because I think
16 students do like games. You see this -- I see
17 this with my kids playing video games. I call
18 it the Life Cycle Game, where it's not just
19 about playing the stock market, but it's also
20 about planning, how much do you spend each
21 year of your income, what kind of a house do
22 you buy, what type of mortgage do you take

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1 out, how do you think about retirement.

2 Now, when I finish my textbook I
3 have this in mind, but I think I would be
4 delighted if somebody else sprinted ahead.
5 Pairing up students in high school, having
6 them think like a couple would think about
7 their financial future, different steps along
8 the way. And I think that's one potential way
9 of trying to teach more -- to raise the
10 financial capabilities of a large group of
11 Americans.

12 VICE CHAIR ROSEN: Great. Well,
13 thank you on that. We're all thinking about
14 that, and ways that we can bring sort of the
15 best experts who really understand the gaming
16 stuff to this. So, my guess is we're still
17 going to be at it, and need everybody to enter
18 the market. So, that's terrific.

19 Let me just -- how are we on time?

20 MR. WRIGHT: Probably do one more
21 question.

22 VICE CHAIR ROSEN: All right. So,

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1 I'm going to just finish up with, since I've
2 always really wanted to be Charlie Rose, and
3 because I like you, I'm just going to ask you
4 one last question, which is really on -- given
5 that you have -- you're the President. Given
6 that you are such an expert in all these
7 areas, what really keeps you up at night?

8 DR. KRUEGER: You're not the first
9 one to ask me that. And I thought I made a
10 mistake because the New York Times asked me
11 what music I like to listen to, and I said I
12 listen to music when I have trouble falling
13 asleep. And then they followed up with what
14 keeps you up at night.

15 VICE CHAIR ROSEN: I didn't even
16 see that.

17 DR. KRUEGER: And I thought boy,
18 that was a mistake to go there.

19 You know, I think the number one
20 threat to the U.S. economy right now is what's
21 going on in Europe. Now, there may be threats
22 -- it's the nature of economics that when

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1 shocks hit, it's not clear where they're going
2 to come from, and there could be other supply
3 disruptions like we saw. So, that's kind of
4 unpredictable. But I think if you were to
5 write out a list kind of saying what are the
6 threats right now, sovereign debt issues in
7 Europe and the financial issues which are all
8 intertwined.

9 But more generally what keeps me
10 up at night is we had an extremely deep
11 recession, long recession, began at the end of
12 2007. You know, it didn't end until the middle
13 of 2009. That created an extremely deep hole
14 to dig our way out of. The President says
15 often that the problems that created this
16 mess took a long time to develop. They're not
17 going to be solved overnight.

18 We're coming out of the recession.
19 We've been recovering for 10 quarters in a
20 row. GDP recovered back to where it was at the
21 previous peak. We'd like to see us grow more
22 quickly.

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1 The headwinds that we had, the
2 problems that we had that created the
3 recession, many of them are still there. Weak
4 income growth, which I mentioned before, the
5 fact that we didn't invest enough in the
6 previous decade in expanding our, say, high-
7 tech manufacturing and productive
8 capabilities. So, we have all of those
9 problems, and then we got a new set of
10 problems because so much wealth was destroyed
11 during the financial crisis, which is kind of
12 making the recovery more sluggish than we
13 would like.

14 And then the last problem I would
15 add to all of this, which I think is a very
16 big concern is, because the recession went on
17 for so long, we have very high rate of long-
18 term unemployment. And the long-term
19 unemployed tend to become more isolated the
20 longer they're unemployed. They run the risk
21 of becoming more obsolete in terms of their
22 skills, losing the sense of optimism that one

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1 needs in searching for a job. And I think
2 that's a problem that we need to focus on.

3 Unemployment affects people to a
4 much greater extent than just the loss of
5 income from losing a job. It's a much more
6 personal effect on people. And the loss of
7 income itself is a tremendous blow to many
8 families. And for the long-term unemployed,
9 in particular, I think it's very difficult to
10 recover from that type of experience.

11 So, those are the things that keep
12 me up at night.

13 VICE CHAIR ROSEN: Well, thank you.
14 We are lucky, Mr. Chairman, to have you at the
15 helm, and working on these things. Thank you.
16 Please. And thanks so much for the --

17 DR. KRUEGER: Thanks for all the
18 work.

19 (Applause.)

20 MEMBER JACKSON: If you could talk
21 about housing. You talk about the housing
22 crisis. If you could talk about how do we fix

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1 -- you have some different things going on in
2 terms of HAMP. So, I mean, if you could talk
3 about it, that's so critical to where our
4 economy is. How do we fix housing?

5 DR. KRUEGER: Sure. I'm going to
6 say a little bit about housing, and then I
7 should let you get on with your program.

8 You know, we had a tremendous loss
9 in home values because of the housing bubble.

10 The loss in housing wealth in the U.S. was
11 about \$7 trillion, \$700 billion of that is now
12 underwater, about a quarter of those with
13 mortgages, roughly, are under water. That's
14 clearly a drag on consumer finances.

15 I think it relates to the issue
16 that we were discussing about borrowing, over-
17 leveraging. And another aspect of this is home
18 construction has been very weak.

19 If you look at past recoveries,
20 residential construction usually leads the
21 way, highly cyclical sector. If you look in
22 the current recovery, residential construction

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1 has been almost entirely flat, and at a very
2 low level. And that's been constraining the
3 recovery, and I think that relates directly to
4 a course of the crisis from the housing
5 bubble.

6 So, how do we overcome these
7 problems? I think we need to make -- I think
8 it's clear that we were investing too much in
9 residential construction, and we need to
10 transition to more rental units. We're doing
11 that. The pilot project that's going to take
12 place to try to facilitate the quicker
13 conversion from residential to -- from REO to
14 rental. But there are a lot of other steps
15 that are, I think, necessary to soften the
16 effects.

17 One of my concerns is that we want
18 to avoid a situation where we overshoot what
19 should be an equilibrium. One of the things
20 that we learn, which many economists were
21 reluctant to accept, but I don't see how one
22 can deny it now, is that you can have bubbles

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1 in markets. Markets are not always in some
2 fundamental equilibrium. Prices can overshoot
3 on the way up. If they can overshoot on the
4 way up, one has to worry that maybe they can
5 overshoot on the way down.

6 So, I think it's important that we
7 take responsible steps to prevent avoidable
8 foreclosures for responsible homeowners, that
9 we help the markets transition to a better
10 place. I don't want to get ahead of the State
11 of the Union, so -- and I won't, but the
12 administration has done a number of efforts
13 here, and the Fed has, as well, buying -- the
14 Fed bought \$1.2 trillion of mortgage debt, and
15 Treasury bought I think it was around \$300
16 billion. HAMP, helping refinancing, helping
17 households take advantage of the historically
18 low interest rates. And I mentioned the REO,
19 forbearance for the unemployed where their
20 principal goes up, but when they're going
21 through this period of unemployment -- because
22 one of the things we also know from the

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1 research is that foreclosures have an affect
2 not only on the particular household, but on
3 the whole neighborhood, so it's a negative
4 externality in terms of economics. So, how do
5 we lessen the effects of this negative
6 externality without creating separate moral
7 hazard problems? Thank you.

8 MEMBER JACKSON: Thank you.

9 (Applause.)

10 CHAIR ROGERS: Let me turn it back
11 over to Josh again. It was a great interview.
12 Thank you, Amy.

13 VICE CHAIR ROSEN: You're welcome.
14 Thank you.

15 MR. WRIGHT: I just have to say,
16 watch out Oprah.

17 (Laughter.)

18 MR. WRIGHT: So, now we're going to
19 take a little time to get updates from the
20 Subcommittee Chairs. We'll hear reports from
21 each Subcommittee. We're going to start off
22 with Arty Arteaga, President and CEO of the

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1 Defense Credit Union Council and the outgoing
2 Chair of the Financial Access Subcommittee.
3 And in this update, we'll also hear from the
4 incoming chair, John Hope Bryant, founder and
5 Chairman and CEO of Operation Hope. And he's
6 the incoming Chair again of the renamed
7 Subcommittee on the Under-Served and Community
8 Empowerment. So, Arty.

9 MEMBER ARTEAGA: Thank you, Josh,
10 and thank you Mr. Chairman for laying the
11 foundation early on and just suggesting to the
12 crowd and the audience of the transition that
13 we're going to make.

14 Given the expansion of this
15 Subcommittee's role, this will likely be the
16 last Financial Access Subcommittee report, but
17 I know that my good friend, John Hope Bryant,
18 will take the reins in full force as he always
19 does. And I think we're going to do some
20 absolutely wonderful things, so I again thank
21 you for that opportunity.

22 The Financial Access Subcommittee

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1 report, as all the other Subcommittee reports,
2 are listed in your tab there, I think under
3 the interim report. And needless to say, over
4 the past year, we've certainly focused in one
5 component area of this new Subcommittee that's
6 called Financial Access.

