

President's Advisory Council on Financial Capability
Public Meeting
Department of the Treasury—Cash Room
November 28, 2012 8:00 AM—10:00 AM

Meeting Minutes

Council Members Present:

Amy Rosen, Vice Chair
Roland Arteaga, Member
Janie Barrera, Member
Ted Beck, Member
Sherry Salway Black, Member
John Hope Bryant, Member
Samuel T. Jackson, Member
Richard Ketchum, Member
Beth Kobliner, Member
Carrie Schwab- Pomerantz, Member
Eldar Shafir, Member

Staff Present:

- Mary Miller, Under Secretary for Domestic Finance, US Department of the Treasury
- Cyrus Amir-Mokri, Assistant Secretary for Financial Institutions, US Department of the Treasury
- Melissa Koide, Deputy Assistant Secretary for Consumer Policy, US Department of the Treasury and Executive Director, President's Advisory Council on Financial Capability
- James Gatz, Office of Consumer Policy, U.S. Department of the Treasury
- Louisa M. Quittman, Office of Consumer Policy, US Department of the Treasury
- David Soo, Office of the Under Secretary for Higher Education, U.S. Department of Education

Also Present:

- Michael Cohen, President and CEO, Achieve
- Bob Solomon, Staff to John Rogers

Introduction, Announcements, and Items of Interest:

The Meeting of the President's Advisory Council on Financial Capability ("The Council") convened at 8:00 AM on November 28, 2012. Melissa Koide, Executive Director of PACFC welcomed everyone to the meeting and introduced Mary Miller, Under Secretary for Domestic Finance. Under Secretary Miller thanked the Council for its recommendations over the past two years, particularly concerning encouraging financial capability education in our schools and in the workplace, and the use of technology to improve financial capability. Following Under Secretary Miller, Vice Chair Amy Rosen called the meeting to order noting that final recommendations would be presented at the meeting.

Update on Council's Recommendations to Date

Ms. Rosen then introduced Executive Director Koide, who turned the floor over to Louisa Quittman of the Office of Consumer Policy. Ms. Quittman provided updates on past Council recommendations. Regarding workplace financial education, last January the Treasury Department recognized the winners of the inaugural Work Life Leaders in Financial Education Awards. Ms. Quittman noted that the federal Office of Personnel Management has been working to promote the financial capability of the over 2 million federal employees, particularly focusing on outreach to minority and women organizations within the federal government. Treasury worked with the FINRA Investor Education Foundation in its 2012 development of the National Financial Capability Study, which will be released by soon. The Financial Literacy and Education Commission, released a set of research priorities and questions in May of this year key step in efforts to develop and disseminate outcome metrics, program evaluation standards, and financial education research standards to improve the quality and effectiveness of programs, as recommended by the Council. Ms. Quittman also described the Financial Literacy and Education Commission's new strategic focus on Starting Early for Financial Success.

Ms. Quittman then turned it over to David Soo from Department of Education, who provided an update on the implementation of Program for International Student Assessment (PISA), an assessment coordinated by the Organization for Economic Cooperation and Development (OECD) every three years. It is a broad test of math, science and reading for 15-year-olds across the world. In 2012, for the first time there is a financial literacy component, which will be the first large-scale international comparison for financial literacy of young people. This assessment is helpful to identify which countries are effective so that we can learn from them and make comparisons. The United States Department of Education is just finishing collection now and will report to the OECD in February. In December, a year from now, the overall PISA results get released and the financial literacy results are released in March the following year. Dr. Soo noted that here is no country-specific report and therefore if the one is desired the statisticians at the Department of Education can help assist. Mr. Beck expressed his strong support for continued involvement in PISA, while Ms. Schwab-Pomerantz asked for confirmation that country-specific data for the U.S. could be compiled. Vice Chair Rosen then asked that Mr. Beck include the recommendation in his final research recommendations. Ms. Kobliner lent her support to the recommendation as well. Mr. Ketchum, Ms. Salway Black posed questions regarding the use of the data and Vice Chair Rosen suggested they hold a separate meeting with the Department of Education to find answers.

Vice Chair Rosen then gave the floor to Jim Gatz from Treasury, who provided an update on the My Money App Up Challenge. In response to the Council's recommendation, the Treasury Department entered into a public-private partnership with two national not-for-profit organizations - the D2D Fund and the Center for Financial Services Innovation earlier this year to sponsor the My Money App Up Challenge. The three goals of the challenge were to raise awareness about how technology and access to meaningful data can help consumers make smart choices, to catalyze new thinking about new possibilities for empowering consumers and to support and strengthen the ecosystem that supports mobile technology as a platform for providing information and tools to build financial capability. It was a two-part contest with cash prizes for the winners. There was an Idea Bank competition where entrants were asked to submit 140 character ideas for apps that they would like to see. Ideas included apps that help people save, budget, plan for retirement, make bill payments, or engage in comparison shopping. The second part was an app design competition

where entrants submitted complete designs for mobile apps including a graphic and a narrative description of the key features. The top winner was one called Centz, which was focused on enabling people to manage student loans and to plan to pay off their student loans. Ms. Salway Black, Ms. Kobliner, and Vice Chair Rosen posed questions about the next steps and availability of the apps. Vice Chair Rosen then thanked Mr. Gatz, Dr. Soo, Executive Director Koide, and Ms. Quittman of the Treasury for their work. Member Bryant commended Member Ketchum for being a pioneer in the realm of financial education research.

