

President's Advisory Council on Financial Capability for Young Americans
Public Meeting
Eisenhower Executive Office Building
Tuesday, March 3, 2015 10:30 AM – 12:00 PM

MEETING MINUTES

Councilmembers Present:

- John Rogers, Jr., Chair of the Council and Chairman, Chief Executive Officer and Chief Investment Officer, Ariel Investments
- Michael Corbat, Chief Executive Officer, Citigroup
- José Cisneros, Vice Chair of the Council, Treasurer, City and County of San Francisco
- Robert Glovsky, Vice Chair of the Colony Group, former CFP Board Chair
- Sherry Black, Director, Partnership for Tribal Governance, National Congress of American Indians
- John Hope Bryant, Founder, Chairman and Chief Executive Officer, Operation Hope
- Charles Scharf, Chair of the Innovation and Technology Subcommittee, Chief Executive Officer, Visa Incorporated
- Carol Quillen, Chair of the Post-secondary Education Subcommittee, President, Davidson College
- Marc Morial, Chair of the Financial Education Subcommittee, President and Chief Executive Officer, National Urban League
- Rick Ketchum, Chairman and CEO, Financial Industry Regulatory Authority
- Regina Stroud, President, Skyline College
- Anna Maria Chávez, Chief Executive Officer, Girls Scouts of the USA
- Kerry Doi, President and Chief Executive Officer, Pacific Asian Consortium in Employment
- Kay Madati, Executive Vice President, Black Entertainment Television
- Deanna Mulligan, President and Chief Executive Officer, The Guardian Life Insurance Company of America
- Ted Beck, President and Chief Executive Officer, National Endowment for Financial Education
- Amy Rosen, Partner, Public Private Strategy Group
- Brad Smith, President and Chief Executive Officer, Intuit
- Jason Young, Co-Founder and Chief Executive Officer Mindblown Labs

Federal Councilmembers Present:

- Jacob Lew, Secretary of the Treasury
- Arne Duncan, Secretary of Education
- Richard Cordray, Director, Consumer Financial Protection Bureau

Other Federal Official Present:

- Valerie Jarrett, Senior Advisor to the President, Head of the Offices of Public Engagement and Intergovernmental Affairs, and Chair of the White House Council on Women and Girls
- Cecilia Muñoz, Assistant to the President and Director of the Domestic Policy Council
- Amias Gerety, Counselor to the Secretary for Financial Institutions, U.S. Department of the Treasury
- Melissa Koide, Executive Director of the Council and Deputy Assistant Secretary for Consumer Policy, U.S. Department of the Treasury

Speakers Participants:

- Kurt Summers, Treasurer of the City of Chicago
- Brandee McHale, President, Citi Foundation, and Director, Corporate Citizenship, Citi

Opening Remarks:

The third meeting of the President’s Advisory Council on Financial Capability for Young Americans convened at 10:30am on March 3, 2015. John Rogers, Jr., Chair of the Council and Chairman, Chief Executive Officer and Chief Investment Officer, Ariel Investments, welcomed the public, the Councilmembers; and introduced the first speaker, Melissa Koide, Executive Director of the Council and Deputy Assistant Secretary for Consumer Policy, U.S. Department of the Treasury.

Melissa Koide, Executive Director of the Council and Deputy Assistant Secretary for Consumer Policy, U.S. Department of the Treasury began by acknowledging the leadership of Council Chair John Rogers and recognizing the support of the Councilmembers. She emphasized the significance of having an open and frank discussion on ways we can improve the financial knowledge, literacy and capability of our young Americans; and she stressed that this is a big priority for the Administration.

Cecilia Muñoz, Assistant to the President and Director of the Domestic Policy Council, spoke next.

- She recognized that the work of the Council intersects with the work of the Administration. She reiterated the President’s State of the Union remarks about his desire to build an economy for the 21st century with a strong emphasis on the middle class. She highlighted that the President and his Administration is focused on issues of vital importance to the financial well-being of families and communities, such as ensuring that families can save enough for their retirement and their children’s education. She also recognized that the Administration has done a considerable amount of policy work on the tools that the government can offer to help facilitate saving for college, homeownership, and retirement security.
- While she stressed that the Administration is working hard to get these policy proposals correct, she acknowledged any benefits derived from good policies

is dependent on people having the tools to use them. In addition, she described how many young Americans connect to the financial system by receiving their first paycheck through direct deposit, saving for college, or paying back their student loans. She emphasized that the Administration is eager to help Americans to make the most use of those moments. Lastly, she acknowledged that the Council is comprised of a high quality group, and that she was eager to maximize the ways the Council is building on what is learned.