7 Unbanked, under-banked is an issue
8 that we've dealt with for many, many years,
9 quite honestly. And over the past 15 months
10 or so, our Subcommittee has done, I think, an
11 absolutely superlative job researching,
12 attending listening sessions, participating in
13 town hall meetings, and conducting town hall
14 meetings. So, I'd like to certainly thank Ted
15 Beck, Samuel Jackson, obviously John Hope
16 Bryant, Ken Wade. And I know Janie and Sherry
17 just joined our Subcommittee, but having had a
18 meeting last week I can certainly tell you
19 that these two ladies will add immense value
20 to the new Subcommittee. They've already
21 contributed, and I look forward to more
22 contributions in that area.

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1 Again, our report is in the
2 package itself. It kind of highlights some of
3 the areas that we've touched on. Certainly,
4 one of the last ones that we actually
5 participated in in terms of a listening
6 session, information presentation was in
7 December. The FDIC, OCC, NCUA, and CFPB
8 federal regulators' briefing that was actually
9 orchestrated by my good friend, Ken Wade, to
10 the left over here. And the representatives of
11 those federal regulators provided us some
12 excellent insight on some of the challenges,
13 some of the products that they've seen to
14 address the unbanked, under-banked issue. So,
15 we certainly appreciated that.

16 The one recommendation that we
17 made over the past 15 months is the mobile
18 application challenge, which we actually
19 introduced to the Council back in April of
20 last year. I think it is going full force with
21 action memos, and I'm certainly looking
22 forward to this challenge actually coming out

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1 I think in the spring of this year, hopefully
2 early spring, no later than late spring, so
3 that we can touch the creative and innovative
4 minds that are out there. And that we can
5 convince and we can develop a product that
6 will replace the Angry Bird.

7 (Laughter.)

8 MEMBER ARTEAGA: And if doesn't
9 replace and displace that Angry Bird, that it
10 does something so instead of knocking down
11 buildings, it teaches our youngsters to knock
12 down debt. And if we can do that, that would
13 be excellent. So, that's going to be the huge
14 challenges going out there, and I thank my
15 Subcommittee for doing that.

16 Our next steps -- and again thanks
17 to Ted Beck and the Youth Subcommittee and his
18 Research Subcommittee, we're certainly
19 looking at Roth at Birth. I think that we have
20 a slight explanation of that in our report,
21 and I know that Ted will probably chat on it,
22 as well. But, again, in looking at what is

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1 required to move people from the unbanked to
2 the banked area, quite frankly, we look at
3 transitional accounts and savings accounts.
4 And when you start them at a young age of zero
5 that makes a lot of difference. So, I think
6 that's going to be an excellent initiative
7 that we're going to look to and monitor and
8 see develop.

9 Prize-linked savings, as I
10 mentioned in our November session, is also an
11 area that we're looking at. And the Save Up
12 Project has started on 1 November, I believe
13 has gained some impetus, and we're looking to
14 monitor that over the coming year, as well.

15 And then the Financial Capability
16 community, not only CFE but also Indianapolis,
17 and other cities that I've visited over the
18 past year, quite frankly, certainly have one
19 common denominator when you talk about the
20 success that they put together, and that
21 common denominator happens to be their
22 executive branch.

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1 The mayor of each one of the
2 cities that I visited over the past year, and
3 those that I've shared a visit with my
4 excellent friend over here to my left, Carrie,
5 obviously had the mayor behind the programs,
6 the initiatives and the organizations that
7 they put in place to make a difference, and to
8 shift people again from the unbanked, under-
9 banked area over to the mainstream financial
10 institutions.

11 So, with that said again our
12 report in total is in the package. Please
13 don't hesitate to look at that. I'm certainly
14 looking forward to working with John Hope
15 Bryant. We have over the past 15 months, I've
16 gained immense respect for him. And, John,
17 I'll let you close out our report by saying a
18 few words.

19 MEMBER BRYANT: Let me just say
20 that Arty is a class act. First of all, no
21 one can say that Arty is lazy. I think the
22 philosophy that Ph.D.s are good, but Ph.Dos

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1 are even better applies to you, Arty. You have
2 shown up in these communities. You have shown
3 up in offices, you've shown up in suites and
4 streets, and you've done the research
5 yourself. You've gone and checked the posts
6 yourself. And I really have never found
7 anybody that at least I can think of in recent
8 history who has worked so hard and doing a
9 great job to give it away. So, I think that's
10 just pure class and substance on your part.
11 And I want to just stop first and just thank
12 Arty for his leadership.

13 (Applause.)

14 MEMBER BRYANT: I want to thank the
15 Chairman of this Council, John Rogers, our
16 Vice Chair, Amy, of course, the President,
17 Secretary of the Treasury, love our new
18 members. Thanks for your participation, the
19 full Council, of course the Committee members,
20 and all those present.

21 This is -- and Josh. We will
22 hopefully have several times to say thank you

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1 to you. Over these 18 months I've gotten to
2 know you well. I respect you, and this may be
3 completely inappropriate, but I'm going to say
4 it anyway. I think you're so cool, I'm going
5 to make you an honorary black man.

6 (Laughter.)

7 MEMBER BRYANT: That's the best
8 compliment I can extend to you. So, you're
9 officially an honor member of this Committee.

10 I grew up in the inner city, and
11 my mom and dad divorced over money. So, it's
12 not a statistic to me when you say the number
13 one cause of divorce in America is money. It
14 was real for me.

15 I remember my mom and dad at five
16 arguing over money. We built businesses. I was
17 proud to see my mom and my dad own a gas
18 station, and an eight-unit apartment building,
19 a nursery and construction company. And I saw
20 us make it and I saw us lose it.

21 And on the one hand it was
22 incredible role modeling. I'm an entrepreneur

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1 today because my daddy was. On the other hand,
2 it's seared in my consciousness, and it's not
3 lost on me, Samuel, that the number one reason
4 that black and brown kids drop out of college
5 is not academics, it's money. Three hundred
6 and fifty young girls at Spellman last year
7 with a 3.0 or better GPA could not get back in
8 school, not because they were not academically
9 qualified, but because they could not reach
10 and meet the tuition guidelines.

11 That just shouldn't happen. I
12 wonder if those kids' families knew about the
13 Earned Income Tax Credit, which probably most
14 of those families qualified for.

15 So, we'll get into all that later,
16 but I guess what I'm really trying to say is I
17 see rainbows after storms. And these issues
18 are relevant to me, and important to me, and
19 financial literacy which I now call many times
20 the -- or I see it as the language of money.
21 I'm starting to call it financial dignity. I
22 think it's the new civil rights issue, Mr.

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1 Chairman. I think it's as important as the
2 right to vote was in 1962.

3 So, in short, we're going to be
4 about action. We're going to fulfill your
5 mandate. I want to also thank Bob Solomon and
6 Ellen for their support and leadership.

7 A couple of quick comments. We're
8 going to have a Local 50 commitment. We're
9 going to create or inspire, sorry, 50 local
10 municipalities to create local financial
11 literacy capability councils.

12 I think some of those cities that
13 have already done so are here today. If I'm
14 mistaken, is there any cities that have
15 already created councils that are present
16 today? I heard that Newark, New Jersey might
17 be in the house. Is this the Deputy Mayor,
18 Anthony Santiago, the Deputy Chief of Staff
19 for Newark, New Jersey, is committed to create
20 a financial literacy council, Mayor Cory
21 Booker.

22 I understand the District of

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1 Columbia is here, the Banking Commission has
2 created a financial literacy council. I don't
3 think Miami or Fulton County is here, but
4 they've also committed. But the star really
5 today is -- can Mr. Robert Bowser stand up,
6 the Mayor of East Orange? He's already
7 standing back of the room.

8 Briefly, Mr. Chairman, read a note
9 that he sent last night. Vanessa Williams sent
10 last night. Dear Chairman Rogers, on behalf of
11 the National Conference of Black Mayors, I
12 would like to commend the direction of
13 President Obama and the President's Advisory
14 Council on Financial Capability for taking
15 steps that will encourage, educate and empower
16 our local citizens and local municipalities
17 around financial capability. NCBM has placed
18 considerable attention in promoting financial
19 literacy within local municipalities.

20 We look forward to working with
21 the President's Advisory Council on Financial
22 Capability. NCBM will work to promote the

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1 recommendations for the Council's
2 Subcommittees, in particular the Partnership
3 Subcommittee. Carrie. And I want to thank you
4 for your help, Carrie. And Under-Served and
5 Community Empowerment Subcommittees, that will
6 work to encourage local municipalities to
7 create local councils.

8 The National Conference of Black
9 Mayors has 685 mayors across the United States
10 representing 55 million citizens. They are a
11 leader in the redevelopment of most vulnerable
12 communities, and the empowerment leadership at
13 the local level. We look forward to
14 encouraging both our membership and local
15 municipal leaders to create local financial
16 literacy councils, et cetera, et cetera, et
17 cetera, signed by Mayor Bowser, the Mayor of
18 East Orange, the President of the National
19 Conference of Black Mayors, and Vanessa
20 Williams, the Executive Director, sent last
21 night at 12:30 in the morning, so they're not
22 lazy either. Please give commendations for

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1 the Mayor and the President.

2 (Applause.)

3 MEMBER BRYANT: And finally, Mr.
4 Chairman, I met yesterday with the Comptroller
5 from the State of Maryland, and he wanted to
6 do something and to be supportive. So, he and
7 I are going to show up. We're going to do what
8 Arty does, we're going to go into a housing
9 development and do a financial dignity town
10 hall to talk to real people about real issues,
11 and about how to move their life in real ways
12 in Maryland. And we hope to take that around
13 the country.

