

UNITED STATES OF AMERICA

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DEPARTMENT OF THE TREASURY

+ + + + +

PRESIDENT'S ADVISORY COUNCIL

ON FINANCIAL LITERACY

+ + + + +

PUBLIC MEETING

+ + + + +

TUESDAY

NOVEMBER 3, 2009

+ + + + +

The meeting came to order at 10:00  
a.m. in the Media Room, 1500 Pennsylvania  
Avenue, N.W., Washington, D.C., Charles  
Schwab, Chair, presiding.

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MEMBERS PRESENT:

CHARLES SCHWAB, Chair  
JOHN BRYANT, Vice-Chair  
MICHAEL BARR  
TED BECK, Member  
TED DANIELS, Member  
CUTLER DAWSON, Member  
ROBERT DUVALL, Member  
MICHELLE GREENE  
TAHIRA HIRA, Member  
JACK KOSAKOWSKI, Member  
SHARON LECHTER, Member  
REV. ROBERT LEE, Member  
LAURA LEVINE, Member  
DON McGRATH, Member  
DAVID MANCL, Member  
JANET PARKER, Member

ALSO PRESENT:

MATT YALE

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Meeting Adjourned

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

2 10:00 a.m.

3 CHAIR SCHWAB: Thank you very much.

4 This is our second meeting of 2009. We are  
5 so happy to be here. You can tell the  
6 camaraderie among this wonderful group  
7 assembled here.

8 We've been together for several  
9 years now working on a very important issue  
10 for the state of our great country America,  
11 financial literacy.

12 We know it's essential that our  
13 population has a thorough understanding of  
14 financial literacy. We can certainly  
15 understand what happens when you don't have  
16 it, and some of the issues that came from the  
17 crisis are clearly underscored with a lack of  
18 some financial literacy.

19 I wanted to welcome everyone, of  
20 course my fellow members of the Council, our  
21 Advisory Council for Financial Literacy.  
22 President Bush assigned us this role two years

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1 ago for a two-year assignment. And with the  
2 new administration coming on board, they are  
3 going to have some views on how we could make  
4 ourselves do an even better job.

5 And we'll hear from Michelle Greene  
6 and others from the Administration on some  
7 ideas they have to make sure that we really  
8 fulfill our mission over the next several  
9 years to come.

10 I do want to thank President Obama,  
11 Secretary Geithner, Secretary of Education  
12 Duncan, and all the other members of the  
13 Administration for their recognition of just  
14 how important financial literacy and education  
15 is for the American citizens. It is truly an  
16 important path and necessity that we all  
17 certainly need.

18 As you know, we submitted in  
19 January an annual report summarizing the work  
20 that we had done in the prior year, which laid  
21 forth some 15 recommendations that we all  
22 agreed were highly important in priorities for

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1 us as a group as a recommendation to the  
2 Administration to hopefully take a part in and  
3 bring more attention to in the months ahead.

4 I'm happy to report that those  
5 recommendations have been getting a thorough  
6 consideration over the last few months. And I  
7 know Michelle has assured me that that has  
8 been the case.

9 In fact, we will hear today from  
10 both the Treasury Department as well as the  
11 Department of Education, about ways in which  
12 they are taking some of our recommendations  
13 and putting them already into action.

14 We will also have an opportunity as  
15 a council, to revisit those recommendations  
16 and set priorities for what we believe must be  
17 emphasized as we go forward.

18 Hello, Michael.

19 MICHAEL BARR: How are you?

20 CHAIR SCHWAB: We're going to hear  
21 from Michael in a few moments. Michael Barr  
22 is a new member of the Department of the

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1 Treasury and we look forward to hearing his  
2 comments in a little bit.

3 Today's meeting is especially  
4 timely because Congress is right in the middle  
5 of developing a series of major overhauls to  
6 our financial services, regulatory structures,  
7 and setting goals to ensure that we will not  
8 repeat some of the major problems we saw  
9 during 2008.

10 We would all love that to be  
11 accomplished and certainly support them in  
12 their endeavors to make that occur.

13 While there is no question that  
14 there are regulatory gaps in our system that  
15 certainly need to be closed, disclosure needs  
16 to be improved, enforcement needs to be  
17 improved and strengthened, but none of these  
18 steps will be effective without a real  
19 national effort to improve financial literacy,  
20 which is what we are all a part of.

21 While there are many causes of the  
22 financial collapse, the fact that there were

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1 too many people who just didn't understand  
2 loan agreements, as simple as that,  
3 understanding a loan agreement, getting myself  
4 and my family into other more complicated  
5 things than that, were a part of the issues  
6 that led up to 2008.

7           Nothing will help our financial  
8 system more than giving people throughout the  
9 country more tools to make sound, financial  
10 decisions. And that's certainly what this  
11 group is all about.

12           Our goal as I look forward, is  
13 frankly to try to make reality of some of the  
14 recommendations. And I know we have lots of  
15 work to do. We've already attempted a number  
16 of ways which we described in our President's  
17 report issued in January.

18           But before we get into some of the  
19 agenda items, I would like to turn to my vice  
20 chair, John Hope Bryant, and ask if he might  
21 have any opening comments for this meeting.

22           VICE CHAIR BRYANT: Thank you, Mr.

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1 Chairman. It's dangerous to give me the mic.

2 Anybody who knows me, talking to me is like  
3 getting a glass of water out of a fire  
4 hydrant, but I will keep it succinct.

5 I want to thank, first of all, our  
6 chairman Chuck Schwab. And let me say this  
7 publically, because I don't think that it gets  
8 acknowledged enough: In the global economic  
9 crisis that we've been dealing with, this is  
10 really not about the failure, per se, of free  
11 enterprise and capitalism, it's a failure of  
12 greed, and it's a crisis of virtues and  
13 values.

14 And I think it's really easy to cut  
15 corners in the environment we live in today.  
16 In fact, it's almost rewarded to cut corners.

17 And people seem to be about money and getting  
18 paid, and not adding value or having the power  
19 of the idea.

20 And I think to be in the financial  
21 services industry today and have your  
22 integrity intact in November 2009, is almost a

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1 qualification for sainthood. I think we  
2 should all just stop and give Charles Schwab a  
3 round of applause for running a financial  
4 service firm.

5 (Applause.)

6 CHAIR SCHWAB: Thank you.

7 VICE CHAIR BRYAN: And he better do  
8 it right. He's got his name on it.

9 CHAIR SCHWAB: John, I didn't ask  
10 for a commercial, for goodness sake.

11 VICE CHAIR BRYANT: So, you are the  
12 chairman, I am the vice chairman, and I'm not  
13 dumb.

14 (Laughter.)

15 VICE CHAIR BRYANT: But also, he's  
16 very sincere. He deserves that acknowledgment.

17 Also, Michael Barr who has been in  
18 this spot before - Martin Luther King, Jr.  
19 gave the "I have a dream" speech 100 times  
20 before the march on Washington. That's a very  
21 little known fact. It wasn't some  
22 romanticized thing that happened

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1 spontaneously. It happened because he never  
2 gave up.

3 Michael never gives up - I'm sorry.

4 Assistant Secretary Barr never gives up.  
5 He's been here before. He was here with the  
6 Clinton Administration.

7 When he left to go to academia, he  
8 didn't give up. He kept pushing the envelope.

9 He is the assistant secretary that's in  
10 charge of the financial services portfolio.  
11 He's also the gentleman who's on point for  
12 promoting consumer protection.

13 There are two things that we  
14 absolutely have to have in order to make sure  
15 this never happens again; fair and balanced  
16 free enterprise and capitalism, what I call  
17 good capitalism, consumer protections, and  
18 because there's no mortgage police at home and  
19 there's no credit card police at your house,  
20 you're going to have to police yourself,  
21 you're going to have to protect your family  
22 from predators.

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1           Even someone who is guilty of drunk  
2 driving, there is not a police officer on  
3 every street looking for drunk drivers.  
4 You're the police officer. You are the person  
5 who picks up the phone and calls 911 and says  
6 somebody is breaking the law, they're driving  
7 intoxicated, here's their license plate  
8 number, go get them.

9           We need that same environment in  
10 financial literacy. We need to be able to say  
11 here are financial predators. These are  
12 people operating outside of the financial  
13 mainstream. These are people not operating by  
14 the rules who are not honoring consumer  
15 protections. Go get them.

16           We don't have that culture right  
17 now. In a blind town, a one-eyed man is king.  
18 If you don't know better, you can't do  
19 better.

20           So, Secretary Barr has a very high  
21 bar to meet, and no good deed shall go  
22 unpunished. He's getting beat up every way

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1 you can imagine, but he does the work anyway.

2 And it is extraordinarily important that the  
3 person in charge of all financial institutions  
4 in this country took time to be with us today  
5 because he thinks this is so incredibly  
6 important.

7 If we could just please acknowledge  
8 Secretary Barr?

9 (Applause.)

10 VICE CHAIR BRYANT: And with that,  
11 Mr. Chairman, I'm essentially making my  
12 opening statement: this is not a math class.  
13 If financial literacy was a math class, we'd  
14 teach math.

15 Money is emotional. It's  
16 psychological. It's aspirational. It deals  
17 with issues of self esteem. It deals with  
18 issues of hopes and dreams and desires.

19 The reason that there's a check  
20 casher across the street from a bank branch  
21 and the check casher is doing twice as much  
22 business as a federally-regulated, cheaper

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1 bank branch, is precisely because it's not a  
2 math class.

3 And until we deal with the broader  
4 issues and we deal with the issues of  
5 aspirations and self esteem - if you have low  
6 self esteem and you lack financial literacy,  
7 you'll run yourself into a ditch trying to  
8 look like the other guy.

9 And when you take the fraud, the  
10 misrepresentation, the predatory lending out  
11 of this crisis, in the middle of it are people  
12 who were asking what was the payment, not what  
13 was the interest rate. And you never ask what  
14 a payment is when there's an interest rate  
15 attached.

16 So, we have a massive crisis of  
17 financial illiteracy in this country, which is  
18 fueling or helping to fuel this predatory  
19 environment and it has to stop. This has to  
20 become the new civil rights issue.

21 This has to become the new normal  
22 in this country. We've got to teach what I'm

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1 now starting to call the language of money,  
2 and Michelle Greene is probably the best  
3 person that I could think of suited and  
4 qualified to lead the charge. She is  
5 passionate about this. She gets it.

6 And I guess in summary, Mr.  
7 Chairman, if the question today is other than  
8 making sure we have a successful meeting and  
9 that we move these recommendations forward,  
10 what do we hope to achieve?

11 It is my hope that we move  
12 financial literacy into something that is  
13 trackable, accessible and available so that  
14 you can evaluate good and bad ideas. But also  
15 if you want to put a kid to sleep, give him a  
16 financial literacy course.

17 We have got to make this sexy.  
18 We've got to make it relevant. It has to be  
19 aspirationally relevant, it has to be  
20 practical, and it has to be at scale. It has  
21 to be aspirationally relevant, it has to be  
22 practical, and it has to be at scale.

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1           And finally, if we don't create a  
2 generation of entrepreneurs, we're done.  
3 Corporate jobs are not going to save us, and  
4 that's not the foundation of American anyway.

5           Chuck Schwab is an entrepreneur, is  
6 an idea. Everything that you value started as  
7 an idea, started as a small idea that grew  
8 into a big one if you're lucky.

9           Treasury was somebody's idea, and  
10 this country was somebody's - a group of  
11 somebody's ideas. Operation Hope, Junior  
12 Achievement, Jump Start, all this was ideas.

13           And so, we've got to get back to  
14 the power of the idea. We've got to create a  
15 generation of young entrepreneurs and self-  
16 employment projects. And by teaching the  
17 language of money and moving them through  
18 issues of dignity and confidence and teaching  
19 them financial literacy, we can take our  
20 nation back and recreate a country we're all  
21 proud of.

22           Thank you for your leadership, Mr.

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1 Chairman, and I'm looking forward to a  
2 successful meeting.

3 CHAIR SCHWAB: Thank you, John.

4 As you can see, a great part of our  
5 values here is called passion, and John is  
6 right at the front of that parade. It's about  
7 dealing with something that is so passionate  
8 to all of us as a group here, is financial  
9 literacy.

10 I'd like to move on to introduce  
11 Michelle Greene. But before I say anything  
12 about Michelle, I want to just acknowledge  
13 Dan Anacola who was the executive director  
14 prior, our first two years.

15 Dan, please stand up and be  
16 recognized.

17 (Applause.)

