

Submitted by John Hope Bryant, Chair
Under-served Committee

Report to President's Advisory Council on Financial Literacy

November 3, 2009 PACFL Meeting

Committee Members: John Hope Bryant, Sharon Lechter, The Rev. Dr. Robert Lee III, Ignacio Salazar

The Committee on the Under-served made significant progress in developing a robust strategy and implementing initiatives to increase financial literacy among low-wealth individuals and under-served communities. The following are the Committee's key areas of focus, accomplishments, ideas and recommendations:

Community Financial Access Pilot

The Treasury is implementing the Community Financial Access Pilot to increase access to financial services and financial education for underserved individuals, which was endorsed by the Council and launched by Committee Member Reverend Dr. Robert Lee III in 2008. The Treasury Department has made available on its website, www.treas.gov/cfap <<http://www.treas.gov/cfap>>, materials that other communities can use to implement similar initiatives, and Treasury staff is available to share lessons learned from the pilot in various venues. The Treasury will issue a report of the findings of the Pilot in early 2010. The Committee will review findings and recommend a strategy to promote the model program for adoption by other locations around the country.

Model Cities/Model States

This initiative made significant progress in its planning stage by involving the National League of Cities and engaging the US Conference of Mayors and the National Governors Association in our efforts to encourage governors and state leadership through recognition of financial literacy education and empowerment as a policy priority.

Pennsylvania is the first to commit to establishing the model city/state program subsequent to a presentation at Pennsylvania Governor's Financial Literacy Conference. Considering the scope of the initial model cities/states initiatives, the Committee recommends re-focusing on this initiative at the direction of the President.

Keeping in line with the above efforts which focus on increasing financial access and financial education among low-wealth individuals and to help sustain the community-based financial literacy programs in these uncertain economic times, the Committee has made the following recommendations to the President:

Recommendation 9 - The United States Congress should require financial institutions to provide every adult American with access to an electronic, debit card-accessible depository account protected by the Federal Deposit Insurance Corporation or the National Credit Union Administration.

Recommendation 10 - The United States Congress should provide Federal funding for any non-profit organizations working on community-based financial literacy programs and for state and local governments demonstrating leadership in financial education for their residents.

Education in Schools Initiatives

The Committee supported the Youth Committee efforts to promote financial education in all schools for students in grades Kindergarten through 12, and encourage the use of Money Math and the National Financial Literacy Challenge. The Committee also worked closely with the Youth Committee on outreach efforts to implement required college level course or competency test in financial literacy. The Committee and Youth Committee jointly made the following recommendations to the President:

Recommendation 1 - The United States or state legislatures should mandate financial education in all schools for students in grades Kindergarten through 12. For those schools without access to curricula, encourage the adoption of "Money Math: Lessons for Life," a ready-to-use, middle-school curriculum created by the Department of the Treasury and endorsed by the Council.

Recommendation 2 - The United States Department of the Treasury should institutionalize and expand the National Financial Literacy Challenge, with the goal of significantly increasing participation in this personal finance contest for high school students.

Recommendation 3 - The United States Department of the Treasury should implement the Post-Secondary Financial Education Honor Roll program, approved by the full Council in 2008, to encourage best practices in financial education at colleges and universities.

Recommendation 4 - The President should direct the United States Department of the Treasury and the United States Department of Education to take the necessary steps to require college students to take a more comprehensive course in financial literacy (or pass a competency test) than the present entrance and exit counseling requirements, as a condition of receiving Federally funded or Federally guaranteed student loans.

Based on our findings, the Committee will continue to work closely with the Youth Committee on collaborative initiatives for educating all youth, with special attention given in low-wealth schools and traditional minority colleges and universities.

Financial Literacy Volunteer Initiative: Financial Literacy Corps

The Committee worked with the Outreach Committee to establish the Financial Literacy Corps, which was approved by the Council. The Corporation for National and Community Service has now assumed many functions of USA Freedom Corps under the United We Serve function. The Committee recommends that the Council re-promote the volunteer recruitment effort through the new channel and awaits the President's call to service.

SBA Office of Entrepreneurship Education

The Committee on the Under-served collaborated with SBA on the establishment of SBA's Office of Entrepreneurship Education (OEE) in 2008. The OEE focuses on entrepreneurial development resources to better focus on special markets and critical issues such as financial literacy. For example, OEE leads SBA's outreach to youth entrepreneurs and inner-city businesses. The OEE also uses proven and new technologies to deliver training content to entrepreneurs. The Committee recommends continued support in building the SBA OEE brand and promoting the benefits of this office as a financial literacy and entrepreneurship empowerment resource.

Future of Responsible Sub-prime Mortgage Lending

The Committee approved a report recommending that "financial literacy should be at the very foundation of the future of responsible sub-prime lending." This report has been made public, and has been useful in introducing a substantive and robust policy discussion inside the government and in the mortgage lending market.

<http://www.treas.gov/offices/domestic-finance/financial-institution/fin-education/council/3rd-meeting-08/SubprimeBackground06182008%20meeting.p>

df. The Committee will continue to promote fusing financial literacy into the mortgage lending and credit process with the recommendation and best practices made available in the report.

The Committee on the Underserved has strongly supported the Outreach Committee initiatives:

Roundtables

We have co-hosted or participated in a series of events with the White House Office of Faith-Based Community Initiatives, government officials, and business leaders including the first-ever White House Roundtable on Financial Literacy, White House Roundtable on Emergency Preparedness, White House Initiative for Historically Black Colleges and Universities reaching HBCU presidents, HUD Financial Literacy Roundtable convened by Secretary of Housing and Urban Development First Reserve Board of Atlanta Roundtable, Federal Reserve Bank of Atlanta Financial Literacy Roundtable, and Financial Education in African American Communities Roundtable. Also, a series of financial literacy town hall meetings and "listening sessions" (Atlanta, Los Angeles, Oakland, Chicago, Washington, Houston, Des Moines) where the Committee brought together other Council members, U.S. Treasury Secretary, U.S. Treasurer, HUD Secretary, OCC Deputy Comptroller, state and local government officials, policymakers, business leaders, foundation representatives, and faith-based and community leaders to exchange information, identify best practices and strategies for recommendations, and identify gaps in information about financial education need. A meeting of financial experts from the industry and government was convened by the Committee on May 28, 2008 to identify strategies and best practice recommendations toward avoiding any future sub-prime lending crisis.

Public Awareness

At forums convened by FDIC, HUD, Organization for Economic Co-operation and Development (Council is a registered member), the Committee has been represented in discussions focused on the under-served communities post crisis. Other initiatives of the Committee included meetings with U.S. Federal Reserve Chairman and Board of Governors, and Congressional briefings; in building awareness of the need to offer financial education in U.S. companies the at least one or more Committee members met with more than 100 business leaders in U.S. companies including AARP, Business Roundtable, The Service Employees International Union, and the National Federation of Independent Business, known as Divided We Fall, representing more than 53 million Americans to promote the importance of financial literacy to America's under-served and the need for policy to teach financial literacy in schools and in the workplace.