14 So, that's it for now. Thank you
15 for the opportunity. We will hopefully
16 achieve one of your primary goals, which is to
17 make sure that school districts make financial
18 literacy a requirement by the 12th grade.

19 MR. WRIGHT: Thank you, John. I
20 just again want to thank Arty for putting
21 mission before self, as he's done so often
22 throughout his career, so thanks, Arty.

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1 Next we're going to turn to Ted
2 Beck, the President and CEO of the National
3 Endowment for Financial Education, and the
4 Chair of the Research Subcommittee for an
5 update on the Research Subcommittee.

6 I do just want to note for the
7 remaining Chairs who are giving their updates,
8 we had a great conversation with Alan, but we
9 are a little bit behind, so brevity is much
10 appreciated.

11 MEMBER BECK: I will do what I can.

12 MR. WRIGHT: Thank you.

13 MEMBER BECK: Thanks, Josh. First
14 of all, I'd like to thank the members of the
15 Committee for their hard work over the last
16 several months, Rick Ketchum and Ken Wade. I
17 also think it's especially important to
18 recognize the outstanding support our
19 organizations have given us to be on this
20 Committee, including people from Bank of
21 America, FINRA, NEFE, my organization, and
22 also from the Treasury. We could not do this

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1 work without the support of the teams that we
2 assemble.

3 Several developments since our
4 last meeting. One of the key focus areas for
5 the Subcommittee is to identify gaps in
6 research, and also what research priorities
7 should be.

8 Over the last several months,
9 we've been working with the Financial Literacy
10 Education Commission, often known as FLEC,
11 which is the 20-plus federal agencies that are
12 combining and sharing information on their
13 individual financial education programs.

14 This organization put together a
15 very important list of research priorities in
16 2008. They are in the process of updating
17 those. In September we had a joint meeting
18 with FLEC to identify what those research
19 priorities should be going forward.

20 Three areas emerged for focus,
21 delivery and access, evaluation and risk. We
22 feel that these are very important areas and

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1 we will be working with the group going
2 forward. The good news is it's very strong
3 correlation with the priorities identified by
4 the FLEC group with the recommendations we
5 made in November about establishing outcome
6 metrics for programs, and also research
7 standards.

8 The next steps are there will be a
9 full meeting of the FLEC organization in
10 February where these ideas will be presented.

11 And assuming they are approved and taken
12 forward, we will be deeply involved with them
13 in disseminating this information to key
14 researchers and funders so that we can proceed
15 with those priorities.

16 Some other key developments as
17 Arty mentioned, we are spending some time on
18 the Roth at Birth concept. We have a thought
19 paper right now that's being circulated for
20 comments, and we think that has great
21 potential.

22 We are also researching the Doing

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1 What Works resource to see if there's a way to
2 duplicate that. The Doing What Works resource
3 is being used by the Department of Education,
4 and we think could have great application to
5 what we're doing in financial capability.

6 We're also trying to identify new
7 sources of funding which have been limited by
8 the recession, because it's critical that we
9 have money to provide to the researchers in
10 this area.

11 We are also very encouraged by the
12 recent developments and the participation in
13 the PISA Study. This is a very important
14 research piece that will be able to compare
15 us, our young students to students across the
16 world, and it's very positive news that we
17 will be proceeding on that. Top marks to Bob
18 Solomon who was able to champion this cause.
19 We think that's very good news.

20 And finally, there is a
21 recommendation we made in November about the
22 National Financial Capability Study, the

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1 second wave of that. For those of you that are
2 not familiar with it, the first wave of this
3 study that has been funded by FINRA was one of
4 the critical research pieces that we have all
5 been relying on. And FINRA has graciously
6 agreed to do a second wave of this study.

7 And I'm going to ask Committee
8 Member Rick Ketchum to describe where we are
9 in that process, since it's his nickel.

10 MEMBER KETCHUM: Thanks, Ted. And
11 just very briefly, there has been significant
12 progress. We've put together a multi-
13 disciplinary group that is combined of
14 representatives of over a dozen government and
15 private organizations, as well as consultant
16 services of several prominent researchers to
17 build up the questionnaire.

18 As you know, this study
19 essentially builds on the baseline study done
20 in 2009. A lot of water has gone under the
21 bridge from there, a tremendous impact on
22 Americans from the Great Recession. And, also,

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1 a good deal of learning from a research
2 standpoint as to where the study has been
3 tremendously valuable, and where it could be
4 improved. So, the value is both from a
5 comparability and comparison across the two
6 studies, and it's also the build out from
7 there, both from the national approach, the
8 ability to drill down in a state-by-state
9 approach, and the particular focus with
10 respect to the military, and with the help
11 among others of the Defense Credit Union
12 Council, from Arty's side with respect to it.

13 So, a great deal of progress with
14 respect to the questionnaire. We expect to be
15 able to begin data collection in July with top
16 line results available in early 2013.

17 MR. WRIGHT: Thank you so much,
18 Ted. Next going to turn to Amy Rosen, who is
19 the Vice Chair and also the Chair of the
20 Subcommittee for Youth.

21 VICE CHAIR ROSEN: Thank you, I
22 will try to be brief. First of all, just a

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1 call out to Beth and Carrie and John and
2 Samuel and Ted because everybody over these
3 last couple of months is doing an enormous
4 amount of work. And really good coordination
5 with Carrie's Partnership Committee, and the
6 Research Committee, and now with our Access
7 Committee broadening its perspective to
8 Community, I suspect even more so with John
9 Bryant.

10 So, I'm excited to share with you
11 the progress that we have made, but first two
12 really significant events that I think do
13 require a minute to talk about. One which Ted
14 mentioned, I'm really pleased to report that
15 Secretary Duncan was able at the last minute
16 to secure funding necessary to administer the
17 Financial Literacy module of PISA later this
18 year.

19 And as we have talked about
20 before, PISA is an internationally
21 standardized assessment administered to 15-
22 year olds in more than 60 OECD countries over

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1 three years, with the sample being 4500 to
2 10,000 students, who have been taking these
3 tests for a while, but this will be the first
4 opportunity in 2012 that we will have a
5 financial literacy module.

6 We recommended as a Committee this
7 action back in July, and we -- because we all
8 recognize that this was really a once-in-a-
9 generation opportunity to actually assess the
10 financial knowledge of U.S. students versus
11 their peers around the world, and will be an
12 invaluable set of data for us to work with.

13 Everybody really at the last
14 minute worked really hard to make this
15 possible, both Phil Martin, who I think was
16 here, may have left, Jack Buckley who is the
17 NECS Commissioner, but I also want to
18 recognize because I'm looking at her, Michelle
19 Greene and Matt Yale who aren't here, who
20 really started the research necessary way back
21 when, when they were in the government, to
22 make this possible. And it is really a

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1 significant development.

2 And finally, Bob Solomon, the
3 Council's own Bob Solomon, who showed his
4 natural determination not to let this one go
5 until the very last minute, so thank you,
6 thank you all.

7 Second, the Youth Subcommittee
8 members really welcomed the administration's
9 announcement of the new initiatives around
10 student loans. Samuel continues to do amazing
11 work on this, but specifically the income-
12 based repayment options, and the Know Before
13 You Owe project for federal student loans.
14 There is nothing that we can all sit here and
15 do that's more direct, more impact than
16 improving students decisions around student
17 loans now, and we're looking forward to
18 working, continuing to work with the Education
19 Department and the other agencies to really
20 help spread the word and make these
21 opportunities known to the most needy
22 communities. And thank you, Samuel, for all

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1 the work here.

2 Making higher education, again,
3 affordable to all students regardless of
4 background is essential to, as John Hope
5 Bryant said, to assure that kids are actually
6 able to graduate college, and without the debt
7 burdens that would limit their ability to
8 contribute to our economy.

9 In addition to supporting these
10 efforts, the Youth Subcommittee has been hard
11 at work in a number of other areas which we
12 have mentioned in the report. Most notably,
13 Beth Kobliner has drafted the Money Milestones
14 in November, and continues to both solicit and
15 gather feedback from experts and members of
16 the public around the core blueprint of this
17 age-appropriate financial capability concept
18 and corresponding activities tied to teachable
19 moments.

20 We are also exploring the
21 possibility, and the Chairman mentioned it
22 earlier in our conversations about the

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1 competition for game developers who we would
2 ask to develop more applications to engage
3 youth while teaching key lessons about
4 personal finance. I hope to have more news on
5 that by our next meeting.

6 And finally, you know, along with
7 our mission that we have been given by our
8 Chairman to help financial education take its
9 rightful place in schools, we are continuing
10 to look at opportunities to improve
11 opportunities within our schools. And we've
12 started to work with a number of school
13 districts who have innovative approaches and
14 appetite to do this work tying into the
15 financial councils that were talked about
16 earlier.

17 And most notably, we've had a
18 great opportunity with the leadership of the
19 Chicago Public School System, who is really
20 interested in taking a hard look at how to
21 really integrate financial education into
22 their K-12 curriculum. And we're trying to

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1 support these kind of efforts by doing things
2 like helping host a convening that would
3 actually bring a group of experts and program
4 deliverers, et cetera together to really bring
5 resources that aren't traditionally available
6 to a lot of these folks who are struggling
7 with these tough issues.