18 CHAIR SCHWAB: Dan helped us to get  
19 ourselves off and going several years ago, and  
20 I certainly want to thank you, I know, on  
21 behalf of everybody else here.

22 Michelle Greene is our new

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1 executive director of this council. And so,  
2 they make it really happen in an  
3 administrative way.

4 They keep us together, they get  
5 things organized like rooms here, and make  
6 sure that what we do is important with respect  
7 to Treasury and to the other financial and  
8 other departments of government.

9 Michelle's background, of course  
10 she had worked in the Treasury Department once  
11 before under the Clinton Administration, and  
12 returned now to Treasury as a senior advisor  
13 in the early days of the Obama Administration.

14 She also has held two consulting  
15 firm jobs and has worked at Harvard University  
16 as a professor and so forth.

17 She brings a great wealth of  
18 experience and passion to her position here at  
19 Treasury.

20 I would like to have you say a few  
21 opening remarks, Michelle.

22 MICHELLE GREENE: Thank you. And I

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1 think we really have to start by thanking  
2 Chairman Schwab. He has been an incredible  
3 force for this council, getting the council up  
4 and running, having the council really make a  
5 difference.

6 And so, I just want to take a  
7 moment to once again thank you.

8 CHAIR SCHWAB: Thanks, Michelle.  
9 Thank you.

10 (Applause.)

11 MICHELLE GREENE: And as the members  
12 of this council well know, he does not do it  
13 alone. He has a fantastic team, and they have  
14 really been essential to the work that the  
15 Council has done.

16 So, I also just want to recognize  
17 Carrie Pomerantz-Schwab and Mike Townsend who  
18 really have been doing the work out there,  
19 making a difference, changing lives, and I  
20 just really want to thank you guys as well.  
21 Thank you.

22 (Applause.)

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1 MICHELLE GREENE: And of course we  
2 have to thank John as well. As all of you  
3 know, John has just been such a passionate,  
4 effective advocate for getting attention to  
5 this issue and for really making sure that  
6 nobody ever forgets that this has to be on our  
7 radar screen.

8 And John has just done such a  
9 fabulous job in making that case again and  
10 again to people who can really make a  
11 difference. So thank you, John.

12 (Applause.)

13 MICHELLE GREENE: And of course John  
14 doesn't do it alone either. Sharon Jones who  
15 is also here today, and I think I saw Jennay  
16 come in as well, are part of John's team and  
17 really just do a terrific job helping both the  
18 Council and in John's individual work, and we  
19 really appreciate their work as well.

20 (Applause.)

21 MICHELLE GREENE: And I have been  
22 just very privileged over the past several

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1 months to get to work with this incredible  
2 group of people here. It really is hard to  
3 explain the breadth of passion, of expertise,  
4 of just real caring that is here in this room  
5 right now around this table.

6 These are just incredible people.  
7 This is really a nonpartisan issue. It's an  
8 issue that we are all working together toward  
9 the same goals on, and every single person in  
10 this room has said yes every time we've asked  
11 for anything.

12 Whether it's been advice, whether  
13 it's been research, whatever it is, everyone  
14 has said yes and has just been so helpful to  
15 us in the beginning days of this  
16 administration, so thank you to the entire  
17 council.

18 (Applause.)

19 CHAIR SCHWAB: Thank you, Michelle.

20 MICHELLE GREENE: Our staff has  
21 worked so hard and I really just want to make  
22 sure that we recognize them quickly.

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1                   So, Naomi Jordan and Sonia Klukas  
2 who are in the back here have helped us to put  
3 this day together. As has Lynn Xie, our  
4 intern. So, thank you.

5                   (Applause.)

6                   MICHELLE GREENE: And then of course  
7 anyone who has worked with us at all knows  
8 that the people who do the real work around  
9 here and who really make everything happen are  
10 Louisa Quittman and Dubis Correal. So, thank  
11 you to you guys.

12                   (Applause.)

13                   MICHELLE GREENE: And then a few  
14 very brief housekeeping items. Ignacio  
15 Salazar is the only member of our council who  
16 is not able to be here today, so we just want  
17 to let everyone know we all have his support.  
18 He just couldn't join us here today.

19                   I also just want to tell the  
20 members of the public, a lot of you guys have  
21 been a huge help as well. We really  
22 appreciate it.

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1           This meeting is actually a meeting  
2 for the Council to have conversation and  
3 discussion, so questions and comments will  
4 only come from the Council at today's meeting.

5           If the public does want to make  
6 comments or give us suggestions, we absolutely  
7 welcome that. Please go to the Treasury  
8 website. There's a link to the President's  
9 Advisory Council and we invite you to do so,  
10 but today is really just the Council that will  
11 be participating.

12           And that's true - we actually have  
13 a bunch of folks on the phone as well. We  
14 wanted to make this meeting accessible to  
15 folks outside of D.C., so that's true on the  
16 phone as well. You can't talk to us, you can  
17 only listen.

18           So, thank you very much and looking  
19 forward to a productive meeting.

20           CHAIR SCHWAB: Thanks, Michelle.

21           John would like to say something.

22           VICE CHAIR BRYANT: Let me say what

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1 really people should know, but no one has  
2 articulated yet.

3           You hope when a new administration  
4 comes in, it's going to not play games. But  
5 this is Washington, so let's be blunt about  
6 it.

7           Michelle mentioned nonpartisan. It  
8 was her idea to make sure that this was  
9 underscored today.

10           I met with Mrs. Greene, Mr. Barr  
11 and people in the White House, Chuck has  
12 talked, met with people as well, and it has  
13 been made absolutely clear from the top of  
14 this administration down, the President of the  
15 United States sees this as a critically  
16 important issue for our nation, and sees it as  
17 a nonpartisan issue.

18           And I want to commend President  
19 Barack Obama and this administration for  
20 sidestepping the temptation of easy sidesteps  
21 in this thing called Washington and really  
22 being committed to public service.

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1                   And so, I want to publically  
2 acknowledge and thank because it is not easy  
3 to do in this town, to make sure this was  
4 consistent and underscored and amplified.

5                   So, in absentia of President Barack  
6 Obama, thank you.

7                   CHAIR SCHWAB: Thanks, John. And  
8 thank you, Michelle.

9                   I'd like to now introduce Michael  
10 Barr, the Assistant Secretary for Financial  
11 Institutions here at the Department of  
12 Treasury.

13                   Michael Served in several positions  
14 under President Clinton, taught at the  
15 University of Michigan Law School, and has  
16 been a fellow at both the Brookings Institute  
17 and the Center for American Progress.

18                   Michael, welcome to our council  
19 here, and we'd love to hear a few words from  
20 you. Welcome.

21                   MICHAEL BARR: Thank you very much,  
22 Mr. Chairman.

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1           It is a delight for me to be with  
2 all of you today. I want to thank all of you  
3 for the enormous amount of work you've already  
4 done in the spirit of nonpartisanship that  
5 John mentioned.

6           I want to thank former President  
7 Bush and his team for establishing the  
8 Council. I think it's a terrific idea, it's  
9 long overdue, and applaud you for the work  
10 that you've done thus far.

11           I think it's been an extraordinary  
12 effort. We're looking forward to continuing  
13 to see good work out of the Council in the  
14 future to engage with all of you in as many  
15 ways as we can both as a group and  
16 individually.

17           I think we have a lot to learn in  
18 this area. I think we can all do better in  
19 this area.

20           I think that when you look at the  
21 financial crisis that we're beginning to come  
22 through now, there are many origins to the

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1 financial crisis. One aspect of it that was  
2 certainly a problem was the way in which  
3 consumers, households, related to the  
4 financial system.

5 There were problems on the side of  
6 the financial system in terms of failures to  
7 live up to basic standards. And there were  
8 problems with households not taking enough  
9 responsibility for their own financial  
10 decisions.

11 And I think it's incumbent on us to  
12 try and do our best to make progress on all  
13 fronts to reform our financial system so that  
14 we improve the standards of the regime under  
15 which financial actors meet consumers, to  
16 improve consumer protections, and to also  
17 provide better tools for households to be able  
18 to understand financial choices that are being  
19 presented to them, and to be able to act in a  
20 way that is better for their family in the  
21 future.

22 The amount of work that we have to

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1 do is in some ways measured by the amount of  
2 lost wealth of the last financial crisis. So  
3 we are, I think, in an enormous hole and we  
4 owe a lot to the American people to work  
5 together to do better. To do better on the  
6 regulatory front, to do better in reaching out  
7 to households, to do better at improving  
8 financial capabilities of households around  
9 the country.

10 I think we can do better. It's  
11 going to require a lot of fundamental  
12 rethinking. Fundamental rethinking based on  
13 good, empirical research, sound findings,  
14 analysis, good research that takes into  
15 account the work that is going on in  
16 behavioral economics about how people actually  
17 think and make decisions rather than easy  
18 assumptions based on abstract models as has  
19 too often been done in the past.

20 I think we have to do better about  
21 distinguishing between providing people with  
22 more information, and providing people with

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1 the tools to understand their financial  
2 decisions.

3 I think we're going to have to do  
4 better at giving people choices that they can  
5 act on in a meaningful way, and not choices  
6 that make it very hard for them to behave  
7 responsibly.

8 So, I think that what we want to  
9 try and do is give people the tools to be able  
10 to make their own choices to better protect  
11 their families in the future.

12 As we're doing this, this is a core  
13 part as the earlier speakers mentioned, is a  
14 core part of a broad effort that we are  
15 engaged in on financial reform.

16 The President put forward quite a  
17 bold and comprehensive plan for financial  
18 reform. I don't expect that everybody will  
19 agree with every aspect of it, but financial  
20 education is a core part of what we're trying  
21 to achieve in that plan.

22 It will be a core part of the

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1 mission of a new consumer financial protection  
2 agency that's been proposed.

3           And I think that as we work  
4 together on financial capacity building, that  
5 we ought to be thinking about the way in which  
6 that effort relates to this broader financial  
7 reform.

8           Again, I'm thrilled to be here with  
9 you. I'm looking forward to working with all  
10 of you going forward, and I look forward to  
11 the conversation this morning. So, thank you  
12 very much.

13           CHAIR SCHWAB: Thank you very much,  
14 Michael.

15           (Applause.)

16           CHAIR SCHWAB: I want to thank both  
17 Michael and Michelle for being here with us.  
18 You can just see the quality of the people in  
19 the Treasury and we can feel highly confident  
20 we have strong and smart people working on our  
21 behalf.

22           Now, I'd like to move to the part

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1 of our meeting - as you know, we're organized  
2 under five committees, and we have five  
3 committee heads. And I would like to have  
4 each of them give us a report of where they're  
5 at and some of their priorities, and we'll go  
6 around the room here.

7 I'll first start off with Ted Beck  
8 who heads up the Outreach Committee. Ted?

9 MEMBER BECK: Thank you, Mr.  
10 Chairman.

11 First, I'd like to thank the  
12 Committee members, Sharon Lechter, Laura  
13 Levine, the Reverend Dr. Robert Lee and Vice  
14 Chairman John Bryant, who were all very active  
15 in the Committee activities over the last  
16 several months.

17 Within the written materials you  
18 have a report that focuses on two areas that  
19 we've been looking at very hard. One is the  
20 concept of a national financial checkup which  
21 ties into Recommendation 14 of our report  
22 earlier this year.

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1           We're pleased to report that the  
2 Committee has moved forward and has arranged  
3 preliminary work on a national financial  
4 checkup in cooperation with the Tuck School at  
5 Dartmouth College that is in a preliminary  
6 form. And we would be happy to share it with  
7 council members who are interested in  
8 reviewing the document, with the concept that  
9 that might be picked up for further use as we  
10 develop a national strategy.

11           Anybody who is interested in that,  
12 please contact me or the Treasury team, and  
13 we'll be happy to get that to you.

14           The other thing emphasized in the  
15 written report is the importance of the  
16 listening sessions that many of us have been  
17 doing either individually or as groups around  
18 the country. And that that is a process that  
19 should continue and, we think, brings great  
20 value.

21           Other items that have come up since  
22 the report was written in some meetings last

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1 week, add to the concept of expanding  
2 communication, and I'd like to go through  
3 those quickly.

4 First of all, the concept of an  
5 expanded website which is tied to  
6 Recommendation Number 8 of our report, I'm  
7 pleased to report that the Treasury team is  
8 reworking the website at the moment.

9 One of the things that the Outreach  
10 Committee would very much like to see  
11 incorporated in that website as it's redone,  
12 is a calendar where we could all share our  
13 various activities not only as members of the  
14 President's council, but other activities that  
15 many of our organizations have going on that  
16 could overlap with the organizational  
17 activities of the Council.