Jacob Lew, Secretary of the Treasury, began by thanking Deputy Assistant Secretary Melissa Koide and the Councilmembers.

- He recognized that the Administration has a shared understanding that many opportunities stem from financial literacy. He acknowledged that going to college is a huge financial decision with significant ramifications. He also emphasized that learning from financial choices allows our young people to empower themselves and build personal credit histories. He noted that financial literacy is the kind of conversation that we need to have with our young people in order to give them the tools they need to make sound financial decisions. He described how this was important for individuals and for the success of our nation's economic future.
- Moreover, he emphasized that Treasury is focused on retirement security. He highlighted the myRA program as an innovative program to help young people build savings behaviors early. He explained that the myRA program is in its second year and that Treasury is working with a group of employers to help seriously kick off the program later this year. Concluding, he acknowledged that Treasury recognizes the importance of involving cities and communities in this endeavor, and he looks forward to having the conversation about what we can do going forward.

Melissa Koide noted that she would like to talk more about myRA today. It is safe, affordable, and a great opportunity for individuals. It is worth bringing to employees.

Arne Duncan, Secretary of Education, noted the amount of student loan debt is more than a trillion dollars, although a best estimate, so we need to find ways to reduce debt to make it more manageable. Student loan debt impacts young people starting businesses and impacts the economy. We need to provide better information and transparency to empower young people to make decisions. Higher education preparation is key. He recognized the work of the Treasury with Intuit for Income-Based Repayment plans. He acknowledged the Consumer Financial Protection Bureau's work to make sure that loan servicers are doing a good job at making sure that student loan counseling is impactful. He described the Department of Education's work on a college rating system to provide better information about college values to people. The President proposed a plan to make community college free. We want to continue to empower young people to better understand their choices; and be a better partner by supporting innovation and information sharing.

Richard Cordray, Director, Consumer Financial Protection Bureau, spoke next.

- He reinforced and supported what Secretary Duncan said about helping young adults to obtain and pay for higher education. Student debt creates a long term burden as many are struggling to manage it. Young people need to be able to manage college cost. The Consumer Financial Protection Bureau group has been working to provide a shopping sheet for financial aid which will touch on the total cost of attendance and make good data made available for families.
- He explained that the Bureau's work includes improving financial education around paying for college and managing money while in school, which will have a lasting impact on financial wellbeing. He also stated that college endorsement of financial institutions and checking and prepaid account offerings, in conjunction with a university, need to be transparent and free of fees.
- He indicated interest in hearing the role of cities and communities in the following speakers' approaches.

Introduction of Councilmembers and Working Groups

John Rogers, Jr., Chair of the Council and Chairman, Chief Executive Officer and Chief Investment Officer, Ariel Investments, next welcomed the newest member of the Council: Michael Corbat, Chief Executive Officer of Citigroup.

Michael Corbat, Chief Executive Officer, Citigroup, provided a brief statement.

- Citi believes that working with government and community organizations is critical for reaching young people at scale.
- Citi is proud to directly support the Council's goals and share what it is learning, from partnering with the innovative Kindergarten to College savings program in San Francisco to Citi Foundation's \$50 million Pathways to Progress initiative.
- Citi is fully committed to the Council's efforts and to doing all that it can to support the Council's priorities.

Highlighting Local Commitment to Financial Capability

Melissa Koide introduced the next section by recognizing the central role that cities and communities play in building the financial access, capabilities, and skills of young people. She also introduced Amias Gerety, Counselor to the Secretary for Financial Institutions.

Amias Gerety, Counselor to the Secretary for Financial Institutions, U.S. Department of the Treasury, spoke next.

- He highlighted the ideas from the working groups and connections between youth, education, and workforce. He also highlighted the question of how to connect the role of cities with entrepreneurship and apprenticeship.

Kurt Summers, Treasurer of the City of Chicago, spoke next.