8 Thank you to all my colleagues who
9 work with us on this Committee, and I look
10 forward to a productive year.

11 MR. WRIGHT: Thank you, Amy.

12 VICE CHAIR ROSEN: And welcome,
13 Sherry, because she's joining our Committee,
14 so all hands on deck.

15 MR. WRIGHT: So, next we want to
16 turn it over to Carrie to talk about the
17 Partnership Subcommittee, and also the panel,
18 and there's a recommendation you all have, so
19 we look forward to that.

20 MEMBER SCHWAB-POMERANTZ: I would
21 like to say that I'll be brief, but
22 unfortunately I have too much to say. And I

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1 know we have this great panel that's flown in,
2 so I want to make sure that they get their
3 fair due.

4 But I just want to say that we are
5 very pleased that today's meeting, the theme
6 is on workplace. It's a personal passion of
7 mine, and I know for my Subcommittee. So,
8 we've very excited about that.

9 Also, we have a pretty big update.
10 We've had a lot going on this year, as well as
11 you mentioned, Josh, we have a recommendation
12 at the end of this meeting to bring about the
13 whole Committee.

14 But before I get started, I do
15 want to thank my Subcommittee, in the words of
16 John Hope Bryant, they are Ph.Dos, not Ph.Ds.
17 And that is John Bryant, who's on the
18 Committee, Arty Arteaga, Rich Ketchum, Barry
19 Rand, and Amy Rosen, and then the respective
20 staff. As I give the report, you'll see that
21 so much work behind the scenes is being done,
22 and I think by the end of this year will

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1 provide a tremendous amount of impact.

2 So, let me start today by taking a
3 moment first to recognize the winners of the
4 Workplace Leaders in Financial Education
5 Awards. Just to give you a little bit of
6 background about these awards, under the prior
7 administration, there was a Committee, the
8 Workplace Committee headed by Janet Parker,
9 and we felt that it was really important to
10 motivate employers to provide or be best in
11 class in terms of providing financial
12 education. So, under the prior administration,
13 we created a framework for employers to
14 implement financial education, and a framework
15 for this actual honor roll.

16 At the time we hoped that the
17 federal government could adopt it and own it,
18 but unfortunately, you know, that was -- due
19 to resources, that was not going to happen, so
20 thank you to the Society of Human Resources
21 Management and the AICPA. They came together,
22 two non-profits that represent about 500,000

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1 people and adopted the actual honor -- the
2 actual award and administered it, I think for
3 the first time this fall, and had 300
4 applicants. So, it's pretty exciting, you
5 know, for a first year.

6 So, today I want to recognize the
7 winners. We have nine winners in different
8 categories, eight of which are here today, one
9 company could not make it. So, as I say your
10 organization's name, could you please stand.
11 And at the end, we all want to give you a big
12 round of applause.

13 So, there's American Express in
14 New York City; the Centre Area Transportation
15 Agency in Port Matilda, Pennsylvania; Heritage
16 Wealth Advisors in Richmond, Virginia;
17 Mountain American Credit Union in West
18 Georgia, Utah; New York Stock Exchange
19 Euronext in New York City; New York
20 Presbyterian Hospital in New York City; Therm-
21 O-Disc, Inc, a division of Emerson Electric in
22 Mansfield, Ohio; UA Healthcare in Tucson,

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1 Arizona; and lastly, World at Work in
2 Scottsdale, Arizona. So, please welcome them,
3 thank them.

4 (Applause.)

5 MEMBER SCHWAB-POMERANTZ: So,
6 again, I do want to thank Janet Parker. I'm
7 not sure that she's here today, but she did
8 Chair the event, and it's because of her
9 vision, she took this outside of federal
10 government and brought it to the private
11 industry. And to be honest, that is like the
12 perfect partnership that I can think of, is
13 allowing private industry to operationalize
14 the advice and the ideas that come forth from
15 this group.

16 So, let me move on to the rest of
17 my briefing. I have a couple -- we have a
18 couple of projects we've been working on that
19 I want to share with you. And John Bryant,
20 you alluded to some of it a little bit, but
21 then move to the recommendation.

22 So, the first initiative which we

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1 expect to have ready as a formal
2 recommendation for the Council's consideration
3 at the April meeting focuses on helping
4 communities create strong financial capability
5 programs for their citizens. And as John
6 mentioned in prior meetings, we have described
7 it as local council document. And we
8 originally started out focusing on helping
9 communities create local financial capability
10 councils modeled on this one, and what you'll
11 find is that the local council idea still is
12 front and center of this whole idea, but we're
13 sort of expanding our -- the way we describe
14 it as financially-capable communities
15 utilizing the local council, which again is
16 the perfect example of bringing the private
17 and public sector together on behalf of our
18 local citizens, and is a boots on the ground
19 way to get the work done.

20 So, what you'll find -- we'll
21 hopefully have it done by April, a lot of work
22 going behind the scenes, a lot of analysis and

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1 writings, and so forth, and research, and
2 conversations with people. So, now it's
3 expanded to more of a how-to guide for
4 communities that want to get serious about
5 improving financial capability of their
6 residents.

7 And I mentioned the local councils
8 are the core element of this. And it will
9 really not only give you sort of the step-by-
10 step in how to create financial capability
11 using the local councils, but also will serve
12 as a resource guide, as well. And I do want to
13 say thank you to those organizations who have
14 already signed up, you know, they're pioneers
15 in taking this idea and moving forward. And
16 then, of course, this guide will help those
17 who haven't really thought about it yet, and
18 inspire them, hopefully, to do the same.

19 Our second initiative is to find
20 ways to expand the availability of high-
21 quality financial education in the workplace
22 around the country. And I believe, and I know

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1 that my colleagues on the Subcommittee share
2 this belief, as well. And it's already been
3 alluded to by Alan Krueger and my other
4 colleagues here, is that the workplace
5 represents a huge opportunity. It's one of the
6 -- it's the biggest distribution channel in
7 this country where money and managing it right
8 is so relevant.

9 So, we've been -- and it's also
10 one of the most trusted, by the way,
11 distribution channels through research.
12 Employees trust their employers more than
13 other avenues or other offerings. And we know
14 that there is the business case in terms of
15 productivity and happier, more satisfied
16 organizations. So, it is -- you know, the
17 workplace financial education is good for
18 business.

19 So, we've been looking at a
20 variety of innovative private sector programs
21 to determine what works, what's cost-effective
22 and what can change behavior. So, we'll be

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1 back to the Council later on this year with a
2 recommendation how to increase workplace
3 financial education. But a lot of behind the
4 scenes. And, in fact, today's panel is really
5 about more of our research and learning from
6 those who are best in class.

7 So, that's a logical segue to my
8 recommendation. I know we're anxious to get
9 there. We did look at employers becoming the
10 primary driver of financial capability, but it
11 really made sense to us that, if we were going
12 to make this recommendation, we needed the
13 federal government to walk the talk, and be
14 the role model and the leader in this area.
15 And I have to say that I've been extremely
16 excited, thrilled, and honored that the
17 federal government, in particular Ray Kirk
18 from the Office of Personnel Management, came
19 forward and said, this is really important. We
20 need your help. Help us devise this
21 recommendation so that we can move this
22 forward. So, this recommendation does just

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1 that.

2 You know, just to give you a
3 little idea of what it calls for. It calls for
4 the President to direct federal agencies
5 through an Executive Order to improve
6 financial capability of federal employees. And
7 the recommendation includes a variety of steps
8 that OPM could consider to improve the
9 resources available to agencies.

10 And I won't go over all the
11 options, but I would like to just share a few
12 of them. And keep in mind, you know, that the
13 federal government, I'm not sure how many of
14 you are here in the federal government versus
15 not, but it is sort of a different, unique
16 beast in terms of how it provides benefits.
17 So, I feel strongly that we came together with
18 a very strong recommendation, yet a reasonable
19 one that can be executed, in particular in
20 times where resources are thin.

21 To give you a few ideas, we
22 suggested that OPM be a repository for

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1 materials written and online, including a
2 speaker's bureau. There is among the FLEC
3 agencies a wealth of expertise, and I think a
4 lot of that -- we've already talked to a lot
5 of those agencies, and they've all raised
6 their hand and said yes, we want to help the
7 rest of our colleagues, you know, in the parks
8 and services, or the postal office, you know,
9 whoever -- who don't really have access to
10 this.

11 We mentioned online and mobile
12 technology, and then also creating an award
13 similar to the WLIFE awards to recognize those
14 agencies who are doing great work.

15 And I know that Ray Kirk has
16 already been working on this, already
17 evaluating the materials and the programs
18 within the federal agency already under other
19 legislation, so we've got a great start going
20 forward.

21 So, let me move forward with the
22 recommendation, but I do want to say a big

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1 thanks to Ray Kirk. I don't know if he's here
2 today. There he is.

3 MR. WRIGHT: Ray, would you stand
4 up for us?

5 MEMBER SCHWAB-POMERANTZ: Yes.
6 Thank you so much for your support and
7 leadership in this.

8 (Applause.)