18 We're also pleased to report from  
19 the Treasury team again, their linkage to the  
20 Financial Literacy and Education Commission  
21 known as FLEC, who has formed an outreach  
22 committee and is now in the process of

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1 developing a newsletter which we would also  
2 like to see shared with the entire council so  
3 we can be very aware of what other activities  
4 are going on within the Federal Government.

5 The third thing that came out of  
6 our last meeting is the idea of a regularly  
7 scheduled conference call with the committee  
8 chairs, so that we can share what the  
9 different committees are doing, so that we can  
10 keep our various members informed on a more  
11 timely basis.

12 A second item that was very  
13 strongly emphasized in our last few meetings  
14 was the importance of the listening sessions.

15 We thought that there's great value in these,  
16 and we would like to see them expanded.

17 It was also pointed out that there  
18 are various groups that we have not heard from  
19 in the listening sessions and we should start  
20 to try to include groups such as senior  
21 citizens, parents with small children, single  
22 parents, and specifically trying to identify

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1 opportunities for listening sessions with a  
2 wide diversification of groups.

3 There is great value in that and we  
4 can share that information as we have those.

5 On that same note, I would like to  
6 make the Council aware of the next listening  
7 session which is actually scheduled for  
8 November 8<sup>th</sup>, Sunday morning. It is linked to  
9 the Jump Start meeting.

10 If you want details on that, it's  
11 actually a listening session that will be done  
12 with teachers from around the country. And my  
13 colleague Laura Levine will be happy to  
14 arrange a ticket for attendance on Sunday  
15 morning for anyone who is so interested.

16 The other thing that came out of  
17 our last couple of meetings is very strong  
18 support from the Outreach Committee on the  
19 concept of a national public awareness  
20 campaign.

21 We believe this is a unique point  
22 in time where we can rally the numerous

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1 organizations ranging from government, to  
2 education, to the nonprofit world as well as  
3 the private sector, in putting forward a very  
4 widespread national public awareness campaign  
5 about the importance of financial literacy,  
6 the importance of core competencies that the  
7 Treasury team is working on currently, and  
8 just to not lose this opportunity.

9 We would hate to see this go away.

10 Because at the moment given all the concern  
11 about the recent issues in the economy, it is  
12 an ideal time to put forward a national  
13 agenda.

14 That concludes my report.

15 CHAIR SCHWAB: Thank you very much,  
16 Ted. We'll have more conversation about your  
17 items in a few moments.

18 I'd like to turn next to Dr. Hira  
19 who is our chair of our Research Committee.

20 MEMBER HIRA: Thank you. Our  
21 committee's focus was on two major areas. One  
22 is to recommend common understanding of the

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1 definitions and core content and competencies  
2 because we like to have a consistent  
3 understanding of what it is that we are doing  
4 and offering.

5 And the second is to have  
6 standards. Standards of learning, standards  
7 of outcome, and standards of behavior change.

8 And so, I think that this committee  
9 was mostly about setting standards and setting  
10 clear understanding of the programs and  
11 content and competencies to be the two focused  
12 in our mind.

13 And of course some of that work is  
14 done through research. And as we already  
15 heard, that there is research and there's a  
16 whole lot more work that needs to be done and  
17 of course improved upon and do it in a  
18 different way.

19 Most of our recommendations were  
20 summarized, can be summarized in two  
21 recommendations; Number 11 and 12, and let me  
22 just briefly share them with you.

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1           The Committee recommended, and  
2 council adopted, the recommendation that the  
3 private sector, state and local governments  
4 and non-profits should adopt the Council's  
5 definition for financial literacy and  
6 financial education, because those two are  
7 being used in different ways at this moment  
8 depending on who is talking with us so that as  
9 we move forward, the programmatic decisions  
10 are based on a common understanding.

11           I think that word "common  
12 understanding" is to be underlined and to be  
13 hopefully understood.

14           The definitions we didn't come up  
15 with since we respected the work that has  
16 already been done by the Financial Literacy  
17 and Education Commission. And we said that  
18 their definition should be the one widely  
19 distributed, adopted, and used to guide us.

20           The Committee also recommended, and  
21 the full Council adopted the recommendation,  
22 that Treasury should identify and standardize

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1 the specific skills that a person should have  
2 upon completion of a course, hence the core  
3 competencies and comprehensive financial  
4 literacy programs, what are they supposed to  
5 include, and explore the creation of  
6 certification of the people in the programs  
7 behind it so that we can once again assure the  
8 quality of the program, quality of the  
9 deliverer of the program, and the quality of  
10 the outcome.

11 Of course the second major emphasis  
12 was on research. So, the Committee has listed  
13 in the annual report, a long list of the  
14 research items that were generated by wide  
15 discussion around the nation and with the  
16 members of the Council.

17 But now the Committee is saying to  
18 the Council that as we move forward with the  
19 Treasury's research, we would like to be  
20 engaged in advising the research that Treasury  
21 conducts or other organizations are involved.

22 Just to give you a couple of

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1 examples: What are the barriers of having  
2 financial education be a required subject in  
3 public schools? And who should require it?  
4 And how can the barriers be overcome?

5 And if we did require it, how would  
6 it make a difference to households as well as  
7 the nation?

8 If we have some of those answers,  
9 we will be able to continue to get support for  
10 our agenda that we have in front of this  
11 council.

12 Another example would be what role  
13 should the tax policy play in affecting  
14 financial behavior, and what impacts do the  
15 monetary policies have on the consumer's  
16 behavior?

17 Just a few examples. There are a  
18 lot more topics that are listed in our annual  
19 report.

20 I would like to take this moment  
21 also to give you an update on the FINRA survey  
22 that was developed in consultation with

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1 Treasury and others. This survey is a national  
2 baseline survey of financial capability.

3 So, this data will consist of  
4 findings from the three linked surveys. One is  
5 the random digital telephone national survey  
6 involving 1500 people.

7 The second is a state-by-state  
8 online survey that included 25,000 people.

9 And then the third string is the  
10 700 military personnel. I think it was an  
11 online survey as well.

12 I think as we ask for the update,  
13 we were told that before or by the end of the  
14 year, we will have some kind of preliminary  
15 report.

16 And with that, I thank you. It has  
17 been a wonderful opportunity to work in this  
18 area, and I know the work has just started.

19 I forgot to thank my committee  
20 members; Dr. Robert Duvall, Don McGrath. I  
21 would also like to thank Mary Schapiro who is  
22 not with us, but she's an absolutely wonderful

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1 member of the Research Committee. And my very  
2 sincere thanks to Mary and my very small  
3 committee, because I think we've done a great  
4 job with the help of the Council members.

5 Thank you very much.

6 CHAIR SCHWAB: Thank you.

7 (Applause.)

8 CHAIR SCHWAB: Well, thank you, Dr.  
9 Hira.

10 Certainly your definition of  
11 financial literacy, I know it would take the  
12 whole meeting to go over it significantly, but  
13 we'd love to have every American achieve what  
14 you want in terms of meeting those standards.

15 Now, I'd like to turn to my good  
16 friend, vice chairman of our group here, to  
17 John who is the Committee Chair on the  
18 Underserved.

19 VICE CHAIR BRYANT: Thank you, Mr.  
20 Chairman.

21 Really harkening back to Secretary  
22 Barr's comments about behavioral economics, if

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1 any group has been focused on the emotions and  
2 the reactions to both incentives and  
3 disincentives is, I think, amongst other great  
4 committees in the Council, has been the  
5 Committee on the Underserved.

6 I'd like to thank my committee  
7 members. Sharon Lechter who is now a new  
8 best-selling author again. The Reverend  
9 Robert Lee, we always know our meetings will  
10 be heavenly endowed because of his  
11 involvement.

12 We have a strategic advantage over  
13 every committee at the Council, because we  
14 know that God's on our side.

15 And in absentia, we want to thank  
16 Ignacio Salazar who as the Chairman has  
17 already noted, had a family emergency.  
18 Otherwise, he'd be here. He's always here and  
19 he makes sure that we have a very significant  
20 window into the Hispanic and Spanish-speaking  
21 communities.

22 The mission of the Committee is in

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1 your reports and documentation, so I won't go  
2 through that. Let me jump to the substance.

3 The Community Financial Access  
4 Pilot is now operational in all eight pilot  
5 communities.

6 You can go to the Treasury website  
7 for more specifics in this regard, but it  
8 includes Philadelphia, St. Louis, eastern  
9 Kentucky and other communities that often get  
10 left behind.

11 Most of America are small towns,  
12 but small towns get very little attention.  
13 These communities get a lot of light through  
14 this pilot.

15 I should also note that the  
16 Treasury Department will issue a report on the  
17 findings of the pilot in early 2010. The  
18 Committee will review the findings and  
19 recommend a strategy to promote the model  
20 program for adoption by other locations around  
21 the country. So, an expansion of this is  
22 planned in the future.

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1           The number two, Model Cities And  
2 Model States. Through Model Cities and Model  
3 States, we are encouraging cities, counties  
4 and states to take policy stands on financial  
5 literacy. And hopefully with that, to put  
6 budget behind their policy stands.

7           Led by Reverend Lee and Sharon  
8 Lechter, we have met and had substantive  
9 ongoing dialogues with the National League of  
10 Cities, the US Conference of Mayors, the  
11 National Conference of Black Mayors, the  
12 National Governors Association and others.

13           And I'm also proud to say that the  
14 State of Pennsylvania is the first state to  
15 commit to adopt a policy around Model Cities  
16 and Model States should we adopt it.

17           I am actually recommending, Mr.  
18 Chairman, that we wait for direction from the  
19 President in this regard, because I believe  
20 this weighs very heavily into broader policy  
21 and want to get direction from Treasury.

22           So, this has good headway and good

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1 traction, and again we already have one state  
2 committed. The Governor committed at the  
3 Pennsylvania Governor's Financial Literacy  
4 Conference last year, but again we want to  
5 take direction from President Obama in this  
6 administration.

7 Keeping in line with the above  
8 efforts which focus on increasing financial  
9 access and financial education among low-  
10 wealth individuals, and I'm reading now from  
11 the executive order, the Committee has made  
12 the following recommendations to the  
13 President.

14 Again, I'm not going to read these  
15 ad nauseam because you have them in your  
16 report, but I think one, it is Number 9, is  
17 worthy of being underscored.

18 The United States Congress should  
19 require financial institutions to provide  
20 every adult American - I'd say every child,  
21 with access to an electronic debit card access  
22 depository account protected by the FDIC or

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1 the National Credit Union Administration.

2 In English, everybody should have a  
3 bank account. You want to make this relevant  
4 to people, then give them a bank account.  
5 Because if you don't understand the language  
6 of money, you don't have a bank account, then  
7 really you're not participating in this  
8 system.

9 This is a fairly progressive  
10 recommendation, but we think that it makes a  
11 good deal of sense particularly in this  
12 environment.

13 You look at what some places like  
14 the UK are doing even going further around  
15 child accounts. We're not suggesting that,  
16 but these are sort of a step in the right  
17 direction.

18 Recommendation 10, Congress should  
19 provide federal funding for any non-profit  
20 organization working on community-based  
21 financial literacy programs.

22 In English, most of these efforts

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1 are being done ad hoc, they're being done by  
2 charities, by non-profits, by funding from  
3 private companies. There should be federal  
4 funding for financial literacy done  
5 responsibly by non-profits under some standard  
6 codes of conduct and ethics.

7           Going now to joint initiatives  
8 between my committee and the Youth Committee  
9 led by Laura Levine from Jump Start, I want to  
10 commend Jump Start also for all you have done  
11 to raise this issue of financial literacy.  
12 Without you, we wouldn't be here.

13           Again, I'm not going to go through  
14 each recommendation, but I think  
15 Recommendation 1 deserves underscoring to  
16 mandate financial education K through 12. I'd  
17 actually say K through college.

18           The number one reason that black  
19 and brown kids drop out of college is not  
20 academics, it's money.

21           This year 350 otherwise qualified  
22 students at Spellman, a female college in

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1 Atlanta, could not get in school because they  
2 couldn't afford to pay tuition.

3 They met academic requirements,  
4 they hit every mark, but their parents make  
5 40,000 a year on average and they couldn't get  
6 back in school.

7 And we all know the earned income  
8 tax credit. One out of four Americans who  
9 qualify for it, never even ask for it. That's  
10 \$9 billion that went back to the Federal  
11 Treasury last year. So, we think that K  
12 through 12, certainly education needs to be  
13 mandated.

14 The National Financial Literacy  
15 Challenge, which was innovated by the Schwab  
16 Foundation, is a good idea and should  
17 continue.