Subcommittee Updates and Discussion of Recommendations

Youth Subcommittee

Vice Chair Rosen then took the floor as Chair of the Youth Subcommittee. The Subcommittee proposed a recommendation called “Money as You Learn” to integrate important aspects of personal finance into the teaching of English language arts and mathematics as well as into other classes and afterschool programs. The subcommittee believes that the following actions are needed to make this Money as You Learn recommendation a reality: (1) map where essential personal finance knowledge and skills can be integrated into the Common Core State Standards; (2) develop tools for educators to integrate personal finance into teaching of the Common Core State Standards; (3) align existing personal finance programs with the Common Core State Standards; and (4) invest in research and evaluation on effective teaching and learning of personal finance.

The Council recommended that the President champion this Money as You Learn approach and instruct the Financial Literacy and Education Commission, and its member agencies, to take all possible steps to advance it. The Council also calls on national financial literacy organizations and their state and local partners to embrace Money as You Learn and to build an enduring initiative that will improve the financial capability of young people for years to come.

Vice Chair Rosen introduced Michael Cohen , President of Achieve, an independent, bipartisan, non-profit education reform organization based that helps states raise academic standards. Achieve also helped to develop the Common Core State Standards. Mr. Cohen has held several positions in education, and during the Clinton Administration was Assistant Secretary for Elementary and Secondary Education, Special Assistant to President Clinton for Education , and Policy Senior Advisor to U.S. Secretary of Education Richard Riley.

Mr. Cohen explained what the common core is, why it is important to include financial , as well as key steps following the Council’s recommendation. He described the opportunity that implementing the Common Core poses to have broad impact on primary and secondary education across the country. He particularly noted that educators are eager to teach this kind of material, and that good tools and resources are need for them to effectively integrate financial education in the classroom.

Mr. Cohen and the Subcommittee then took questions from Member Schwab-Pomerantz, Member Ketchum, and Dr. Shafir. Council members discussed that the approach of the recommendation should not take the place of the aspirational goal of stand-alone financial education in schools. Executive Director Koide introduced the vote for the recommendation,

Member Bryant called for a motion, Member Beck seconded, and Vice Chair Rosen's determined the motion passed.

Partnerships Subcommittee

Member Carrie Schwab-Pomerantz Chair of the Partnerships Subcommittee then took the floor. Schwab-Pomerantz noted that aspects of previous Subcommittee recommendations are now in the process of being developed and implemented by the Office of Personnel Management and in the private sector. She described the new recommendation as extending the earlier one by providing information and resources to assist private sector, nonprofit and state/tribal/local government employers in improving the financial capability of their employees.

To address employer concerns and to ensure that the nation's employers are working toward a common goal, the Subcommittee has developed a guide, "Financial Capability at Work: A Strategic Framework to Guide Employers." This document encourages employers to become leaders and role models by voluntarily providing information and programs in five fundamental areas, and working toward offering advanced features, to increase financial capability among their employees.

Additionally, the recommendation calls for designating the Department of Labor and the Small Business Administration as the federal government's lead agencies in the effort to expand workplace financial education; directing the Department of Labor and the Small Business Administration to dedicate staff and resources to the dissemination and promotion of "Financial Capability at Work: A Strategic Framework to Guide Employers," a PACFC-produced guide and resource document to help employers provide quality financial capability information and programs to their employees; and directing the Department of Labor to revisit Interpretive Bulletin 96-1 ("Participant Investment Education") to provide more clarity to employers on the range of financial education topics and activities that are permissible under the Employee Retirement Income Security Act (ERISA) of 1974.

Executive Director Koide introduced the vote for the recommendation, Member Bryant called for a motion, Member Beck seconded, and Vice Chair Rosen determined the motion passed.

Members Bryant, Schwab-Pomerantz and Vice Chair Rosen provided commentary on the recommendation, and Ms. Quittman mentioned that the Department of Labor has not formally or officially commented on the recommendation but has reviewed it. Vice Chair Rosen introduced the recommendation for vote, Member Salway Black called for a motion, Member Bryant seconded, and Vice Chair Rosen determined the motion passed.

Vice Chair Rosen then called John Bryant, Chair of the Underserved and Community Empowerment Subcommittee to give recommendations.