9 MEMBER SCHWAB-POMERANTZ: And also,
10 Josh. I want to say thank you. You brought a
11 real inspiration and also determination to
12 make this work. I think you equally were as
13 excited and determined as I was, so thank you.
14 And you've brought a wealth of expertise. And
15 then my colleague, Mike Townsend, who really
16 sort of shepherded this forward, I want to say
17 thank you to him.

18 But, anyway, we're excited about
19 having the President being the lead on this,
20 and being the role model employer.

21 So, with that, Chairman Rogers, I
22 would like to bring this recommendation forth.

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1 I think everybody has a copy of it, and ask
2 you to shepherd this through for us.

3 CHAIR ROGERS: Okay. Well, thank
4 you very much for that full report. Any
5 comments or questions from our Council
6 members?

7 (No response.)

8 CHAIR ROGERS: Entertain a motion
9 to approve the recommendation.

10 MEMBER KETCHUM: I move it.

11 CHAIR ROGERS: Second?

12 MEMBER BRYANT: Second.

13 CHAIR ROGERS: All in favor?

14 (Chorus of ayes.)

15 CHAIR ROGERS: Okay, well, it's
16 unanimous, so thank you.

17 I will turn it back over to you,
18 Carrie, to get our panel discussion going, and
19 it's very important.

20 MEMBER SCHWAB-POMERANTZ: Great,
21 thank you. And I also want to say that all the
22 Committee has been very -- Council has been

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1 very involved with this, so that's why it's
2 kind of a slam dunk. And I think everybody is
3 on the same page. So, thank you to all of you,
4 and again to Ray, and to Josh, and Mike.

5 So, now let me transition to our
6 panel discussion, which we will dive more
7 deeply into the issue of using workplace as a
8 delivery point for financial education. And we
9 have a wonderful panel that consists of
10 several individuals who can report firsthand
11 on what's working, and what difference it's
12 made in the lives of their employers, or
13 employees.

14 But before I do that, I do want to
15 introduce our moderator for the panel. She is
16 somebody that we all know and love, Michelle
17 Greene, who used to run the Council and be an
18 Deputy Assistant Secretary in the Treasury
19 Department. And now she is head of the New
20 York Stock Exchange Foundation, and she has
21 become an expert and advisor to me on the
22 workplace and the difference it can make. So,

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1 I'm going to ask Michelle to come up, and then
2 you will introduce our panelists. Thanks,
3 Michelle.

4 (Applause.)

5 MS. GREENE: Thanks, Carrie. We've
6 had a lot of thank yous, and I'm just going to
7 take a minute, I'm going to be really quick in
8 my introduction because it's a terrific panel
9 and I don't want to take their time. But I do
10 want to just take a moment to thank this whole
11 Council.

12 There's so much work that goes on
13 in between these meetings. These are all
14 people who have real demanding day jobs, and
15 many of them work on these issues in their
16 regular jobs, as well, but they also put a ton
17 of time, effort, and work into the projects
18 that they do here at the Council. And we just
19 see the results of it here, but there's lots
20 of work that goes on. So, I'd like to just
21 thank the whole Council for all the work that
22 they do.

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1 (Applause.)

2 MS. GREENE: I'm going to be brief,
3 and I don't want to reiterate, but I do think
4 it's really important as we start this panel,
5 workplace financial fitness is absolutely
6 critical to the future financial stability of
7 our families, our communities, and ultimately
8 the country. And I think that this is an
9 absolutely critical issue, and it's an issue
10 that I think we're seeing a tipping point on
11 it in terms of what's happening in the
12 workplace and the way that companies are
13 thinking about this. So, I think it's an
14 exciting time to be talking about it.

15 One of my roles at the New York
16 Stock Exchange is running our Corporate
17 Responsibility Program. Corporate
18 Responsibility I view as a place where what's
19 right for business, what's right for your
20 bottom line comes together with what's right
21 for the community, the planet, your employees.
22 And I think workplace financial fitness is a

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1 perfect example of that because it both makes
2 sense from the business perspective, and it's
3 the right thing to do. And we'll hear more
4 about that from our panelists.

5 I'm going to -- before I introduce
6 the panelists, I'm going to do something
7 that's very un-Treasury like, but I don't work
8 here any more so they can't stop me, which is
9 I'm going to ask for a little audience
10 participation just for a moment. So, just
11 quick audience survey.

12 So, stand up if you work for the
13 government, any part of government, state,
14 local, federal. Josh, that includes you. Oh,
15 you guys are not exempt, Council members
16 included. Okay, sit down. Let's see our non-
17 profit, folks who are employed in the non-
18 profit sector. Okay, great, sit down. And
19 let's see our private sector folks. All right,
20 so we've got a good mix. Good. You guys can
21 sit down.

22 Stand up if your employer has a

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1 401(k) or your sector equivalent program. Now,
2 remain standing, and if you don't know you
3 have to sit down. Remain standing if it's an
4 auto-enrollment program. Now, remain standing
5 if it has auto-escalation. Now, remain
6 standing if your employer offers any sort of
7 financial education at all, seminars,
8 meetings. And finally, remain standing if your
9 employer offers one-on-one counseling free of
10 charge to your employees. All right, yay for
11 the people who are still standing.

12 MEMBER BRYANT: Hey, hey, hey, this
13 was set up. Schwab was the only person left
14 standing.

15 MS. GREENE: I didn't know that.
16 And the New York Stock Exchange people should
17 have been standing, too. They just didn't know
18 that --

19 MEMBER SCHWAB-POMERANTZ: That
20 wasn't advertising. Come to talk to Chuck.

21 MS. GREENE: No, this was not an
22 advertisement. My point is, basically, this is

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1 a group of people who think about and care
2 about this issue, and look at where we are as
3 employers. And I think that says something
4 about where the broader landscape is.

5 We're going to hear today from
6 some really terrific, terrific panelists who
7 have made a difference, done some incredibly
8 innovative work, and just have great stories
9 to tell about why this makes sense, how you
10 can do it effectively. And, as Alan said,
11 it's stories that make the difference; they
12 have terrific stories about what it's meant to
13 individual people, which is what this is
14 ultimately all about.

15 So, let me first introduce Steve
16 Bigari, come on up. Steve is the CEO of
17 Stellar Restaurant Solutions, and a former
18 franchisee of 12 McDonald's restaurants in
19 Colorado Springs. And Steve will tell you
20 more about this, but it was his work there
21 that really got him into this set of issues.
22 And he went on to become a Ashoka Fellow and

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1 to found America's Family, which provides low-
2 income families with access to capital,
3 financial education, and financial coaching
4 relationships to help move individuals out of
5 working poverty.

6 Our next panelist is Brad Wenger.
7 Brad is the General Manager of Hilton
8 Wilmington, and he has been in the hotel and
9 hospitality industry for more than 25 years.
10 He has worked as -- he serves as the Chair of
11 the Board of Directors of the Greater Delaware
12 Hotel and Lodging Association, has won a
13 number of awards, including Best Place to Work
14 Awards, and recently a launched a financial
15 capability and financial coaching initiative
16 for his employees, which we'll hear a bit more
17 about.

18 Mary DuPont. Mary is the Director
19 of Financial Empowerment for the State of
20 Delaware. Many of you may have heard about
21 Delaware's terrific Stand By Me Program, which
22 Mary was absolutely instrumental in creating.

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1 It's a multi-prong strategy focused on
2 financial coaching, access to consumer
3 friendly financial services, and support with
4 financial planning. And Mary has been working
5 on these issues for 30 years in lots of
6 different contexts, and we'll hear more about
7 that.

8 And finally, Mateen Ali. And
9 Mateen works for Best Buy. Best Buy has
10 155,000 employees in 4,000 locations here in
11 the U.S., and Mateen is responsible for
12 retirement and wealth strategy. How great
13 that they have a person responsible for that,
14 for all of their employees here in the U.S.
15 And they have done some incredibly innovative
16 work with their employees in empowering their
17 employees. So, please welcome our panel.

18 (Applause.)

19 MS. GREENE: And I want to start C-
20 - each of you has come to this work in
21 different ways and from different places. And
22 I'd like to start just by, if each of you

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1 could just tell us what brought you to start
2 working on these issues, and bringing them
3 into the workplaces where you work. Mateen,
4 you want to start?

5 MR. ALI: Great, thank you very
6 much, Council members. Glad to be here, it's
7 an honor.

8 First of all, I work for Best Buy
9 and worldwide we employ over 180,000 people.
10 That's a big organization, over \$50 billion in
11 sales, so it's a really big company, but we
12 care about our employees. We believe that our
13 -- the company's well being is in the hands of
14 our employees, so they're not well off, then
15 the company is not going to be well off, so as
16 Alan said, if they're worried about their
17 financial matters, then it's going to impact
18 their productivity. So, that's why we take it
19 very seriously, so we have a dedicated team
20 that goes out and educates our employees.

21 We have a lot of different
22 initiatives that we try to educate our

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1 employees on all the different benefits that
2 we offer. We offer a 401(k) that's a generous
3 match. We also have the Employee Stock
4 Purchase Plan, which all the employees are
5 eligible. We have a great employee discount. I
6 don't want to make people jealous here, but
7 it's 5 percent above cost, and it's very
8 generous, so it's a great program that we have
9 out there. So, it attracts really great
10 quality of people that work for Best Buy.

11 MS. GREENE: Steve, do you want to
12 tell us what brought you to doing this type of
13 work, and feeling that it was important to
14 bring it to the workplace?