18 Number 3, Post-Secondary Financial  
19 Education Honor Roll, this resembles Model  
20 Cities and Model States, but it's for  
21 education of higher institutions to encourage  
22 college and universities to make financial

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1 literacy a best practice throughout the higher  
2 education community.

3 And this one is near and dear to my  
4 heart, Recommendation Number 4, the President  
5 should direct the United States Department of  
6 the Treasury and Department of Education to  
7 take the necessary steps to require college  
8 students to take a more comprehensive course  
9 in financial literacy.

10 Now, this spawned action. At the  
11 presentation of our report in December, and  
12 then subsequently on March 5<sup>th</sup> of this year,  
13 congresswoman Sheila Jackson-Lee of Texas  
14 authored HR 1325.

15 HR 1325 is a direct outcome from  
16 the President's Council. HR 1325, in short,  
17 recommends a legislation that will require  
18 every recipient of a guaranteed student loan  
19 to get a mandatory course in financial  
20 literacy, and every college or university that  
21 receives federal funds, to require a course in  
22 financial literacy.

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1           It has received bipartisan support.

2           I have been told that Sheila Jackson-Lee may  
3 be joining us this afternoon for a meeting  
4 I'll tell you about in a moment.

5           But this is something that we  
6 believe the Senate should take up, the House  
7 should ratify and hopefully the President  
8 finds worthy.

9           But again, I want say this is not  
10 just a Ph.D. conversation, it's a Ph.Do  
11 conversation, and a recommendation that was  
12 made in December has already made its way into  
13 legislative proposal.

14           The Financial Literacy Core was  
15 created as an outcome of our committee. It is  
16 now housed at the Corporation for National  
17 Community Service.

18           It's dormant at the moment, but it  
19 has been created. The President's Council  
20 Financial Literacy Core, so it's been  
21 structured, created, codified and is sitting  
22 there. And I think this ties into President

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1 Obama's call to service - Wouldn't it be  
2 beautiful to see college students around this  
3 country going into communities and putting out  
4 these economic fires in households because  
5 people are ashamed to admit that they're in  
6 economic trouble, they're suffering quietly?

7 To be able to go door to door to  
8 these families' homes and deal with their  
9 issues would be a very powerful use of this  
10 Financial Literacy Core.

11 MICHAEL BARR: John, can I just ask  
12 one thing?

13 VICE CHAIR BRYANT: Yes, sir.

14 MICHAEL BARR: This has been  
15 authorized, but not funded?

16 VICE CHAIR BRYANT: It's been  
17 authorized, created, and established. And if  
18 you actually Google Financial Literacy Core or  
19 go to the, I believe, the Corporation for  
20 National Community Service, you'll actually  
21 physically see it.

22 But yes, it's not funded - there's

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1 no money behind it, there's no staffing behind  
2 it, but at least it's teed up.

3 Am I right about this, Sharon?

4 If you Google it, it's - United We  
5 Serve, but it's there.

6 So, the SBA Office of  
7 Entrepreneurship Education, the Committee on  
8 the Underserved worked with the SBA to create  
9 the SBA Office of Entrepreneurship Education.

10 This is another example of  
11 something that's been created, codified,  
12 organized, developed and is existing, but has  
13 no budget and a skeleton staff, but we thought  
14 it was important to get it teed up.

15 It was teed up the fourth quarter,  
16 I believe, of last year. I believe that  
17 corporate jobs are not going to be our answer.

18 It's going to be a generation of  
19 entrepreneurs and self-employment projects,  
20 And so, this is another practical example.

21 The Future Responsible Subprime  
22 Lending was something that was fairly

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1 controversial that the Committee did last  
2 year. And ultimately, we came away with a  
3 recommendation for the Committee to fuse  
4 financial literacy into the mortgage lending  
5 and credit process.

6 There's also a final recommendation  
7 by the full council you can also download.

8 And then the final two points on  
9 our outreach, and again I want to commend Ted  
10 Beck for his efforts around these listening  
11 sessions, I commend Ted for teaching me how to  
12 listen seeing as though I seem to know how to  
13 talk, but we were successful in having  
14 engagement with the White House initiative on  
15 HBCUs, which there is now a robust, ongoing  
16 engagement and a commitment to provide  
17 financial literacy to every freshman on every  
18 105 campus over five years.

19 The Federal Reserve Chairman and  
20 the Board of Governors held a special meeting  
21 with the President's Council to be briefed on  
22 the recommendations. It was Chairman Bernanke

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1 and the governors, the Federal Reserve Banks  
2 including Atlanta, all the regulatory  
3 agencies, organizations like AARP, the Service  
4 Employee International Union, Financial  
5 Services Roundtable. So basically,  
6 government, community, and the private sector.

7 And I guess the last thing I will  
8 mention is that as a result of our work, HR  
9 1325 as I've already mentioned has been teed  
10 up, but also HR 65 was teed up by  
11 Representative Diane Watson, which supports  
12 the nonpartisan work of the President's  
13 Council on Financial Literacy.

14 And I will note that this was a  
15 Democrat who did it when Bush was in office.  
16 She did it to make a point that this is a  
17 nonpartisan issue. And there are now 17 bills  
18 in the House and the Senate that have been  
19 teed up around financial literacy.

20 And I'm proud to report, Mr.  
21 Chairman, in my remarks, that at the request  
22 of Senate Majority Leader Harry Reid, there is

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1 a briefing this afternoon on financial  
2 literacy at the Senate on several of these  
3 bills in the Senate, including Senator  
4 Murray's bill and I believe a bill by Harry  
5 Reid, where they want to get the staff moving  
6 on these issues.

7 So, we're seeing significant  
8 traction. Thank you for allowing me to give  
9 my report.

10 CHAIR SCHWAB: Thank you, John.

11 As you can see, it's enormous the  
12 opportunity and the need for work with the  
13 underserved. And I'd have to say it's not  
14 just the communities you might think of. It  
15 goes right on up the line. It's a big part of  
16 the American population.

17 VICE CHAIR BRYANT: Well, if you're  
18 middle-classed today, you feel underserved.

19 CHAIR SCHWAB: Yes, that's for sure.

20 So, thank you, John.

21 Now, I'd like to move to our next  
22 committee report from Janet Parker who is our

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1 Chair of the Workplace Committee.

2 MEMBER PARKER: Thank you, Chairman  
3 Schwab.

4 First of all, I'd like to start out  
5 by recognizing our committee members. Vice  
6 Admiral Cutler Dawson, Dr. Tahira Hira, David  
7 Mancl, Charles Schwab and Ignacio Salazar, but  
8 I'd also like to give special acknowledgment  
9 to Mary Schapiro because she too was on our  
10 committee and did an outstanding job and was a  
11 wonderful resource.

12 Additionally, I'd like to recognize  
13 some of our special advisors, and that would  
14 be Carrie Schwab-Pomerantz, Michael Townsend  
15 and Nancy Hammer with the Society for Human  
16 Resource Management.

17 I would be remiss if I didn't thank  
18 Michelle Greene. I spent some time with  
19 Michelle right as she was coming on board.  
20 She had 10 million things to do, and she took  
21 time to sit down with me and Nancy and really  
22 give us some guidance on her thoughts and her

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1 vision.

2 So, Michelle, thank you. That was  
3 so helpful as we pulled everything back  
4 together. And, Dubis and Louisa, thank you  
5 for your continued support.

6 I just want to start out by talking  
7 a little bit about our recommendations because  
8 some of you don't have those in front of you.

9 Our subcommittee had three  
10 recommendations, and one was that the United  
11 States Congress should explore one or more tax  
12 incentives to encourage employers to provide  
13 financial education in the workplace.

14 Secondly, to establish an annual  
15 workplace financial literacy honor roll, and  
16 then to create an internet-based resource  
17 center on the federal government's financial  
18 literacy website, [mymoney.gov](http://mymoney.gov) for human  
19 resource professionals and employers to have a  
20 best place that they could go for resources.

21 We all know there's so much out  
22 there. And knowing where to go, we really

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1 want that credible and that trusted resource.

2 While we all thought that our  
3 recommendations were still relevant, we  
4 thought it was really important that we  
5 validate that.

6 So, in cooperation with the Society  
7 for Human Resource Management, we were able to  
8 circulate a survey to 3,000 of SHRM's 250,000  
9 members.

10 And I won't cover all of the survey  
11 questions, but I want to highlight just a few  
12 of the questions and the results.

13 64 percent of the members that  
14 responded provide financial education. 92  
15 percent do not plan to provide financial  
16 education in the next 12 months.

17 Cost and lack of employee interest  
18 are biggest obstacles to providing financial  
19 literacy programs.

20 88 percent have not conducted a  
21 needs assessment to determine the topics and  
22 the interest to include in financial literacy

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1 programs.

2 And last, this is going to come as  
3 no surprise to most of us, but inability to  
4 save for the future and making ends meet are  
5 the primary personal financial goals.

6 So with that information, we felt  
7 very comfortable that the recommendations that  
8 we made are still relevant and still very much  
9 needed.

10 From a tactical standpoint, we  
11 looked at our honor roll. We do feel like our  
12 financial honor roll program is a way that  
13 employers could get some really best practices  
14 through this Financial Literacy Honor Roll  
15 Program, but there are things that we're going  
16 to need to do.

17 So, we've looked at our  
18 application, we rationalized some of the  
19 information on there, and hopefully we've  
20 provided a good foundation as we look forward  
21 to doing this in the future.

22 And hopefully we'll be able to find

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1 a partner that would work with us to  
2 distribute the application and do the scoring,  
3 and then also do the rewards because again we  
4 think that employees would really benefit from  
5 the information.

6 It would be right there in front of  
7 them, the best practices, someone's already  
8 done it. We can go to a CEO and say look what  
9 so-and-so company did, look at the return on  
10 investment.

11 And when we think about where  
12 companies are right now as we're all trying to  
13 pull out of the recession, we really need our  
14 employees to be focused.

15 We need them not to be distracted  
16 about financial issues that will also affect  
17 their health, so it's a cascading type of  
18 situation that we're all dealing with.

19 While we couldn't get the honor  
20 roll out this year, there was one thing that  
21 we could do.

22 And again in cooperation with the

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1 Society for Human Resource Management, they  
2 have an award that they give to their small  
3 and medium-sized companies on an annual basis.

4 They work with Best Places to Work, and we  
5 were able to get criteria on the application  
6 regarding financial literacy.

7 So, now when we send out that  
8 application for Best Places to Work, for Best  
9 Small and Medium-Sized Companies through the  
10 Society for Human Resource Management, there  
11 will be a reference to financial literacy.

12 I think in conclusion, I think it's  
13 evident that there is truly a need in the  
14 workplace.

15 You know, we would like to think  
16 that the workplace should be a continuum of  
17 what we're seeing in our schools, but the  
18 reality is that it's not a continuum. It  
19 really may be the first place that someone may  
20 have an opportunity to learn and hear about  
21 financial literacy.

22 So with that in mind, our

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1 committee, and if anyone disagrees with me, we  
2 really are ready to do and take the next steps  
3 on whatever we need to do to enforce, to  
4 circulate, to encourage financial literacy in  
5 our workplaces.

6 Thank you, Chairman Schwab.

7 CHAIRMAN SCHWAB: Thank you, Janet.

8 I know the ambition you have is enormous and  
9 the potential there is fantastic.

10 There are six million businesses in  
11 America that employ one or more employees.  
12 And if we could just get a fraction of those  
13 to do exactly what you're talking about, it  
14 would be fantastic.

15 If we get half of them, it would be  
16 better. If we get all of them, you know, we'd  
17 be home free.

18  
19 VICE CHAIR BRYANT: Mr. Chairman?

20 CHAIR SCHWAB: Yes, sir.

21 VICE CHAIR BRYANT: Schwab has done  
22 a study at some point, speaking of the

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1 workplace, with Ariel Capital Management on  
2 the difference between wealth, between the  
3 mainframe and minority.

4 So, maybe later in the meeting you  
5 could reference that.

6 CHAIR SCHWAB: We'll come back to  
7 that later.

8 Let me turn to Laura Levine who  
9 chairs our Youth Committee, another big  
10 potential area that we need to work on.

11 MEMBER LEVINE: Thank you, Mr.  
12 Schwab. Thank you everyone.

13 The first five recommendations in  
14 the annual report were the ones generally put  
15 forth by the Youth Committee.

16 My colleague John Bryant did a  
17 great job of outlining a lot of them. So,  
18 what I think I'll do is I'll focus on some of  
19 the areas that we've been working on recently,  
20 especially since the Committee resumed  
21 discussions over the summer.