Underserved and Community Empowerment Subcommittee

The Subcommittee gave two recommendations. The first was that the President of the United States and the Secretary of the Treasury integrate the field of emergency financial and economic disaster preparedness response and recovery into the broader financial capability efforts of the federal government, and invite the Federal Emergency Management Administration (FEMA) to be a part of the Financial Literacy and Education Commission (FLEC). Member Bryant noted that underserved communities have historically been particularly impacted by natural disaster and those families who are financially prepared - for example, those who have a bank account, manage their financial documents, have adequate insurance and have savings - are in a better position to receive benefits and ultimately recover from a disaster. Bryant then commended Christopher Logan of FEMA for their proactive work in this area.

Vice Chair Rosen introduced the recommendation for vote and called for a motion, Member Schwab-Pomerantz seconded, and Vice Chair Rosen determined the motion passed.

Member Bryant also highlighted newly created and soon-to-come local councils in Jackson, Mississippi; Savannah, Georgia; Prairie View, Texas ; Tallahassee, Florida ; and propositions for a council in New Orleans. He then praised the work of Member Janie Barrera for her town hall in San Antonio, Texas; Member Sherry Black for her town hall in Honolulu, Hawaii and Artie Arteaga, for his work with Save Up and My Path before introducing Member Samuel Jackson.

Member Jackson presented the second recommendation for the Underserved and Community Empowerment Subcommittee. The Subcommittee recommended that the President direct the appropriate federal agencies led by the Department of Education's Federal Student Aid (FSA) Office, to establish an awareness campaign, which may be entitled, the Know Before You Apply (KBYA), that leads the American people to studentaid.gov as the one-stop resource for students and families to increase college affordability and reduce student loan debt. The Consumer Financial Protection Bureau showed promise with the "Know Before You Owe" initiative to empower American consumers. The Department of Education has made great progress to increase college affordability for the American people including: 1) originating all federal student loans; 2) implementing income based repayment (IBR) and student loan forgiveness programs; 3) establishing the College Net Price Calculator; and 4) Simplifying the Free Application for Federal Student Aid (FAFSA).

While these have been needed initiatives, many students and families are not aware that these programs exist and that they could be eligible to participate. Given the rising cost to finance higher education and the growing level of student loan debt by the American people, highlighting and raising awareness about studentaid.gov as the one stop resource in this area is needed now more than ever. The awareness campaign would harness the creativity and innovation of the public and private sectors, as well as stakeholders at the federal, state, local, tribal, and community levels, to ensure that the studentaid.gov resource is disseminated to the American people, which may include a challenge to the public and private sectors to develop the best marketing idea or strategy to promote studentaid.gov.

Member Jackson then gave the floor to Dr. Soo for questions, who mentioned the President's goal to have us be the most educated country in the world by 2020.

In the absence of questions, Vice Chair Rosen introduced the recommendation for vote, Member Beck moved the recommendation, Member Barrera seconded, and Vice Chair Rosen determined the motion passed.

Research and Evaluation Subcommittee

Vice Chair Rosen introduced Ted Beck, Chairman of the Research and Evaluation Subcommittee. Mr. Beck highlighted the written summary of findings to date and called upon Member Ketchum to give an update on the National Financial Capability Study. Encouraged by the model “Doing What Works” initiative of the Department of Education, the Subcommittee proposed that the Department of Treasury, in collaboration with the Financial Literacy and Education Commission, explore the possibility of building and sustaining a Doing What Works website for financial capability that is modeled after the Department of Education’s “What Works” initiative.

Member Salway Black moved the recommendation, Member Barrera seconded, and Vice Chair Rosen determined the recommendation passed.

Member Beck then made his second recommendation that the Department of Education, in collaboration with the Department of Treasury and the Financial Literacy and Education Commission, actively participate in the international PISA study through the 2015 cycle.

Member Jackson moved the recommendation, Member Bryant seconded, and Vice Chair Rosen determined the recommendation passed.

Executive Director Koide noted that the meeting was nearing its end and gave the floor to Member Bryant for remarks. Bryant thanked Chairman Rogers in absentia, key staff of Council members, and the entire Council for their work with personal gifts.

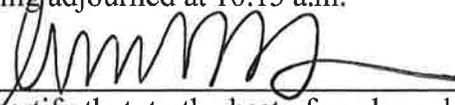
Update on the Final Report

Vice Chair Rosen then called Bob Solomon for an update on the process of the final report to be delivered in January and the next steps for the Council. A team will draft the final report before Christmas day.

Executive Director Koide asked Vice Chair Rosen for final thoughts and Rosen concluded the meeting

Adjournment

The meeting adjourned at 10:15 a.m.



I hereby certify that, to the best of my knowledge, the foregoing minutes are accurate and complete

Amy Rosen, Vice Chair, President’s Advisory Council on Financial Capability