15 MR. BIGARI: Sure. I'm a serial
16 entrepreneur. This is my 14th company, only
17 created three, so my slugging percentage is
18 not bad.

19 Necessity. When I was with
20 McDonald's I saw the emergency room of life. I
21 had 650 employees, and the economic model
22 didn't work, so we had to solve that. And it

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1 becomes real to you when you go to pick up an
2 employee for work and she's living in a broken
3 down car with two children.

4 So, morally I had to do something
5 about it, and economically I had to do
6 something about it. And now that has grown
7 into something bigger where we help other
8 employers, and soon I hope through some other
9 collaborative stuff we'll be able to help
10 many, many more.

11 MS. GREENE: Brad.

12 MR. WENGER: At the Christiana
13 Hilton, I worked with quite a few fringe
14 employees, that there are quite a few low-
15 paying jobs in the hospitality industry, and
16 the only way that I have learned to have
17 sustained financial success is to take care of
18 people. And I think that at the end of the
19 day, things really work if you make it a
20 priority to invest in your people, take care
21 of your people, recognize that they have
22 hardship and learn to coach them, assist them,

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1 and help them along the way.

2 So, I think at the end of the day,
3 doing things like creating literacy programs
4 for our staff, and a lot of unconventional
5 other programs that you wouldn't necessarily
6 normally get are very, very key to having a
7 happy, productive workforce.

8 MS. GREENE: And, Mary, I'm going
9 to twist the question slightly for you because
10 we've heard from each of these folks that not
11 only morally right thing to do, but also
12 business reason behind it, as well. I know
13 that you've been working on promoting your
14 program with employers throughout the State of
15 Delaware. Can you talk a little bit about what
16 the reception has been with those employers,
17 and how they have reacted when you've
18 approached them?

19 MS. DuPONT: Yes. First of all,
20 thank you for having me here today. It's an
21 honor.

22 I've been working in the non-

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1 profit sector on these issues for most of my
2 career, so I'm a new employee in state
3 government. And, quite honestly, in working in
4 the non-profit sector, my experience has been
5 that the empty seat at the table has been
6 state government. And we have the non-profit
7 organizations, usually the financial
8 institutions working on issues of financial
9 literacy, financial capability, and rarely did
10 we see the state getting involved in this.

11 And if we want to look at a way of
12 how do we take these issues to scale it --
13 obviously, the state government is the
14 largest service provider to Delawareans, or in
15 any state. And then we have the Cities for
16 Financial Empowerment, which has set the
17 example of public leaders getting involved in
18 this work.

19 So, when you have a leader like
20 Mike Bloomberg, or Governor Jack Markell of
21 Delaware getting involved there's
22 automatically a legitimacy to the issue that

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1 may not have been there before. So, as we
2 started Stand By Me, our financial empowerment
3 program for the State of Delaware, where one
4 of our key strategies is one-on-one financial
5 coaching, and we went out and we thought well,
6 we could co-locate these services in state
7 agencies. But the best way to really serve
8 the target market that we're trying to reach
9 is to go straight to where they are, where
10 they work, where they go to school.

11 And when we went out and started
12 to have some discussions with employers, we
13 targeted two employers to begin with, and that
14 was the Shop-Rite supermarkets, and the
15 Christiana Hilton. And please note this
16 program is brand new, so we just launched six
17 months ago.

18 But these two employers were
19 particularly interested, number one, because
20 they're active leaders in the business
21 community. As you said, Brad was the just
22 immediate past Chair of the Hotel and Lodging

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1 Association, and the Shop-Rite was the -- is
2 the Chair of the Food Industry Council, which
3 was the statewide Association of Supermarkets
4 and Convenience Stores. So, I think talking to
5 business leaders who get it, and having the
6 legitimacy of the state behind it and the
7 governor really went a long way.

8 And I would also add that this is
9 a partnership with the United Way of Delaware,
10 which is a statewide organization in our
11 state. And then we also work with non-
12 profits. So, in terms of why would an
13 employer be interested? We have the partners
14 and legitimacy. And the final reason is they
15 get it. They care about their employees, and
16 they want to try to find ways to help them.
17 So, if we can work together and come up with a
18 strategy, there seems to be plenty of
19 interest.

20 MS. GREENE: And I want to talk to
21 each of you about what you've learned in
22 implementing your own programs, but first I

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1 think each of the programs that you all have
2 implemented have some really innovative,
3 interesting approaches. So, can you each just
4 take a couple of minutes to tell us about your
5 program, and particularly about the parts of
6 it that are a little bit different than all
7 the other programs out there, and how you came
8 to make those part of your program. Steve.

9 MR. BIGARI: Well, for me it's
10 really been the evolution of what I called
11 McFamily at McDonald's to America's family,
12 and now what I hope will synergize with Ideas
13 42. And that really -- the crux of it begins
14 with financial education. But people are poor
15 for a number of reasons. You know, we know all
16 the statistics, hard work, education, and
17 relationships drag you out of poverty. But one
18 of the issues is, as Deb will tell you,
19 there's plenty of curricula, there has to be a
20 reason for folks to get engaged in that. And
21 capital is one of the key -- access to low-
22 cost capital is one of the keys to behavior

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1 modification.

2 So, that's always been central to
3 what we do. And then in the emergency room of
4 life and the employers we deal with, we're
5 dealing with housing, transportation. As
6 reminded, as I got on the wonderful train
7 here, one of the great macro economic reasons
8 why people make more money here is because
9 there's access to reliable transportation. In
10 the Wild Wild West where I live, the goat of
11 America is a car. I really like that one.

12 (Laughter.)

13 MR. BIGARI: It is, so if you can
14 get to work, so transportation is a central
15 empowerment. Obviously, housing and all the
16 other benefits that go along with that. So
17 basically, dealing with those emergency room
18 issues and understanding that the key way out
19 is financial literacy. But that's kind of the
20 peak of Maslow's pyramid, if you would.

21 MS. GREENE: And tell us just a
22 little bit more about what your program

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1 actually does.

2 MR. BIGARI: So, over the years we
3 started by lending money to poor people,
4 hundreds of thousands of dollars for free as
5 good employers, as good operators do all the
6 time. And that's not a very good sustainable
7 business model, so America's Family then
8 created a vehicle to do that for a small --
9 for a modest profit. And now I think through
10 technology we're going to be able to take the
11 next step through peer-to-peer lending. That
12 works like Prosper, and collaborative networks
13 like Ideas 42, to synergize all of these
14 things in one place to rapidly use technology
15 to scale the concepts that we all know work.
16 We don't need to have another study, we will,
17 God knows we will, but we don't need another
18 study. We know what works.

19 MS. GREENE: Brad.

20 MR. WENGER: The origin of the
21 program at the Hilton really boils down to a
22 day in the life of employees coming to work

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1 late, coming to work not focused, not coming
2 to work, quitting to go to another job because
3 they're being chased by creditors. I mean,
4 there are a variety of contributing factors to
5 employees not being focused, productive,
6 happy, and engaged.

7 So, they all really -- many of
8 them root back to challenges with their
9 financial situations. So, when we really
10 wanted to confront this problem head on, what
11 we kind of quickly learned was we have to do
12 it at the workplace. People are just too busy
13 to take time out of their day and go to work
14 for eight or nine hours, then go home and pick
15 the kids up from school, do their homework, go
16 to church, just the list goes on and on before
17 they start to get to the part where they're
18 managing their finances. So, we figured okay,
19 well, we'll bring our financial coach to the
20 workplace. And that financial coach, the way
21 it works at the Hilton is set up basically in
22 private meeting space on a weekly basis, the

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1 same day every week to individuals, bilingual,
2 and it is available for our staff members
3 through the course of their work shifts to be
4 a coach.

5 They can walk in our, our
6 associates can walk in and meet with this
7 individual, or they can schedule an
8 appointment. And this person is really very
9 much relied upon to be very confidential.
10 That's the other component that we found to be
11 very, very important.

12 The challenge that we quickly
13 learned about when we rolled out this program
14 was that there is a major trust issue when it
15 comes to an employer that is introducing a
16 program into the workplace that they're
17 pitching as a benefit, but the conversations
18 aren't happening very often around the water
19 cooler where the topic comes up that my stock
20 broker made me 15 percent on my portfolio the
21 previous year. That's not the topic of
22 discussion when it comes to the financial

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1 hardship that's happening at the hotel. It's
2 about the fact that they're being chased by
3 the IRS, or they're being chased -- you know,
4 my wages just got attached. That stuff is not
5 -- the employees are very, very reluctant to
6 speak about that so the confidentiality aspect
7 of it is very, very important.

8 And the marketing aspect. I mean,
9 we've really had to introduce very specific
10 ways in which this benefit can help people and
11 change their quality of life. I think that
12 that's been a very instrumental part of the
13 program.

14 MS. GREENE: Mary?

15 MS. DuPONT: The program Stand By
16 Me, which we work in partnership with Brad at
17 Christiana Hilton, it's a -- as I said, the
18 core service that we provide is one-on-one
19 financial coaching, which we developed after
20 being -- after best practices around the
21 country that were introduced to us by Bank of
22 America and the Annie E. Casey Foundation.