22 There were two main projects that

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1 we focused on. First is Money Math Lessons  
2 for Life, and the second one is the National  
3 Financial Literacy Challenge.

4 Money Math Lessons for Life is a  
5 curriculum that was one of the first actions  
6 that we took when the full President's council  
7 was formed in 2008 and we adopted this  
8 curriculum that is presented by the Treasury  
9 Department.

10 I'm pleased to report that since  
11 February of 2008, Money Math has been  
12 downloaded more than 450,000 times from either  
13 the mymoney.gov website or the Treasury  
14 Department website, and has also been  
15 distributed 8,000 times in print copy.

16 When we think about many of those  
17 are teachers that are receiving the print  
18 copies or downloading the curriculum, the  
19 multiplier effect is really just staggering.  
20 And so, I'm just so pleased with the success.

21 But meanwhile, the Excellence in  
22 Government Fellows Program is the non-profit

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1 organization Partnership for Public Service.  
2 This program volunteered to conduct a user  
3 satisfaction survey on Money Math for  
4 Treasury. And among some of the findings from  
5 this survey were that 81 percent of the  
6 respondents were satisfied with the Money Math  
7 curriculum, and 84 percent would recommend the  
8 curriculum.

9 47 percent of the respondents are  
10 using the curriculum in some place other than  
11 a math class even though it was designed to  
12 infuse personal finance content into math.

13 And while 36.4 percent, or the  
14 largest group of respondents, were in fact  
15 using it at the middle grade's level, which  
16 was the intended audience, the majority of the  
17 users were using it someplace else in  
18 elementary schools, in high schools.

19 So, in grades both before and after  
20 the middle grades, as well as a lot of non-  
21 school-based programs including adult programs  
22 and also English as a second language course.

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1           So, the breadth of this reach of  
2 the product has been just phenomenal. And  
3 again because it's offered at no cost, I think  
4 it's something that the entire Council can and  
5 should feel very proud of.

6           The other project that the Youth  
7 Committee has been focusing on has been the  
8 National Financial Literacy Challenge.

9           And as you know, we conducted the  
10 first two rounds of the challenge in 2008.  
11 More than 120,000 high school students  
12 participated in the first two rounds. And so  
13 as part of our annual report, we recommended  
14 institutionalizing the program and expanding  
15 it.

16           And since then, Treasury staff has  
17 undertaken an effort to enhance the challenge  
18 and the Youth Committee has worked, and  
19 pledges to continue work with the Treasury  
20 Department staff, to enhance the content, the  
21 outreach approach particularly to some  
22 underserved communities, and to look at the

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1 recognition and award structure to develop a  
2 teacher resource to assist teachers in  
3 preparing for the challenge.

4 And the Youth Committee has been  
5 very active in not only promoting the  
6 challenge among the organizations that we  
7 represent, but also among the educational  
8 community.

9 And so, we're very excited that we  
10 expect that the challenge will once again be  
11 presented in spring of 2010, and of course we  
12 stand ready to assist however we can.

13 Moving forward, there are a few  
14 other things that the Youth Committee has been  
15 talking about, and one is that we really want  
16 to focus our efforts on those that have  
17 traction.

18 We want to really concentrate on  
19 those efforts that have some demonstrated  
20 ability to secure resources and support for  
21 the activities. And we strongly believe as  
22 both Secretary Barr mentioned and John has

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1 mentioned and also the Research Committee has  
2 mentioned, we really want to base our  
3 activities, our efforts on some solid research  
4 that demonstrates effectiveness so that we are  
5 really using our limited resources as wisely  
6 as we can be.

7           With that in mind, I think one of  
8 the things that we really would like to do as  
9 John mentioned, is our next priority as a  
10 committee, is to look at the Post-Secondary  
11 Honor Roll.

12           Janet talked a bit about the  
13 Workplace Honor Roll. The Youth Committee  
14 proposed a Post-Secondary Academic Institution  
15 Honor Roll to recognize some of the best  
16 practices in financial education at that  
17 level.

18           The recommendation was approved by  
19 the full council last year, but has not been  
20 executed. So, we look forward to making that  
21 a priority as we move forward.

22           We are also committed to continuing

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1 our look at early childhood education. And  
2 that was the fifth recommendation in the  
3 annual report.

4 And beyond those, the other thing  
5 that the Youth Committee feels very strongly  
6 about is looking for ways to recognize and  
7 reward and support teachers not only through  
8 the National Financial Literacy Challenge, but  
9 in general.

10 We think that this is going to be  
11 something really important in terms of  
12 advancing financial education at the K through  
13 high school and also at the post-secondary  
14 level.

15 And so with that, I would just like  
16 to conclude by acknowledging the members of my  
17 committee. And I'm so delighted to be able to  
18 do this, because the members of my committee  
19 are all people that I knew even before we were  
20 members of the Council, and I just love  
21 working with them. And we're still friends,  
22 believe it or not.

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1 Ted Beck, Ted Daniels, Bod Duvall,  
2 Jack Kosakowski and Dave Mancl, thank you for  
3 letting me work with you. We just have a  
4 great time and I hope we're doing some good  
5 stuff.

6 I'd like to recognize Michelle  
7 Greene for her leadership, and the entire  
8 Office of Financial Education staff. But  
9 especially I have to single out Dubis Correal  
10 and Louisa Quittman for just their unending  
11 support to our activities.

12 (Applause.)

13 MEMBER LEVINE: I want to recognize  
14 Dan Iannicola, he's here in the audience, for  
15 getting us started.

16 (Applause.)

17 MEMBER LEVINE: And then finally, I  
18 just want to thank the members of the Jump  
19 Start Coalition.

20 As many of you know, my own  
21 organization -- I don't feel bad pitching  
22 this, because Jump Start is not one

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1 organization. We're many organizations in  
2 many state affiliates, and this coalition has  
3 really rallied behind the efforts of the  
4 President's Council.

5 And I just as a whole would like to  
6 thank the coalition not only for their  
7 support, but for their willingness to continue  
8 to work together at this effort.

9 So, with that, thank you.

10 CHAIR SCHWAB: Thank you, Laura.  
11 Wonderful work going on there. You can see  
12 the work of the five committees has been  
13 pretty incredible, and thank you for all that.

14 You can see how the organization of  
15 our council here has continued to work really  
16 hard through the whole of '09, and thank you  
17 for all that.

18 Now, I'd like to move to Michelle  
19 Greene to give us some ideas about what  
20 Treasury has in mind, some further priorities  
21 for us. So, I'll turn it over to Michelle.

22 MICHELLE GREENE: Thank you. And I

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1 will try to just briefly touch on some of the  
2 work that we are undertaking and plan to  
3 undertake that's particularly relevant to the  
4 Council and the Council's recommendations.

5 I am very happy that I am not going  
6 to be the only one speaking about this. And I  
7 just want to point this out, because I think  
8 it really makes a statement.

9 I'll be speaking about some of the  
10 recommendations. But Matt Yale who's here  
11 from the Department of Education, will be  
12 speaking about a number of the other  
13 recommendations.

14 And I think the fact that Matt is  
15 here, and you'll hear more about his personal  
16 commitment to this issue and the Department's  
17 commitment to this issue, I think, is just a  
18 great thing and really says a lot about the  
19 commitment of this administration broadly to  
20 this issue.

21 So, one of the questions that we've  
22 gotten from council members on is about some

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1 of the statutory mandates that have come down  
2 since the last time that the Council met. And  
3 so, I just want to briefly touch on those and  
4 talk about the ways that we're thinking about  
5 executing those and working with the Council  
6 on those.

7 In particular, the Credit Card Act  
8 which actually gave Department of Education,  
9 Department of Treasury and the Council a  
10 shared mandate to catalog and evaluate all  
11 federal financial literacy programs, and that  
12 is something that we have some work underway  
13 on and we will be working closely -- we are  
14 already working closely with the Department of  
15 Education, and we'll be working closely with  
16 the Council as well, to make that not just a  
17 check box exercise, but really something  
18 that's going to be useful and provide some  
19 idea about core competencies and metrics that  
20 can be used more broadly. And I'll talk about  
21 that a bit more in a moment.

22 The second statutory mandate we

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1 have is under the Higher Education Act. And  
2 here Treasury is tasked again with the  
3 Department of Education as well as the  
4 Department of Agriculture, with reviewing and  
5 evaluating financial literacy and education  
6 programs at the post-secondary level.

7 And we are also going to be  
8 promoting some programs that are identified as  
9 being particularly effective. That, again, is  
10 part of the statutory mandate there.

11 And when we started thinking about  
12 what's the best way, again, not just to  
13 fulfill these mandates, but to do it in a way  
14 that is meaningful and that really  
15 accomplishes some of the goals that were  
16 behind not just these mandates, but many of  
17 the Council's recommendations, we thought that  
18 an important first step here, and this goes  
19 also to some of the other work that you heard  
20 about from Dr. Hira, is to find some common  
21 definition of what these programs are trying  
22 to accomplish.

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1                   What is that set of core  
2 competencies, core ideas, knowledge, skills  
3 that every financially capable person needs to  
4 have?

5                   And we really felt that it was  
6 important as a first step, to get some clarity  
7 and agreement around those.

8                   So, we have put together a team of  
9 experts which includes some members of the  
10 Council. And that team is going to be coming  
11 up with a first draft of what they think those  
12 core competencies are. Then we're going to be  
13 taking it out to all of you, the public, to  
14 get your input, because we don't want this to  
15 just be: "Our experts say." We want this to  
16 be something that we all come together and  
17 agree: this is what we collectively as a  
18 community are trying to accomplish when we  
19 have financial education programs.

20                   And so, that's going to be the  
21 first step in both of these statutory  
22 mandates. The first step is going to be

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1 identifying what those core competencies are.

2 And then after that, obviously, we  
3 have to say well, how do we apply them?

4 So, the second set of research that  
5 we have underway is identifying metrics that  
6 will take those core competencies and say how  
7 do we use those to evaluate programs?

8 And that is something that's also  
9 underway and, again, that we hope will be used  
10 much more broadly than just for us doing these  
11 particular evaluations, but will help to give  
12 some real discipline and focus to all of us as  
13 a community as we evaluate our programs and  
14 make sure that they're achieving what we're  
15 hoping they're achieving.

16 And then just to build on that a  
17 bit further, Michael talked a lot about the  
18 fact that we are very committed to making sure  
19 that what we are doing is what is actually  
20 proven to work and to change behavior and to  
21 make a difference in people's lives.

22 And so, we are very focused. We've

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1 been working with the Research Committee and  
2 they've been terrific here on the Council, and  
3 beyond in research in a number of different  
4 areas. And Treasury is funding some research  
5 right now about the unbanked and underbanked  
6 and we will be very focused on making sure  
7 that our policies are based on evidence of  
8 what in fact is effective.

9 To move on to some additional  
10 topics relevant to some of the Council's  
11 recommendations, and I won't repeat the great  
12 reports that you've heard from the Committee  
13 Chairs, Laura touched on the Financial  
14 Literacy Challenge.

15 And this is a place where we think  
16 the Council started something really terrific.

17 And we've heard from a lot of teachers about  
18 how important this has been to their ability  
19 to say hey, this is something I need to teach.

20 And so, we really want to expand  
21 and improve upon that and try and really make  
22 a big effort to reach, in particular,

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1 underrepresented, underresourced communities,  
2 and the teach tool being a big part of that as  
3 well.

4 And that's been a constant question  
5 we have been getting. Yes, there will be  
6 another challenge. Look for it in the spring  
7 of 2010, and we'll be announcing the actual  
8 date and all very soon.

9 A number of the committees also  
10 touched on online resources and the need for  
11 one reliable, unbiased place to go for  
12 information.

13 And we are in the middle of  
14 revamping the Financial Literacy and Education  
15 Commission website which is mymoney.gov. We  
16 are doing a complete overhaul of the site  
17 because we want it to be the place for  
18 reliable, unbiased information that's  
19 presented in an accessible way.

20 And as part of that overhaul,  
21 there's a couple of things that speak directly  
22 to Council recommendations that we hope to

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1 incorporate in that site.

2 One is a resource center for human  
3 resources professionals and for people who are  
4 doing financial literacy in the workplace.

5 Another is a teacher resource  
6 center and a parent resource center for folks  
7 who want to help children learn about  
8 financial literacy either in the home or in  
9 the schools.

10 And then we also are hoping to have  
11 a number of other tools there. Certainly the  
12 calendar, but a number of other tools there  
13 that will make this information very  
14 accessible, very usable.