- He stated that there is a great need for convening financial education parties as there are over 135 different organizations in Chicago that focus on financial education, but they are not coordinated. It has become clear that we need a framework to help bridge the divide and help all Chicago students and families to become financially empowered.
- In Chicago, too many young Chicagoans lack the skills to manage their finances correctly. He explained that they incur expensive debt, forget savings opportunities, and do not get to create wealth or build assets.
- Chicago has created an inventory of organizations that focus on financial education, which should lead to financial empowerment. He cited the value of transparency. His plan has led a collective effort to reform the curriculum of local schools in Chicago to include financial education. The plan will also provides professional development for teachers this summer. He would also like to make financial education available in libraries to focus on new Americans and underbanked household areas.

Brandee McHale, President, Citi Foundation, and Director, Corporate Citizenship, Citi, spoke next.

- She noted that Citi has a long track record of working in cities and communities to improve financial capability of young people. It is the largest philanthropic organization aimed at improving financial education in the country. Citi commends Council for providing a great forum for stakeholders to learn from one another and promote collaboration without reinventing the wheel.
- The Citi Foundation focuses on cost effective solutions and has reached out to young people through Pathways to Progress. Pathways to Progress is a municipal summer youth employment program launched by the Citi foundation to serve as a prime teachable moment for improving financial education and capability. The program capitalizes on a first job and first paycheck equating to an opportunity to gain a foothold in the economic world. The Citi Foundation is also using the program to help cities. A white paper is available for 2014, the pilot year of the program which chronicles our first year experience with the program. The year 2015 is a scaling and innovation year for the program.
- Pathways to Progress connects 100,000 lower income youth with entrepreneurship and mentorship opportunities. The core pillar of the program is to help young people obtain summer jobs. Our goal and challenge is how to leverage the system effectively. We piloted Summer Jobs Connect for ages 14 to24 because we know that these jobs represent an opportunity to build skills. The jobs are also important onramps to work and a defining moment in young person's life. The program also provides innovation funding directly to cities to integrate with this young persons' employment experience. The program also encourages young people to save via direct deposit, sends them text message reminders, and makes direct connections between young people and trusted financial coaches in community.

- The Citi Foundation also announced an investment of \$4.6 million with expansion of the program to many other cities, including Washington, D.C., St. Louis, Chicago, Miami, New York City and San Francisco, through the Cities for Financial Empowerment Fund. The program has the ancillary benefit of decreasing unemployment rates in its cities.

José Cisneros, Vice Chair of the Council, Treasurer, City and County of San Francisco, spoke next.

- Through local government leadership, we have seen programs like Bank on San Francisco spread to more than 100 cities in the United States and shine a spotlight on what local governments can and should be doing to increase financial security for our residents.
- In 2011, San Francisco launched the Kindergarten to College (K2C) program in which kindergarteners are automatically enrolled into a college savings account accessible at a local Citibank branch. San Francisco was the first city to do this across the nation. Results were very encouraging as K2C enrollees are now four times more likely to open 529 savings accounts than non-K2C participants. This number is more remarkable given that one in two K2C members is low income.
- San Francisco's municipal leaders partnered with the Cities for Financial Empowerment Fund on Summer Jobs Connect which connected 7,000 young people with summer employment, linked to checking accounts and financial education. The project also matched 2,000 savings accounts to help start the habit of saving from the very first paycheck.
- He recognized that local governments can work to improve the financial security of Americans across the country.
- He requested that the Council ensures financial capability is embedded into youth training and employment programs and that this becomes a standard practice. He recommended the following next steps:
 - Work closely with our federal agencies to ensure funds that support youth training and employment programs can be directed toward financial education purposes
 - Partner with Financial Institutions to develop and disseminate the best checking and savings products for our young people, and work with our regulators to ensure that working youth under age 18 have a safe and affordable way to access their wages.
 - Combine best financial education resources with the opportunities afforded by technology to connect young people with meaningful financial education that can be accessed in ways that are effective, efficient and fun.
 - Work together to integrate the learnings and best practices into every youth employment program in the United States to make sure no young person takes their first paycheck to a check casher.

Amias Gerety next opened the floor for conversation.

Jacob Lew next asked what more can the financial services industry do to bring more mentorship, entrepreneurship and financial planning into financial education.

Robert Glovsky, Vice Chair of the Colony Group and Councilmember, former CFP Board Chair, spoke next.