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1 So, we developed a financial
2 coaching model for Delaware, and that
3 financial coach can really talk to people
4 about any topic. It could be about credit,
5 savings, it could be about financial goals.
6 Credit happens to be a big issue, debt and
7 people worried about bills that they're not
8 able to pay.

9 And then we also have another
10 focus in the program on post-secondary
11 education. All the financial topics that
12 relate to that, financial planning, how to pay
13 for post-secondary, obtaining financial aid,
14 and managing student loan debt, because
15 probably the next big financial crisis in
16 America is going to be student loan debt.

17 And then the example that was
18 given before about the college students with
19 3.0 who can't return. We hear this again and
20 again, so we've got to be able to do something
21 about that.

22 And then the final component is

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1 working with financial institutions to design
2 consumer-friendly financial products. And the
3 way that our program works is we partner with
4 the United Way, we raise funds from
5 philanthropic partners in Delaware and around
6 the country, and then we do an RFP and bring
7 in a non-profit, so the financial coach that
8 is working at the Hilton is working actually
9 for a non-profit, so she's totally objective.
10 She's not selling anything, and she has the
11 trust of the people that she's working with.
12 And we think that that's a really important
13 aspect of this.

14 MR. ALI: Great. So, a couple of
15 years ago I started managing the Wealth
16 Programs at Best Buy. What we did was to
17 reach out to our employees, we went to some of
18 the big stores. We went to LA, we went to a
19 couple of distribution centers in Kentucky,
20 and we were not able to go talk to everyone
21 there. I mean, there's over 1,000 stores, so
22 we decided how to best reach our employees.

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1 We said maybe we should focus on
2 our corporate employees. So, what we did a
3 couple of years ago, we rolled out a program
4 called Invest in Your Financial Future, where
5 we had over 20 different topics, anywhere from
6 how to manage your money, day-to-day finances,
7 all the way up to international markets and
8 you, how does international markets impact
9 your finances? So, that was very well received
10 by our corporate employees.

11 They said hey, I really understand
12 now. I understand how the programs work, but
13 the feedback that we got from our field
14 employees is hey, great. You're doing this for
15 our corporate employees, what about us?

16 So, we what did this year, we
17 audio taped the sessions. That was one step
18 in the right direction. Next year when we have
19 the funding, hopefully like you guys have the
20 funding probably, we will video tape it and we
21 will post it on our website so people could
22 go and watch those videos.

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1 And this year what we are doing is
2 we also are testing a new program called
3 Rewards Ambassadors, so each store we were
4 able to identify two to three individuals that
5 are really passionate about the Rewards
6 Program. So, what we did was we did a training
7 session for them so they're well educated in
8 the Rewards Program. So, now the Rewards
9 Ambassadors, they will go out and talk to the
10 people, their colleagues, their peers in the
11 stores and they will educate them on all the
12 different programs that we offer.

13 If they don't know anything about
14 tuition reimbursement they will tell their
15 colleagues that hey, you know, if you're going
16 to college you could get a lot of money from
17 Best Buy. So, we are enabling our employees to
18 help the other employees, not just having a
19 couple of people from corporate going down to
20 the stores, spending half a day with them and
21 educating them, and leaving them. Here it's
22 day-to-day interaction. The Rewards

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1 Ambassadors, they will have day-to-day
2 interactions with the people at the store.

3 It's not just day-to-day
4 interaction, but we also have a Facebook page
5 called Rewards Ambassador where we will -- the
6 corporate employees, us, we, we'll update the
7 page, where we will provide information saying
8 hey, annual enrollment is coming up. This is
9 what you need to know, this is what you need
10 to tell your employees. So, we're trying to
11 use a lot of different vehicles that are at
12 our disposal, multimedia is one, Facebook is
13 one, so we're trying to figure out how to best
14 reach all our employees, not just a few
15 employees at the store, not just corporate
16 employees, but all our employees.

17 MS. GREENE: Yes, bringing it to
18 scale is a huge issue, and I think that's
19 helpful.

20 Mary raised the point about
21 collaboration among the sectors and the
22 different roles the different sectors have to

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1 play. Steve, do you want to offer some
2 perspective on that having moved between
3 sectors?

4 MR. BIGARI: Yes. The best advice
5 I have for that is that you have to understand
6 WIIFM, What's In It For Me. And if you don't
7 push that lever, it's never going to work.
8 Like now I got on my action plan I'm going to
9 finish Stellar, and then I'm going to change
10 the world, and then I'm going to work at Best
11 Buy on account I can -- with what I spend on
12 TVs in a given year, I can save a fortune.

13 So, the employee, it's easy, easy.
14 What's In It For Me, a better life. The
15 employer, What's In It For Me at McDonald's?
16 We raised the profitability of my restaurants
17 my 3.3 percent, do the math. So, good business
18 is good business.

19 The private sector can bring
20 access to goods and services that people need.
21 Disruptive innovation. These guys have
22 furniture. One of the most horrific business

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1 models in America is the rent-to-own industry.
2 What if we were to cobble together Prosper
3 peer-to-peer lending with furniture and
4 disrupt an industry out of business. That's
5 the private sector.

6 Non-profits, if you're in a
7 housing bunch here, and your tenants don't
8 have jobs, reliable transportation, reliable
9 child care, are they going to pay the rent?
10 What's in it for you is rent. That's what you
11 do.

12 And government, government has an
13 absolute role in this, because the good of our
14 society hinges upon this. And they can bring
15 many things to the table that inspire
16 collaboration rather than detract from it.

17 MS. GREENE: We're short on time.

18 CHAIR ROGERS: Thank you. I wanted
19 to get one question in --

20 MS. GREENE: Sure, absolutely.

21 CHAIR ROGERS: -- because the
22 President has asked us to look at some of the

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1 communities that have not been as financially
2 literate, and people of color. We've done
3 research with Hewitt & Associates, with Schwab
4 over the years looking at African Americans
5 and Hispanics' participation in defined
6 contribution plans.

7 McDonald's has done some
8 remarkable work on improving those
9 participation numbers, so I'm just curious if
10 any of you guys are worried about the much
11 smaller participation of people of color or
12 lower socio-economic backgrounds, and what
13 have you done about it?

14 MR. WENGER: From the Hilton's
15 perspective, I think we worry about it. I
16 mean, in our particular market it tends to be
17 more of a Hispanic population that is a big
18 part of our workforce. And it's also --
19 they're doing the jobs in the Housekeeping
20 Department which tend to be some of the lowest
21 paying jobs in the hotel. And we -- and it's
22 hard, hard work. I mean, I challenge any of

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1 you to come and step into their shoes for a
2 day. It will open your eyes.

3 So, to answer your question, sir,
4 I think that we have done a number of things
5 to try to address that, the latest being the
6 Stand By Me program, and really bringing a
7 bilingual individual into the hotel and make
8 them accessible to that population to bond
9 with them, to actually invite them to have
10 lunch with them in the break room every day.

11 In addition to that, I've done
12 English As Second Language courses that they
13 can take on the clock in the past. I know
14 that's a digression from what we're here to
15 talk about today, but it's important that
16 they're being put in a position when they have
17 language barriers and training issues to be
18 able to grow and stay with the organization,
19 or leave and better themselves somewhere else.
20 I mean, I think that is a reality of it, as
21 well. And I think that a lot of employers
22 could really improve their dedication and

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1 efforts in that area.

2 MEMBER BRYANT: This is not a
3 question, but it is a very quick statement.
4 Michelle, I want to commend you. When you
5 were at Treasury you helped to weave the
6 fabric of financial education and financial
7 literacy into the infrastructure of this
8 building, so that was part of the leadership
9 here. And Josh and others are benefitting from
10 that. I want to thank you for that.

11 When the Chairman was just asking
12 this question, something just struck me
13 instantly. It irritates me when people say,
14 you know, basically, they pose a question but
15 it's really a criticism, they have no answers.

16 And when John said that, what hit me was 20
17 C-- I've known John for 20 years, the
18 Chairman. I don't know when he started it, and
19 he'll never brag about this himself, but he
20 started a school in Chicago that is actually a
21 financial literacy school.

22 When you talk about a stock market

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1 game, he actually takes his own money, puts it
2 into the school and lets the young people
3 learn about financial literacy by building a
4 market wealth in Chicago. That's what he has
5 done with his life.

6 But 10 years ago, Ariel Capital
7 Management and Schwab, that's the first time I
8 saw this, did a remarkable study that talked
9 about the net worth between middle class
10 whites, blacks, and Latinos. And it was a
11 stark difference. I believe it was like 10-1.

12 And it was the first time that I connected
13 financial literacy with economic prosperity,
14 and how that was relevant to every person. So,
15 you make the same amount of money, but if you
16 have a net worth of \$88,000 compared to
17 \$8,800, your complete life is changed. And,
18 again, he would never say it himself. I think
19 we owe him a commendation for doing that work.

20 (Applause.)

21 MS. GREENE: Thank you, John. And
22 Ariel Academy is a fantastic example of really

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1 making it work. And I think we all appreciate
2 that work.

3 I'm just going to end. I want to
4 give our panelists a chance to give a thought
5 that you would like the Council to take away
6 from here, whether that's a best practice, a
7 why it works, or why employers should do it,
8 or piece of advice. If each of you could offer
9 what you want the Council to take away from
10 the panel. Steve.