15 And here again we will be coming  
16 out to the public and to many of you in this  
17 room for your input as we design that website  
18 to make sure it does in fact meet the needs  
19 that are out there.

20 On the topic of unbanked and  
21 underbanked, many of you in this room who do  
22 know Michael Barr, know that he has spent his

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1 entire career working on behalf of the  
2 unbanked and underbanked.

3 And I think the biggest statement  
4 about the Administration's commitment to this  
5 issue is the fact that they've appointed  
6 Michael as Assistant Secretary for Financial  
7 Institutions.

8 I mean nothing could say more  
9 strongly about how committed this  
10 administration is to this issue, and we will  
11 definitely be introducing a number of  
12 initiatives in that area.

13 And John also talked about our  
14 Community Financial Access Pilot, and we're  
15 hoping that some of the learnings from that  
16 can be taken and applied elsewhere. And we'll  
17 be holding a conference early next year to  
18 talk about what some of those learnings are.

19 And we also just want to really  
20 recognize Sonja Klukas and Naomi Jordan for  
21 the terrific work that they have been doing in  
22 those communities and all that they've been

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1 doing not just for the individuals in those  
2 communities, but also taking what they're  
3 learning in those communities and turning it  
4 into things that can become systematic changes  
5 that we can use as we try and touch additional  
6 communities.

7           And then one of our general  
8 principles which I think again is relevant to  
9 a lot of these -- a lot of these different  
10 recommendations and programs, is that we  
11 really don't want financial literacy to live  
12 in a silo.

13           It can't be its own separate thing.

14           It has to be something that's incorporated  
15 into everywhere that it can be relevant,  
16 because that's where it's really going to make  
17 a difference.

18           And so, we are working both on the  
19 Financial Literacy and Education Commission  
20 and on an individual basis with a number of  
21 different agencies to make sure that financial  
22 literacy is part of programs for battered

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1 women, is part of programs for force readiness  
2 at the Department of Defense, and really  
3 making sure that it's infused where it's going  
4 to make the biggest difference. And I think  
5 that speaks to a lot of the recommendations  
6 that we've discussed today.

7 And then finally, many of you may  
8 have seen the announcement, but specifically  
9 in terms of fusing financial literacy in the  
10 mortgage lending process, just last month  
11 Treasury CDFI Fund issued a Notice of Funding  
12 Availability for Financial Education and  
13 Counseling Pilot Grant Program. And that is,  
14 we hope, going to be a pilot program.

15 It's designed with a strong  
16 evaluation component so that what we can do is  
17 find programs that work and can be taken to  
18 scale. That's really the goal of that  
19 program.

20 So, we have a lot of work underway,  
21 a lot more work coming, and we really  
22 appreciate the recommendations that this

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1 council has made to help guide us in our work.

2 So, thank you.

3 (Applause.)

4 CHAIR SCHWAB: I guess one of the  
5 most important things a chairman needs to do  
6 is turn on the microphone.

7 Anyways, so thank you, Michelle.  
8 And I wanted to introduce Matt Yale who's with  
9 the Department of Education, to follow up and  
10 hear from him.

11 MR. YALE: Thank you, Chairman  
12 Schwab, and really the entire council for  
13 having me here. I mean the fact that  
14 education is at the table means a tremendous  
15 amount.

16 And we've only been here nine  
17 months, and actually in nine months I've had a  
18 baby. So, I can tell you how long nine months  
19 is. It's quite laborious, pun intended.

20 And we bring to this, first of all,  
21 we're not starting from zero. What we've been  
22 handed is a tremendous place to start, so

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1 we're thrilled with that opportunity.

2 Secretary Duncan, as many of you  
3 know in Chicago, started a school called the  
4 Ariel Community Academy where at the heart and  
5 soul of the building was a saving and  
6 investment curriculum where every student  
7 starting in first grade had a portfolio of  
8 real money, \$20,000, as a class.

9 And before Arne left Chicago, I  
10 actually ran the school. And one of the ideas  
11 was, how do we take to scale the area model  
12 and bring it to all schools in Chicago?

13 Granted, it was a Cadillac and we  
14 were hoping to get a Ford in every school.  
15 And then suddenly on December 16<sup>th</sup> he got a  
16 phone call from president elect saying, you  
17 know, you're wanted elsewhere.

18 So, a number of us left and are now  
19 here, which is somewhat sad that we've left  
20 Chicago, but also an extraordinary  
21 opportunity.

22 And Secretary Duncan truly believes

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1 that this is a topic that can no longer not be  
2 in the classroom. It's just unacceptable for  
3 a student to graduate and not understand the  
4 difference between what a stock and a bond is,  
5 what debt is.

6 (Applause.)

7 MR. YALE: And so, you have a  
8 commitment from the Department to make sure  
9 that we're doing everything we can to advance  
10 the agenda.

11 To talk specifically to some of  
12 your acts or recommendations, in terms of a  
13 mandate for K to 12 for all students in every  
14 school to be learning this, you know, we've  
15 learned the Department is not in charge of  
16 curriculum.

17 As much as we would like to  
18 indoctrinate the students of our country with  
19 what we tell them to learn, that's not going  
20 to happen, but there are two specific pathways  
21 where I would encourage the Council to take a  
22 look and also challenge us and push us to do

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1 this.

2 One, reauthorization of what we  
3 used to call No Child Left Behind, but ESCA is  
4 underway. And we want to make sure that  
5 within ESCA lives a piece that breathes and  
6 really integrates financial education.

7 Will it be a main piece of it?  
8 Absolutely not. As you can imagine, we've got  
9 tremendous needs in all areas, but it will  
10 live there. And you have my word that it will  
11 be part of what all kids do learn.

12 Second, there's a group put  
13 together by the Chief State School Officers  
14 right now which has 48 of 50 states that have  
15 signed on to an internationally-benchmarked  
16 common standard.

17 So, forever we've had 50 different  
18 standards in the country where the students in  
19 Alabama, for example, 94 percent of them meet  
20 or exceed state standards, which either means  
21 they're doing really, really well, or  
22 standards are really, really low.

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1           But we're hoping to raise the bar  
2 and really challenge students to do better.  
3 And this organization has put forward this  
4 coalition that when it does succeed, it will  
5 be extraordinary in changing sort of the  
6 dynamic of our country and getting us back to  
7 where we once were.

8           So, within that common standard  
9 there should be a piece of financial literacy,  
10 and again I would challenge the Commission.

11           I know we were supposed to be  
12 taking these recommendations and doing  
13 something, and now I am putting them back on  
14 you, but there's a real opportunity to get in  
15 there and to make sure that financial literacy  
16 is part of that core.

17           Also with K to 12, you know, Arne,  
18 we were joking about this before, the one time  
19 -- he gets booed occasionally. But the one  
20 time he really gets booed is when he's in  
21 front of a classroom of kids and says you're  
22 in the classroom too short, you need to be

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1 here longer.

2           And the reality is that as you all  
3 have heard, there's not time to teach  
4 financial literacy. There's not -- that's no  
5 longer acceptable. The idea that a school day  
6 is 8:00 to 3:00 just doesn't make sense  
7 anymore.

8           So, the secretary and all of us  
9 have been literally around the country. We've  
10 been to 32 states. Yesterday we were in Rhode  
11 Island for our 32<sup>nd</sup> state. And everywhere we  
12 go we're hearing people say; parents,  
13 teachers, superintendents, something with  
14 financial literacy comes up and our hope is  
15 that school days get extended, weekend hours,  
16 even school in the summer.

17           Which again students hate us for  
18 saying, but we've got to do better. And this  
19 is one area where all of you know we haven't  
20 lived up to what we can do.

21           In terms of higher ed, I know one  
22 of the recommendations was that this become a

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1 core piece of all higher ed institutions.

2 Again, we can't insert that  
3 directly. But what we can do is when a  
4 student gets into school and when they leave  
5 school if they have one of our loans, we can  
6 make sure they have the appropriate entrance  
7 and exit counseling so that they are prepared  
8 not just in college to make the right  
9 decisions, but when they graduate knowing what  
10 to do with their student loan, knowing that  
11 when they get to work, the very first thing  
12 they need to do is check the box to enroll in  
13 the 401(k).

14 We understand that and we're hoping  
15 that through our new direct lending process  
16 we'll be able to push that. And I look  
17 forward to updating the Council in the future  
18 when that does happen.

19 Related to higher ed, we have a  
20 website that is not as good as money.gov, but  
21 good, called college.gov. And that's the  
22 access point for students to find out about

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1 their student loans.

2 We're going to add a tab on there  
3 specifically about financial literacy. And  
4 we'll make sure that whatever we have mirrors  
5 what's on mymoney.gov so we're not, you know,  
6 reinventing the wheel, but we're supporting  
7 the efforts of FLEC and everyone in the  
8 Department of the Treasury.

9 And finally, I will leave it saying  
10 that this is something that when we think  
11 about -- we're not going to be here for very  
12 long. We know four years, maybe eight if  
13 we're lucky.

14 And one of the things that we can  
15 do is an administration and a department that  
16 will long outlast our role, and this is one of  
17 them, you know.

18 We want a quality teacher in every  
19 single classroom, we want to turn around the  
20 worst-performing schools in the country, and  
21 we want to make sure that things like  
22 financial literacy are a mainstay.

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1           And if we do that well, I think as  
2 Arne says, we'll educate ourselves to a better  
3 economy. So, thank you.

4           (Applause.)

5           CHAIRMAN SCHWAB: Thank you very  
6 much, Matt.

7           One of my hopes also is to keep  
8 those kids in school from 3:00 to 5:00. We  
9 need to have enough resources in America to  
10 make sure we have teachers there to put these  
11 kids in a little bit more time of learning,  
12 and part of that would be incorporate  
13 financial literacy.

14           But thank you for your comments,  
15 and we hope to keep up the spirit here in our  
16 council here.

17           Thank you, Michelle, for your  
18 comments. Now, I'd like to turn to the  
19 Committee and talk a little bit about our  
20 priorities.

21           I want to thank the two cabinet  
22 departments that represent their views and so

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1 forth, and now it's our time to talk about  
2 some of our priorities, and I would like to  
3 start off with a few of mine just to make  
4 comment about them.

5 As you know, we put forward 15  
6 recommendations in our annual report. And all  
7 of them if implemented, would of course make a  
8 huge difference in the lives of millions of  
9 Americans.

10 The need for financial help, the  
11 need for financial understanding is paramount.

12 And we have started small, and I think you  
13 all should be proud about we start small. You  
14 have to start small before you get big, and  
15 you've got to make the right start. And I  
16 think we've made the right start starting  
17 small and some of the ambitions that we had  
18 enormous ambitions a year-and-a-half ago and  
19 those are just building and great momentum, I  
20 think, is occurring.

21 I think with our passion and our  
22 experience as a group, certainly our

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1 priorities can be fulfilled.

2 Some of the things that are really  
3 important to me is to restart our National  
4 Financial Literacy Challenge. And hopefully,  
5 spring of 2010 will be the starting point.

6 As you know, last year we had  
7 125,000 students participate across the  
8 country. I could see that easily being  
9 doubled.

10 How about that for a target,  
11 Michelle? 250,000 kids across the country.  
12 We could get every superintendent I know in  
13 the country to participate and get their  
14 teachers behind this thing.

15 And that was more thrilling to me  
16 than almost anything when those 15 kids and  
17 their parents showed up here at Treasury for  
18 that event. It was pretty moving, to say the  
19 least, but it ignited across the country so  
20 many different teachers and activities.

21 That's the way we get ground roots  
22 occurring is reach out to those different

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1 communities.

2 I would say a second priority for  
3 me would be is in the workplace. As we know,  
4 there's some 135, 140 million people that are  
5 in the workplace who work for big companies,  
6 small companies, little companies.

7 As I had mentioned, there are six  
8 million companies that have one or more  
9 employees. The workplace is crucial, I think,  
10 to get financial literacy.

11 That's when people are first  
12 beginning their 401(k) activities, first  
13 opportunities for accumulating something in  
14 their life other than their social security.  
15 That's really an important priority to me.

16 And thirdly, I would say the  
17 statistics around the percentage of people in  
18 the urban and minority population do not have  
19 access to bank accounts. It's pathetic to  
20 hear those numbers.

21 And, John, I know this is clearly a  
22 passion of yours, but it's definitely a

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1 passion of mine too at the most minimum level,  
2 is to make sure these people are introduced to  
3 a bank account and avoid those check-cashing  
4 outrageous things that go on just across the  
5 street as you mentioned.