- CFP Board is initiating the Center for Financial Planning, a broad initiative to bring financial services firms, educators and practitioners together to address workforce development challenges for the financial planning profession to better serve the American people in the 21st century.
 - Part of the mission of the Center is to “build capacity for the financial planning profession by creating a sustainable supply of new and more diverse advisors to replace the retiring workforce.”
 - The Center will serve as the catalyst to conduct research-based initiatives to attract and develop a diverse next generation of financial planners. These planners will better reflect the population in general, and therefore, creates outstanding long term career opportunities for today’s youth.

Marc Morial, Chair of the Financial Education Subcommittee, President and Chief Executive Officer, National Urban League, spoke next.

- She highlighted its summer youth employment program approach and its work to prepare students for financial aid forms and possible scholarships. She stressed that the approaches are not about “re-inventing the wheel.
- Citi, as a direct services organization, worked with ninety-five affiliates across the country to embed financial education into its after-school program about college readiness to prepare young people to fill out the FAFSA form. She stated that Citi made every effort to ensure that young people understand the availability of scholarship and grants.
- She recognized that there is a big federal commitment to financial education, and that the private sector can add value through its philanthropic efforts, especially at the municipal and community levels.
- Momentum on this issue follows the Great Recession where people may not have been equipped to deal with the complex financial system. She stated that the Workforce Innovation Opportunity Act needs to be part of the work of the Council. The Workforce Innovation Opportunity Act requires seventy-five percent of funds to be invested to help disconnected youth, so there needs to be a conversation about how the work of this Council can help us to invest in disconnected youth.

Amias Gerety, Counselor to the Secretary for Financial Institutions, next broached the topic of financial literacy and education programs and asked how the Council could work that concept into the broader topic of workforce training.

Sherry Black, Director, Partnership for Tribal Governance, National Congress of American Indians and Councilmember, spoke next.

- Native youth are an especially vulnerable population with the lowest graduation and highest poverty rates – and Native youth rank lowest in financial capability.
- Access to financial products in tribal communities is an issue. Tribal governments face similar issues as cities, and are also looking at other financial products, increasing access to savings products, and improving financial literacy for young persons.
- She recognized that most of the 566 federally recognized tribes offer summer employment opportunities and are integrating financial education and saving efforts into these programs.
- There are an increasing number of matched savings account programs in Indian Country, whether Children’s Savings Accounts, College Savings Accounts, or Individual Development Accounts. Tribal Colleges and Universities are increasingly focused on financial education as well.
- She recently shared with each member of the Council links to two documents: Financial Capability in Indian Country and Tribal Nations and the United States Government.

John Hope Bryant, Founder, Operation Hope and Councilmember, spoke next.

- He recalled that 150 years ago today, President Lincoln signed legislation to create the Freedman's Savings Bank to teach free slaves about money. He found it interesting that we are meeting today, 150 years later, to continue the work of giving liberty and freedom to all races.
- He was inspired by Chair John Rogers regarding internships, and Vice Chair José Cisneros’s work in San Francisco.
- He announced that Casey Family Programs will make a twelve-month commitment to sponsor and underwrite a HOPE fellow to support young Americans in under-served communities.
- He explained that he will kick off an April 2015 event in Ferguson, Missouri to show that Operation Hope is committed to strengthening, uplifting and inspiring a new generation of financially capable youth.

Subcommittee Summaries and Council Member Announcements

Amias Gerety next turned to the committee chairs to discuss their work.

Charles Scharf, Chair of the Innovation and Technology Subcommittee, Chief Executive Officer, Visa Incorporated, spoke.

- He talked about the Innovation and Technology Subcommittee report which focuses on the ongoing work streams.
- There was a K-12 symposium on education technology in December. The subcommittee partnered with the Federal Reserve Bank of Boston and local technology companies for the symposium.
- The subcommittee learned that if teachers understand finance, then they can teach financial capability concepts to their students. Its study found that eight-five percent of teachers believed that financial education is critically

important, but only 20% feel comfortable with it themselves. A key takeaway was that teachers with stronger financial capabilities can teach children better, but teachers may not be equipped, so an education tool should be created for that.

- Online tools to help current and prospective students of higher education to make sound financial decisions are also needed. The subcommittee is using analytics to make decisions about post-secondary information and choosing the right repayment plans.
- He also described expanding access to high quality financial accounts in cities and communities, encouraging the adoption of high quality financial services for currently unbanked people, and encouraging the online disbursement of payments.
- He thanked Treasury's Office of Consumer Policy for its work.

Carol Quillen, Chair of the Post-secondary Education for Children Subcommittee, President, Davidson College, spoke next.