11 MR. BIGARI: I think collaboration
12 is the key to all this. As we sat here just
13 speaking amongst us, we came up with a
14 solution for cars, transportation, a solution
15 for furniture, a financial empowerment piece
16 that was tied to education, put a neat little
17 bow it. The answers are in this room. We've
18 just got to get together.

19 MS. GREENE: Brad.

20 MR. WENGER: Just a quick story
21 that really kind of opens your eyes I think to
22 the seriousness of the problem. You know, I

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1 think there was a situation where we had an
2 employee whose car broke down, and we went and
3 picked them up from their house, and then
4 after their shift we were making arrangements
5 to get them back. It happened to be the
6 Department head of our Food and Beverage area
7 that ended up driving this associate back to
8 their home. And that's not uncommon to help
9 out people, our family members with getting
10 rides back and forth and so on, to be able to
11 have them continue to make money.

12 The long and short of it is, he
13 goes up to the apartment, walks her up to the
14 apartment and the woman opens the door and
15 there's zero furniture in this room, nothing,
16 I mean just a bare floor. And the relationship
17 that he had, he was able to ask this
18 individual what she does to -- where does she
19 sleep? Well, she sleeps on the floor. I mean,
20 she's barely making ends meet here.

21 And I think that this is a
22 terrific employee who is very reliable,

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1 outstanding service, and just very dedicated
2 to her job. And what that said to us as the
3 employer is, you know, there's a whole lot
4 more we can do. I mean, it was very easy for
5 the Hilton to get her a bed. You know, we got
6 her a mattress the next day. But that was
7 only the beginning.

8 The feedback and the appreciation,
9 and the genuine emotion that comes from
10 offering somebody like that the opportunity to
11 deal with some very, very fundamental,
12 relatively simple financial issues is very,
13 very impactful, and it will make a long-term
14 difference in the quality of life of that
15 individual. And it can grow exponentially, it
16 really can. So, this is a fantastic
17 opportunity to really deeply impact people.

18 MS. GREENE: Mary.

19 MS. DuPONT: I think it's a really
20 -- a no-brainer because I think we all going
21 through this financial crisis, there's a new
22 awareness in our country about the issues and

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1 the needs, even though those of us who have
2 been doing this work for longer than the
3 origins of the financial crisis, we know that
4 communities have been suffering for
5 generations.

6 And I think when you go out and
7 you start to bring people together from the
8 different sectors -- we've seen in Delaware, I
9 don't know if we're unusual or not, but we're
10 seeing in other places around the country, an
11 incredible willingness to come together and
12 interest in working together, and integrating
13 what we're calling financial empowerment, the
14 package into what they're doing every day.

15 And I'm proud to say I work for
16 the Department of Health and Social Services,
17 and this quarter we're going to be joining the
18 Stand By Me Program not just from the staffing
19 point of view, but we're going to become an
20 employer. So, we're going to be offering sort
21 of the challenge that Carrie made. If you are
22 in Delaware, we're hiring two coaches to work

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1 with -- we have 4,300 employees, so we're
2 excited about that.

3 MR. ALI: I think it starts with
4 the employer. They need to show that they
5 care, and they need to make sure that
6 employees know that the programs that they
7 offer is for them, too, not just for the
8 company. So, it starts with the employer, then
9 we need to enable our employees to take
10 advantage of all of the programs, so that's
11 where the education and communication comes
12 in.

13 MS. GREENE: Please join me in
14 thanking the panel for the good work they do
15 and for --

16 (Applause.)

17 MR. WRIGHT: Thank you, Michelle.
18 It's great to have you back here at the
19 Treasury Department, and brings back memories
20 of many great discussions you've led in the
21 past. So, thank you for being our leader
22 again, and thank you to the panelists.

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1 I want to turn it over to John to
2 see if he has any closing comments before I
3 wrap up with a few.

4 CHAIR ROGERS: I just want to again
5 thank all of you for being here and being so
6 attentive, and thank all the panelists and the
7 special speakers. It was a very robust
8 discussion of this really very, very important
9 issue. And again thank the Council, so turn
10 it back to you.

11 MR. WRIGHT: Thank you. I think
12 that panel was very helpful. And just to
13 connect a few dots, Alan talked a lot about
14 the wage gap and the suffering of the middle
15 class. And in the stories that you heard,
16 that's what you heard about. You heard about
17 the employers working and having workers who
18 are really the working poor who have seen
19 their incomes deteriorate, and the employers
20 trying to make efforts to bring greater
21 financial capability and help those
22 individuals better their financial situation.

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1 And we heard about great ideas. I
2 would encourage everybody to talk to people,
3 talk to Steve about the innovative work that
4 he's pursuing with Omidyar and Ideas 42, and
5 they're looking for employers to really test
6 our some new ideas with.

7 Talk with Mary about the ideas
8 that they're pursuing in Delaware, and whether
9 those things can be replicated in your state.

10 And talk to the other panelists.

11 The next meeting will be on April
12 9th here at the Treasury Department in the
13 Cash Room, so look out for that. We'll have a
14 Federal Register Notice and send out to our
15 normal listserv about the meeting.

16 Just as a reminder, the Council
17 reports today and the recommendations will all
18 be on the Treasury website shortly, so if you
19 want to look at those in detail you can go
20 into the Resource Center, the Education
21 section and the President's Advisory Council
22 and you'll find them there.

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1 Lastly, I want to say that it's
2 been a pleasure working with all the Council
3 members and their staff, really Bob, Ellen,
4 Mike, Katie. I'm going to -- I'm sorry,
5 Christine. I'm going to miss or forget, Jena,
6 many of you, but you are really the unsung
7 heroes of the work that gets done here, so
8 it's been a pleasure to work with you. And
9 also been a great pleasure to work with
10 Treasury colleagues like Louisa Quityman and
11 Jim Gatz.

12 It's been a great opportunity
13 working with the Treasury Department. It's
14 been an honor to serve the country, and my
15 fellow Americans.

16 I just want you to know that I
17 will continue working this area in my new
18 endeavors. And this is something that's just
19 deeply passionate -- that I'm deeply
20 passionate about. I'll share two stories with
21 you.

22 The first is a personal story.

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1 Growing up, I think of John Bryant often when
2 I tell this story. Growing up, we didn't have
3 a lot of money, but we weren't poor, as John
4 says. You can have no money and not be poor,
5 or you can have no money and be poor. And we
6 didn't have a lot of money, but we weren't
7 poor because my parents were deeply committed
8 to education and taught me a lot about
9 financial literacy.

10 But I remember the specific time,
11 I grew up in inner city Boston, and I remember
12 the specific time when I went to the
13 supermarket with my mom, and I was about
14 seven. At that time we were on Food Stamps,
15 my dad was unemployed. And I can remember the
16 looks that we got. At that time you actually
17 had these actual -- you didn't have an EBT
18 card, you actually had these physical actual
19 coupons. And at that time in the neighborhood
20 I lived in, there weren't great grocery
21 stores, so we walked about a mile to the Back
22 Bay, one of the upper class neighborhoods in

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1 Boston. And the looks that we got from people,
2 and just thinking about we weren't poor
3 emotionally, so we were able to kind of
4 overcome those looks and the psychological
5 aspects of that. But that's not true for
6 everybody.

7 And then I connected to Beat
8 Poverty. I worked for a while in New Haven in
9 public housing to doing youth programming.
10 And as part of that, we actually lived in the
11 public housing. And I tell the story of this
12 kid named Dermeese, where I would often in the
13 evening go to Dermeese's house to read a book
14 with him and he'd go to sleep. And I can
15 remember a number of times when I would go to
16 tuck him in, you'd pull back the sheets and
17 there actually be cockroaches in the bed. And
18 just to think about what that does to people's
19 psychology.

20 Now, we're fighting a small piece
21 of that battle. This isn't the only answer,
22 but to give people and have people understand

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1 that financial matters are critically
2 important, and to go beyond just education to
3 really take programs, have employers engage in
4 changed behavior, and help be a piece of the
5 puzzle on getting people out of poverty is
6 incredibly critical not only for the moral
7 imperative, but for the future of the country.

8 So, I thank you again for the
9 opportunity, and I just share those stories
10 for you to know that I'll remain committed,
11 and I will follow the Council and their work
12 from the outside.

13 Before we close the meeting
14 officially, I do want to point out that after
15 the meeting we're going to have an event here
16 that's totally open to the public. It's
17 exactly what Carrie was talking about earlier.
18 It's the Workplace Leaders and Financial
19 Education award, and SHRM and AICPA are really
20 holding that meeting. Treasury is just lending
21 the space of the Cash Room and trying to be
22 supportive as the Council has asked us to be

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1 of these exciting awards that highlight work
2 in the workplace.

3 So, we're going to take about five
4 minutes. If anyone wants to leave, you should
5 feel free to leave. We're not going to have
6 the normal time where we get to hobnob for 20
7 minutes in the room after the meeting, so I
8 would just say we're closing the meeting. Take
9 five minutes to leave if you need to get
10 somewhere, but if you want to join us for the
11 awards, still around and we'll hear from each
12 of the honorees and learn more about their
13 efforts. So, thank you.

14 (Applause.)

15 (Whereupon, the proceedings
16 concluded at 12:12 p.m.)

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