6 And I want to thank John Bryant and  
7 his committee for the efforts that they've  
8 performed in this area, but we need to  
9 redouble efforts for sure.

10 So, those are my three priorities  
11 and I'd like to open it up to the Council  
12 group here. Anything that we've left out or  
13 you'd like to add or underscore in terms of  
14 priorities that you might have for discussion  
15 for the next year coming up?

16 MEMBER DUVALL: Mr. Chairman, I've  
17 recommended to the Chair of the Research  
18 Committee, Dr. Hira, that we take a look at  
19 what's going on in other countries.

20 There are some very interesting  
21 movements in financial literacy in other  
22 countries, and I think we could learn from

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1 them and contribute to an international  
2 effort.

3 The mention was made of the  
4 development of international standards. I  
5 think this would be very much a part of that.

6 CHAIR SCHWAB: Certainly financial  
7 literacy isn't just a problem here in America.  
8 That's for darn sure. As each and every  
9 country becomes more sophisticated and more  
10 industrialized, it is clearly an issue for  
11 them too.

12 So, best practices across the globe  
13 certainly would be beneficial.

14 MEMBER DUVALL: Do you think we  
15 ought to have a committee on that separately?

16 VICE CHAIR BRYANT: I'm just going  
17 to note that it is really Sharon and Jenny's  
18 work, but we are -- the President's Council on  
19 Financial Literacy through the Committee on  
20 the Underserved is now a member of OACD, which  
21 is an international consortium of developed  
22 countries that are focusing on this issue,

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1 financial literacy and best practices.

2 We've spoken at their meeting in  
3 Paris. We're speaking at a meeting in Brazil  
4 in two weeks. So, that process is underway.  
5 And if anybody wants information, Sharon has  
6 the background.

7 CHAIR SCHWAB: Well, maybe Bob might  
8 want to be a part of that information flow.  
9 And probably at some point in time we could  
10 add another one or two committees to our  
11 efforts.

12 Each task force that you all have  
13 done so remarkably well are really the way the  
14 Committee gets real work done and it isn't  
15 necessarily just in this room with a large  
16 group of people. It's when you really dig  
17 down to the details.

18 So, I think it's worthy that we  
19 might think about an additional one or two  
20 committees.

21 MEMBER HIRA: Mr. Chairman?

22 CHAIR SCHWAB: Any other thoughts?

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1           MEMBER HIRA: Yes. I would like to  
2 say that a very important thing that is in  
3 front of us is to have some standards and have  
4 quality assurance and have a foundation.

5           Financial literacy is a new term.  
6 There was financial education in personal  
7 finance that has been around for a while.

8           May not be perfect, may not be  
9 appropriate, may not have all the answers, but  
10 it behooves us not to understand what we have  
11 already learned and then base and spread out  
12 and go forward.

13           There is absolutely no doubt about  
14 it that we need to do that. And I hope that  
15 we move forward with it.

16           There are wonderful examples, as  
17 have been said, about international work.  
18 Somehow people have -- 15 years ago having  
19 done some international work with other  
20 universities, America was ahead of everybody.

21           They had not understood or had anything in  
22 personal finance.

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1           Fifteen to 20 years later, and this  
2 is the experience in New Zealand, Scotland,  
3 Japan, industrialized countries, they were  
4 learning from us. And in some countries, have  
5 gone ahead and they have moved forward with  
6 the standards, so I think it behooves us not  
7 to learn from them.

8           And in one of the sub-committee  
9 that is working behind the scenes right now  
10 for competencies is focusing on that  
11 international work and is trying to learn from  
12 that, but I would suggest there's an enormous  
13 amount of confusion in the nation at this  
14 point in time.

15           What does financial literacy mean?  
16       What is the content?       We're doing  
17 evaluations.       The bases and results are  
18 totally confusing.       And in some ways, very  
19 disserving to the efforts that we are doing.  
20 So, I think we need to be very careful as we  
21 move forward.

22           It behooves us not to have those

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1 standards so once people come up with  
2 evaluation of a program, the important lesson  
3 should be what is the basis of that and how  
4 we're moving forward. Methodologies are  
5 questionable.

6 My point is standards, standards,  
7 quality, quality, evidence, evidence is very  
8 important and we need to move forward.

9 I do want to commend the office for  
10 moving forward on many things as you have  
11 given in your report.

12 It's also wonderful to have a  
13 secretary with research interest and  
14 commitment.

15 And I pledge to you given the  
16 opportunity, I would like to move this agenda  
17 forward with the help of many other people.  
18 There is a lot of work that we need to do and  
19 bring strength under it and consistency and  
20 quality in standards.

21 CHAIR SCHWAB: Tahira, thank you. I  
22 know how difficult and how complex financial

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1 literacy is to most of us.

2 Do you think that it's possible to  
3 reduce in words, what a financially literate  
4 person would look like?

5 Could you say it in three  
6 sentences?

7 MEMBER HIRA: Yes. I would like to  
8 remind ourselves that on the one hand it's  
9 insulting to bring in one topic and put three  
10 little items to it and measure it and say this  
11 is financial literacy. That is discouraging  
12 for me when we do that.

13 But I would ask each one of us to  
14 look what happened in this country-- what were  
15 the things where people failed.

16 If we all think for a minute, I  
17 think we would all come up with an answer.  
18 Cash flow management was not occurring, people  
19 were spending more than what they had. Debt  
20 was not being managed very well. They were  
21 borrowing more and from places that they  
22 didn't know what to do.

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1           And they were totally confused with  
2 the investment items because people were being  
3 sold homes and asked to buy them as an  
4 investment item which they did not understand.

5           And there were other investment  
6 projects that they did not quite understand  
7 the risk and reward and return relationships.

8           And last but not least, people did  
9 not understand the risk management per se.  
10 What are the things that they are open for and  
11 disaster could come and wipe them out and  
12 they didn't know.

13           So, I think if we reflect back and  
14 ask ourselves what happened to this nation,  
15 where did people go wrong, then I think we  
16 will understand that there is a base point,  
17 meaning the items, and now each one of those  
18 items can be taught at different levels and we  
19 need to remember that.

20           Those of us who have been in the  
21 personal finance area, and there are many here  
22 who have been teaching and researching— there

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1 is a base, middle, and an upper level. We can  
2 expand when we go from there, but there are  
3 basic things that we all should know how to  
4 do.

5 And when we don't know that, that's  
6 when we fail. So yes, the answer is yes, we  
7 can, and we need to bring that common  
8 understanding among all of us.

9 CHAIR SCHWAB: My worry always has  
10 been that we cannot expect everyone to become  
11 a Ph.D. in financial literacy for sure, and  
12 that there also has to be a responsibility, I  
13 think, of the person providing the financial  
14 assistance. There's a level of ethics that  
15 needs to be required there.

16 And I think the way I would examine  
17 it going forward as a group is what do you  
18 expect of the vendors of subprime mortgage,  
19 what do you expect from the vendors of credit  
20 cards? They have a responsibility too.

21 You just can't sell and try to  
22 blindfold people into getting into a bad

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1 situation. So, there has to be, I think, some  
2 common view about the ethics on the vendor  
3 side also.

4 So, I'll let you deal with that in  
5 this next year.

6 MEMBER HIRA: I think it's important  
7 to say that the financial education is very  
8 important. But to think that that is the one  
9 that is going to solve all the problems and we  
10 free up the industry and free up the  
11 regulators and free up the sellers and  
12 deliverers of the products and services would  
13 be very, very sad because we would be putting  
14 undue burden on the consumer.

15 So, I totally agree with you on  
16 that.

17 CHAIR SCHWAB: So, that is yet to be  
18 done for.

19 Any other comments or suggestions?

20 MEMBER LECHTER: I'd like to  
21 underscore Vice-Chairman Bryant's comments  
22 earlier.

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1           As we talk about setting standards,  
2 I think it's very important that we not forget  
3 entrepreneurship. Personal financial planning  
4 and we talk about how we spend our money, but  
5 we also need to look at how we make our  
6 money.

7           I totally underscore and applaud  
8 John because truly I think the way out of the  
9 mess we're in is through entrepreneurship and  
10 self employment.

11           And it will help the underserved  
12 and the unbanked to give them those kinds of  
13 tools so that they can create value. And by  
14 creating value, they add employment for  
15 others.

16           And so when we're talking about  
17 financial education and financial literacy, we  
18 must include something related to  
19 entrepreneurship.

20           That's how our country was founded,  
21 how we built it, and I think we need to get  
22 back to it.

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1 CHAIR SCHWAB: Sharon, I can't  
2 underscore that enough.

3 It is small business, frankly, that  
4 creates most of the job opportunities in  
5 America. It has always been that way.  
6 Seventy-five, 80 percent are jobs in which we  
7 desperately need new job opportunities.

8 But it's the small businesses that  
9 create those jobs, it's not the large  
10 companies that create the vast numbers of  
11 opportunities for jobs.

12 David, you had something to say?

13 MEMBER MANCL: Well, yes. I'm  
14 always energized when I come to Washington,  
15 D.C. and when this council meets. And it just  
16 reinvigorates my passion for financial  
17 literacy, not that it needed more, but now  
18 I'll go back and they'll see me all energized  
19 in Wisconsin.

20 But that speaks to other states and  
21 how much work it's done at the state level and  
22 at the local level. And at the federal level

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1 here, we can provide some of these guidelines  
2 and incentives.

3 And I would encourage that we  
4 provide an incentive to the states and local  
5 governments to create an anchor place for the  
6 issues of financial literacy, because they are  
7 so broad.

8 We are fortunate in Wisconsin to  
9 have an Office of Financial Literacy.  
10 Pennsylvania has one, Illinois, and there  
11 might be others at this point springing up.

12 You can get so much work done if  
13 your full-time job is financial literacy, and  
14 there's a lot of complex issues.

15 That being said, for instance, I  
16 wanted to bring a visual aid, and that's my  
17 nephew Michael Mancl sitting behind me.

18 He didn't know I was going to do  
19 this, but he told me that as a result of our  
20 work, he'll have to be taking a required  
21 course for graduation called Personal Finance  
22 Management next semester.

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1 (Applause.)

2 CHAIR SCHWAB: Thank you, David.

3 Any other comment, Janet?

4 MEMBER PARKER: Chairman Schwab, I  
5 just wanted to add to a couple of comments  
6 that I made, and also that you made as well.

7 Michelle, I'm so excited to hear  
8 about the website for HR professionals, but  
9 we've also got to get it up to our CEOs. And  
10 I think about you and John.

11 You've introduced me to some other  
12 companies, Best Buy, Visa, and McDonald's who  
13 are all doing some incredible things, but I  
14 think we've got to reach that C-Suite as well.

15 It's been interesting to watch.  
16 Wellness has been on the HR agenda for many  
17 years. But now with all of the discussion  
18 about healthcare and the cost and so many  
19 other things, you're starting to see so many  
20 companies really pay attention to things that  
21 they should have been paying attention to  
22 years ago, and I think financial literacy

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1 really does go hand in hand with that.

2 So when I look around this table  
3 and in this room, you have people that are  
4 dedicated and passionate about financial  
5 literacy, but I think we've also got to find a  
6 way to get up into that CEO rank and get their  
7 attention because it will mean a return on  
8 investment for them when they get all of their  
9 employees, all of their employees financially  
10 literate. Thank you.

11 CHAIR SCHWAB: Well, Janet, you're  
12 absolutely right.

13 Running a company you have lots of  
14 responsibilities, but certainly the most  
15 important responsibility, I think, is to your  
16 employees and making sure they are a full  
17 participant in the American system, which  
18 means understanding a whole lot about their  
19 financial wherewithal; how to buy homes, how  
20 to spend their hard-earned cash, how to save  
21 it and so forth.

22 MEMBER HIRA: May I just say one

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1 thing as a member of the Research and  
2 Education Committee?

3 There is research and there is a  
4 whole lot of it, that shows that workplace  
5 education pays back. It is a good business.  
6 It does increase the productivity of an  
7 employee, as well as the loyalty.

8 So, if anybody thinks that there's  
9 no evidence there, I would argue that there is  
10 and we need to use that in order to make that  
11 point to the CEOs and the company decision-  
12 makers who may think that it takes time and it  
13 takes money, but it pays back in so many  
14 different ways.

15 And that has been proven and  
16 evidence has been provided with national  
17 studies that have been done and been  
18 conducted.

19 And I just want to commend that the  
20 decisions that occurred the last two years  
21 were made by people who are like me and you  
22 working for these companies. These were the

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1 people who went back and made those decisions  
2 that ended up as it is with the help of all  
3 the other things that happen here.