- She focused on the relationship between financial capability, education, and autonomy. She described education as an asset.
- Cross-sector partnerships are crucial in this decision making process for young people making tough choices.
- Information that is not trusted, timely, or relevant does not change decision making. The problem is not a lack of information, but a lack of relevant information in the moment. There is a need for a tool with a personalized approach for individual students.

Marc Morial explained that the subcommittee is focused on after-school programs that help students to complete the FAFSA and educate them on the topics of scholarships and grants, among other things. He also explained its focus on empowering the teacher efforts. He also declared that HUD's housing counseling program and Workforce Innovation and Opportunity Act as great opportunities to advance financial education. Lastly, he welcomed subcommittee members for comments.

Amy Rosen, Partner, Public Private Strategy Group, described the subcommittee's partnership with the technology subcommittee that is exploring to create a digital method to educate teachers on personal finance.

Ted Beck, President and Chief Executive Officer, National Endowment for Financial Education, noted his organization's work with University of Arizona to help teachers to create a course that combines resources from multiple programs to promote financial literacy engagement in the classroom.

Valerie Jarrett, Senior Advisor to the President, Head of the Offices of Public Engagement and Intergovernmental Affairs, and Chair of the White House Council on Women and Girls, joined the meeting and spoke next.

- She expressed appreciation on behalf of the President. She also commended John Rogers and the Council for their vision and efforts to strengthen the financial lives of young Americans.
- She announced that the “Let Girls Learn” global initiative launched today focuses on the role the United States can play in empowering girls and young women, and promoting financial literacy and financial stability across the world.
- She also recognized that support from the Treasury is essential, and expressed appreciation to Treasury Secretary Lew and Deputy Assistant Secretary Melissa Koide.

José Cisneros, spoke next.

- Local and tribal governments are working with federal agencies to remove barriers at the local level to allow for funding to be used to support these efforts, and disseminate best practices across the United States.
- He wants to embed the safest checking and savings accounts into all youth employment and training programs. He also wants to ensure that every family has the opportunity to save for college by expanding access to Child Savings Accounts and creating effective savings incentives. He wants to accomplish these goals through the use of a technology platform to make the tools accessible to young people.
- We need to protect our vulnerable youth, such as foster care, from identity theft and credit abuse. We also need to leverage community hubs like libraries and community colleges to deliver financial capability services.

Rick Ketchum, Chairman and CEO, Financial Industry Regulatory Authority and Councilmember, spoke next.

- He recognized that it is absolutely critical we track progress across these initiatives.
- We are working to complete a third National Financial Capability Study. The study will include the State-by-State Survey of more than 25,000 respondents, and a Military Survey of another 1500.
- While the core structure of the study will be unchanged, the 2015 edition will include questions about the following:
 - student loans that will allow researchers to better understand the dynamics of student loan debt;
 - medical costs that will enable researchers to explore the relationship between medical debt and healthcare services; and
 - demographics that will help researchers to better understand specific populations, including Native Americans, disabled Americans and Military veterans

Regina Stroud, President, Skyline College and Councilmember, spoke next.

- Community colleges represent upward mobility, and are making good on that promise. However, one big issue affecting student success is poverty.

- Skyline College recognizes that students have different needs. The college developed a smart point center model for working families and low-income households. Financial success is derived from having measurable outcomes such as managing debt and increasing savings and credit scores.
- Skyline has worked with local communities to bring this about. Government can help by funding technical assistance programs. On the federal level, policies that incorporate financial literacy could also help. Moreover, integrating these strategies for full civic engagement can also be helpful.

Closing Remarks:

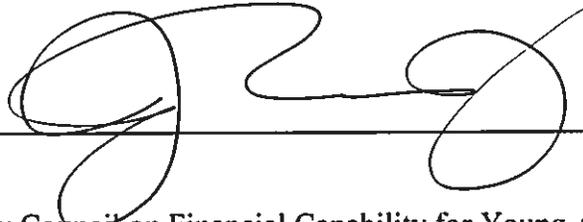
Melissa Koide described next steps and asserted that there would be one additional Council meeting before it concludes.

Public Comments:

Adjournment:

The Meeting was adjourned at 10:15 PM after Chairman Rogers thanked everyone for their participation.

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



John Rogers, Jr.
Chair

President's Advisory Council on Financial Capability for Young Americans