

UNITED STATES OF AMERICA

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DEPARTMENT OF THE TREASURY

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PRESIDENT'S ADVISORY COUNCIL ON  
FINANCIAL CAPABILITY

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PUBLIC MEETING

+ + + +

Wednesday, November 28, 2012

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The hearings came to order at 8:00 a.m. in the Cash Room of the Department of the Treasury, 1500 Pennsylvania Avenue, NW, Washington, D.C. Amy Rosen, Vice Chair, Presiding.

COUNCIL MEMBERS PRESENT:

AMY ROSEN, President and CEO, the Network for Teaching Entrepreneurship (NFTE)  
ROLAND ARTEAGA, President and CEO, The Defense Credit Union Council (DCUC)  
JANIE BARRERA, Founder and CEO, ACCION Texas Inc.  
TED BECK, President and CEO, The National Endowment for Financial Education (NEFE)  
SHERRY SALWAY BLACK, Director, Partnership for Tribal Governance  
JOHN HOPE BRYANT, Founder, Chairman and CEO, Operation HOPE  
SAMUEL T. JACKSON, Founder, Chairman, and CEO, The Economic Empowerment Initiative,

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RICHARD KETCHUM, Chairman and CEO, the  
Financial Industry Regulatory Authority  
(FINRA)

BETH KOBLINER, Personal Finance Commentator  
CARRIE SCHWAB-POMERANTZ, President, The  
Charles Schwab Foundation

ELDAR SHAFIR, William Stuart Tod Professor of  
Psychology and Public Affairs Princeton  
University

STAFF PRESENT:

MARY J. MILLER, Under Secretary for Domestic  
Finance, US Department of the Treasury

CYRUS AMIR-MOKRI, US Department of the  
Treasury

JAMES GATZ, US Department of Treasury

MELISSA KOIDE, US Department of the Treasury

LOUISA M. QUITTMAN, US Department of the  
Treasury

DAVID SOO, Office of the Under Secretary,  
Department of Education

ALSO PRESENT:

MICHAEL COHEN, President and CEO, Achieve

BOB SOLOMON, Staff to John Rogers

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

8:03 a.m.

MS. KOIDE: Good morning. I'd like to call everybody to their seats and begin the meeting. It's wonderful to be with you this morning.

I'm Melissa Koide. I'm the Deputy Assistant Secretary for Consumer Policy at Treasury. And to open the meeting I am pleased to present Mary Miller, our Under Secretary for Domestic Finance at the U.S. Treasury Department.

Ms. Miller is responsible for developing and coordinating Treasury's policies and guidance in the areas of financial institutions, federal debt financing, financial regulation and capital markets.

Before joining Treasury, Mary served as the Assistant Secretary - I'm sorry. Before her position as Under Secretary she was our Assistant Secretary at Treasury for Financial Markets where she advised the Treasury

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1 Secretary on a broad range of matters in domestic  
2 finance, financial markets, federal, state and  
3 local finance matters and federal government  
4 lending policies.

5 In this role, she was responsible  
6 for Treasury's management of public debt.

7 And prior to joining Treasury, Mary  
8 spent 26 years working for T. Rowe Price Group  
9 where she was the director of the Fixed Income  
10 Division and a member of the firm's Management  
11 Committee.

12 It's a real pleasure and honor to  
13 have our Under Secretary with us this morning and  
14 she will kick us off with some introductory  
15 remarks. Thanks, Mary.

16 UNDER SECRETARY MILLER: Thank you,  
17 Melissa. Good morning, everyone, and welcome  
18 to the Treasury. Fortunately, it's a pretty  
19 quiet time here so I have plenty of time to come  
20 and join you.

21 I'm sorry I will not be able to stay  
22 for your entire meeting but I'm delighted to have

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1 the opportunity to kick things off this morning.

2 So thank you for joining us for the  
3 eighth meeting of the President's Advisory  
4 Council on Financial Capability.

5 I want to give special thanks to Amy  
6 Rosen, who will be presiding today, as well as  
7 Chairman Rogers and all of the members of the  
8 Council for their continued work on efforts to  
9 improve the financial capabilities of all  
10 Americans.

11 The Council's focus is important to  
12 every one of us, to every individual and family  
13 and to our nation.

14 The recommendations you are  
15 developing will help guide the work of the  
16 federal government, the private sector and  
17 nonprofits in this area for years to come.

18 Over the past two years, the Council  
19 has developed recommendations in a number of  
20 areas concerning the financial well-being of  
21 individuals and the overall economic health of  
22 the nation.

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1           The Council's recommendations are  
2 helpful to Treasury and to agencies across the  
3 government as we continue to make progress after  
4 the worst recession since the Great Depression.