4 So I think schools are fine,  
5 colleges are fine, but I think we can never  
6 say that this education doesn't have to  
7 continue through adulthood.

8 CHAIR SCHWAB: Right. Thank you,  
9 Tahira.

10 MEMBER McGRATH: Mr. Chairman, I was  
11 very pleased to have Matt Yale here and to  
12 hear that the Department of Education is on  
13 board. I think that's absolutely critical to  
14 getting started at the right time.

15 I know we have a number of model  
16 curriculums, but it seems as if even from our  
17 own research some of them are being used at  
18 inappropriate ages or they're being used at  
19 the ages that they're not intended for.

20 I wonder if we should expand our  
21 effort perhaps in conjunction with the  
22 Department of Education to work on model

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1 curriculum at both the middle school level,  
2 perhaps a high school level, and the basic  
3 level so that we have a broader array tailored  
4 more to specific age groups.

5 CHAIR SCHWAB: Well, I think that's  
6 certainly for consideration, Don. Thank you.

7 John, did you have something?

8 MEMBER KOSAKOWSKI: Mr. Chairman,  
9 just to add, not to sound preachy, but I would  
10 encourage us all to have a sense of urgency  
11 with this.

12 I think we all feel with the change  
13 in the administration there was a bit of a  
14 letdown as there normally would be now with  
15 Michelle on board, and I too welcome Matt's  
16 involvement with the group, but we all know  
17 that the public's memory is short. And with  
18 any luck, we're going to be pulling out of  
19 this recession and people are going to forget  
20 about the very basic tenets that we sit around  
21 here talking about and we all agree about with  
22 it.

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1           And in some situations, we talk  
2 about there's a lost generation. I would say  
3 when it comes to financial literacy, there are  
4 lost generations and it kind of all came to  
5 the perfect storm in the past.

6           And when we talk about all these  
7 issues, it seems so overwhelming and I go back  
8 and I think it was Arthur Ashe that had the  
9 great line start where you are and do what you  
10 can, but let's keep the urgency on this issue  
11 so that the public is more and more aware of  
12 the importance of having these skills.

13           CHAIR SCHWAB: Reverend?

14           MEMBER LEE: Mr. Chairman, I'd like  
15 to add to what Jack said, and I don't mind  
16 being preachy, actually.

17           (Laughter.)

18           MEMBER LEE: You know what? I would  
19 say though just to comment, sitting here  
20 listening to the members of this  
21 administration who have been here this  
22 morning, I think I probably speak for all of

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1 us when I say I am really impressed with the  
2 energy and the commitment. And I don't think  
3 we're going to lose the momentum as we go  
4 forward. In fact, I feel it gaining.

5 Now, I would also ask us to  
6 remember that while we do these, the programs  
7 that are in front of us and they're very, very  
8 important, that we remember that if we're  
9 really going to impact poverty, and a lot of  
10 this is around poverty, that we have to raise  
11 up a generation of children that have an equal  
12 chance to live healthy, happy, productive  
13 lives.

14 And to do that, there are a number  
15 of things we have to do at the same time. We  
16 have to address issues of housing, health,  
17 economic revitalization, education,  
18 strengthening family, safety.

19 I mean you could just really rattle  
20 off the Millennium Development goals and  
21 address issues of poverty around the world or  
22 at home.

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1           But at the core of this, it seems  
2 to me, is education. And at the heart of that  
3 education in many ways for us today, is  
4 financial literacy.

5           So, as we do this, we go about our  
6 work and we can do it in so many ways. We can  
7 do it as we extend new notions of housing,  
8 homeownership, we can do it in the educational  
9 places in the classroom and the workplace, we  
10 can do it as we're walking the streets, as  
11 we're making the streets safe.

12           In other words, there's a holistic  
13 approach and it's not an uncomplicated  
14 problem, obviously. It's a very complicated  
15 problem, but just go back to observation.

16           What's going on here in Washington  
17 is heartening that you're not seeing this as  
18 just a couple of things we might be able to  
19 pay lip service to and to go forward, maybe  
20 throw a couple bones at this and that.

21           It's a very deep-rooted problem on  
22 all levels of our society, and I just want to

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1 commend you for your energy and passion in  
2 going forward with this.

3 CHAIR SCHWAB: Thank you very much,  
4 and I think we're moving long in time. We  
5 have one more piece of business I want to turn  
6 over to Cutler Dawson to give us a report on  
7 the liaison work with the Financial Literacy  
8 and Education Commission.

9 MEMBER DAWSON: Thank you, Mr.  
10 Chairman. I'll make my report very short  
11 because I know we're running short on time.

12 Ted Daniels and I are the liaison  
13 to the Commission. And just a reminder to  
14 everyone that the Commission runs in parallel  
15 with us and was created by the US Congress and  
16 mandated by them.

17 It has one thing in common. That's  
18 Michelle Greene.

19 (Applause.)

20 MEMBER DAWSON: Which actually  
21 presents us tremendous opportunity because  
22 Michelle can infuse the best things that we

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1 have to offer with the Commission.

2 And as Ted and I remind them, we  
3 are not in competition with them. We are  
4 complementary to the good work that they are  
5 doing as well.

6 They met on the 1<sup>st</sup> of July, and  
7 Ted attended as our liaison. 20 member  
8 agencies were represented.

9 And I also remind everybody some of  
10 those folks were off to a new start too,  
11 because many of their members are members of  
12 the new administration that had just been  
13 recently confirmed as Michael and Michelle.

14 They had reports primarily on their  
15 National Strategy Working Group on how it can  
16 further the efforts of the national financial  
17 literacy strategy that they're working on,  
18 similar reports from research much the same as  
19 Tahira's, and they also bring in guest  
20 speakers from time to time to educate them on  
21 where best practices and where people are  
22 doing good work throughout the country.

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1 Both Michael and Michelle gave  
2 their remarks, and I think Michael had been on  
3 board about a month-and-a-half when that  
4 happened. So, thank you for that.

5 The next public meeting is on the  
6 20<sup>th</sup> of January, 2010. And Ted and I will look  
7 forward to attending that. That completes my  
8 report.

9 VICE CHAIR BRYANT: Hasn't FLEC been  
10 charged with a special mandate recently around  
11 financial literacy by SHRM, Vice Admiral?

12 CHAIR SCHWAB: It's some kind of --  
13 National Strategy.

14 VICE CHAIR BRYANT: Yes, that's  
15 ongoing. They made a report on that the other  
16 day at their meeting.

17 CHAIR SCHWAB: Thank you, Cutler.  
18 Thank you for your report.

19 Before we conclude, I just wanted  
20 to make a personal comment here, a personal  
21 statement that I've been thrilled to be the  
22 chairman of this organization for the two

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1 years, fulfilled that original commitment in a  
2 manner of great governance.

3 I think it's time for me to retire  
4 and I've sent my resignation to Michelle.  
5 That would be effective the end of our term,  
6 which will be in January.

7 But it's been a complete pleasure  
8 for me to be a part of this dynamic group of  
9 people. And I will continue to support all  
10 the activities you have. I will offer even my  
11 daughter up as a part of that commitment for  
12 sure.

13 (Laughter.)

14 CHAIR SCHWAB: And any other way  
15 that Schwab can help in the Children's  
16 Challenge that we're going to be doing  
17 hopefully next spring. Any way that we can do  
18 this is dear and near to my heart, to say the  
19 least.

20 It's been a thrill to be part of  
21 the origination of this literacy group. You  
22 can see the depth of work that we have to

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1 perform here, and I think we are that  
2 centerpiece between government and business  
3 and so forth.

4 We can be encouraging. We can be  
5 outreach. We can bring in ministries. We can  
6 bring in not-for-profit, all those kinds of  
7 assistance along the way to make this happen.

8 It' just not government, it's just  
9 not business, it's all of us together to make  
10 this goal of financial literacy a reality.

11 So, I just wanted to let you know,  
12 and I want to turn it now over to Michelle to  
13 conclude our meeting.

14 MEMBER DUVAL: Before you do that,  
15 Mr. Chairman, can I join with my fellow  
16 members of this council to say thank you?

17 (Applause.)

18 CHAIR SCHWAB: Thank you very much.  
19 I feel very honored. Thank you very much for  
20 that wonderful, warm acceptance.

21 VICE CHAIR BRYANT: Let me say what  
22 always bugs you. You're the coolest

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1 billionaire I know.

2 (Laughter.)

3 VICE CHAIR BRYANT: Before Michelle  
4 closes, I do want to acknowledge and thank our  
5 star. Every team needs a star. Our  
6 quarterback Michelle Greene, I want to thank  
7 you for your leadership.

8 I also want to thank three honorary  
9 members of this council. Carrie Schwab-  
10 Pomerantz was there at the original meeting.  
11 Thanks for all you do. Even though you didn't  
12 get the credit, you've always been there.

13 And Ms. Valerie Jarrett, in the  
14 White House, who spoke passionately at  
15 Anacostia at a global summit on this issue on  
16 the same day that President Obama, June 17<sup>th</sup>,  
17 announced the vision for the Consumer  
18 Regulatory Financial Regulatory Agency.

19 And I have been told subsequent to  
20 that speech, that she's been in meetings and  
21 she has brought up, unrequested, she has  
22 brought up on her own how critically important

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1 the issue of financial literacy is.

2 In meetings small and large, I know  
3 you have met with her, and she's taken this  
4 thing on as something that's personal to her.

5 I also want to acknowledge Michael  
6 Blake in the White House who is one of her  
7 aides who has really helped -- these are not  
8 their portfolios. They just think it's very  
9 important.

10 And so, let me stop where I started  
11 which was to thank once again Mr. Charles  
12 Schwab who has just been an extraordinary  
13 integrity-rich centered principal visionary  
14 leader who cares. Thank you so much.

15 CHAIR SCHWAB: Thanks, John.

16 (Applause.)

17 MICHAEL BARR: I'd be happy to just  
18 add a few concluding words. This has been  
19 just a terrific conversation this morning. I  
20 wish we had more time to have these kinds of  
21 conversations together.

22 I know that the chairman said that

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1 detailed work you do in your sub-committees is  
2 actually the way to drive the process, but the  
3 conversation this morning has just been  
4 fabulous about it.

5 I'm kind of a nuts and bolts guy.  
6 The thing that I was most impressed by is just  
7 the detail of the recommendations and the care  
8 that the committees took in crafting  
9 recommendations that are actionable as opposed  
10 to lofty, vague goals.

11 I think the committees ought really  
12 to get a round of applause for their work on  
13 that.

14 (Applause.)

15 MICHAEL BARR: Let me say in  
16 relation that we're going through your  
17 recommendations. You heard from Michelle.  
18 We're already working on some of them already.  
19 We'll be evaluating, taking up, analyzing  
20 your further work. We'll be reaching out to  
21 you to continue the dialog that we had this  
22 morning.

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1           We look forward to continuing work  
2 from all of you going forward both in this  
3 group and in the FLEC. I think that it was  
4 alluded to earlier, but I want to reinforce  
5 this is an issue that I care deeply about,  
6 that more importantly Secretary Geithner cares  
7 deeply about, and more importantly the  
8 President cares deeply about.

9           The First Lady is involved in  
10 these issues. Valerie Jarrett is involved in  
11 these issues. We're going to have, I think, a  
12 level of commitment that is strong and broad.

13           And in that regard, let me echo  
14 what's been said before about the importance  
15 of the leadership of Secretary Duncan at the  
16 Department of Education, which has been  
17 phenomenal on this issue.

18           We're delighted to have Education  
19 here. Hopefully we won't give you a baby  
20 chair again. You can come up and sit at the  
21 table and get your own little placard. Next  
22 meeting we'll straighten that out.

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1           So, we're just delighted to have  
2 Education as a true and real and deep partner  
3 on this. And Secretary Duncan's leadership on  
4 this issue has been just phenomenal.

5           Lastly, let me join all of you in  
6 thanking once again your chairman. I think  
7 that you have been blessed with extraordinary  
8 leadership in quite tumultuous times. Not  
9 just the rather minor issue of a transition of  
10 administrations, but the tumult in our economy  
11 and in our financial system to which this  
12 committee is responding effectively.

13           So, I just wanted to say once  
14 again, thank you to your chairman Chuck  
15 Schwab.

16           (Applause.)

17           MICHAEL BARR: Michelle, I'm sure  
18 you have something more practical to add to  
19 that.

20           MICHELLE GREENE: I just have to do  
21 the official- we are adjourned. Thank you.

22           (Whereupon, the above-entitled

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matter went off the record at 11:55 a.m.)

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