5           You will hear today more about some  
6 of those steps that Treasury and the  
7 administration have taken as a result of your  
8 recommendations and I'd like to highlight a few  
9 of them now.

10           First, let me mention your  
11 recommendations concerning financial  
12 capability education in our schools.

13           I applaud the Council for  
14 recognizing the potential effect that improved  
15 financial decision making by young people can  
16 have for both households and the nation for the  
17 years ahead.

18           I know that the administration is  
19 eager to hear your final recommendations in this  
20 area, particularly regarding integrating  
21 financial education into the core curriculum at  
22 more schools.

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1                   Based     on     another     Council  
2     recommendation and the input of experts across  
3     the country, the Department of Education this  
4     year participated in the first ever  
5     international assessment of student financial  
6     knowledge.

7                   This work helps leaders in the  
8     education field to better assess the  
9     effectiveness of education basics and it  
10    strengthens the global effort to improve  
11    financial capability.

12                  As in many areas, the challenges we  
13    face in the United States to prepare young people  
14    to make the most of their financial  
15    opportunities are not unique.

16                  By participating in this  
17    assessment, the federal government has an  
18    opportunity to work in collaboration with  
19    partners around the world to better understand  
20    how we can all improve.

21                  I'd also like to highlight the  
22    Council's recommendations on workplace

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1 financial capability strategies.

2 This Council has clearly pointed out  
3 that employers have an important role to play in  
4 promoting the financial capability of the people  
5 who work for them.

6 For as many as a 138 million  
7 Americans the workplace may be the best and most  
8 effective venue in which Americans receive the  
9 information that will lead them to better  
10 financial decision making.

11 And because financial stress can  
12 lead to a number of significant problems  
13 including decreased productivity, the  
14 cumulative benefits to individuals, companies  
15 and the overall economy can be quite large.

16 Based on your recommendations,  
17 Treasury has recognized a private sector  
18 initiative that is acknowledging employers who  
19 are leading the way in this area.

20 The inaugural winners of the  
21 Workplace Leaders and Financial Education  
22 Award, which were recognized here at the

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1 Treasury Department last January, have  
2 implemented practices that address a wide range  
3 of employee needs like encouraging monthly  
4 budgeting and debt management and providing  
5 online tools and individual planning.

6 According to the award sponsors,  
7 these efforts show results such as a 14 percent  
8 increase in participation by 20-somethings in  
9 retirement plans, a 49 percent decrease in 401K  
10 loans and paying down debt by participating  
11 employees.

12 In addition, the Federal Office of  
13 Personnel Management is implementing key  
14 actions to advance the financial capability of  
15 our federal workforce.

16 There is more that can be done on  
17 this front and we look forward to hearing your  
18 recommendations related to employer-sponsored  
19 financial education this morning.

20 Let me also acknowledge the  
21 Council's recommendation that the federal  
22 government encourage greater use of technology

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1 in the field of financial capability.

2 Treasury heard your message that  
3 technology can enable more Americans to access  
4 information, advice and connections to better  
5 manage their financial lives.

6 To that end, based on your  
7 recommendation Treasury sponsored the My Money  
8 App Up challenge, a contest offering prizes and  
9 recognition for the best mobile app ideas and  
10 designs to help Americans make smart financial  
11 choices, access high-quality financial products  
12 and services and ultimately control and shape  
13 their financial futures.

14 I understand that today the Council  
15 will consider making a recommendation regarding  
16 the connection between financial capability and  
17 disaster preparedness.

18 The Subcommittee on Community  
19 Empowerment was formulating this recommendation  
20 even before Hurricane Sandy.

21 I thank you for your foresight on  
22 this topic, as we were reminded once again how

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1 important planning ahead can be for financial  
2 well-being.

3 Families and communities who were  
4 prepared financially, for example, by  
5 maintaining emergency savings and keeping track  
6 of their records, are in a better position to  
7 recover.

8 Finally, the Council has made it  
9 clear that ongoing research and evaluation of  
10 financial capability tools and programs is  
11 critical to advancing its work. Treasury could  
12 not agree more.

13 Treasury plans to continue its work  
14 in conjunction with partners in the government  
15 and outside to promote high-quality research and  
16 evaluation about what is effective at helping  
17 Americans become more financially capable.

18 The FINRA Foundation's 2012  
19 National Financial Capability Study, which  
20 Treasury has advised on, will be an important  
21 source for this ongoing research.

22 Promoting financial capability

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1 resources in each of the areas the Council has  
2 identified - in schools, communities and  
3 families and the workplace - is the most  
4 effective way to improve the financial futures  
5 of all Americans.

6 I'm pleased to note that last month  
7 the Federal Financial Literacy and Education  
8 Commission, which Treasury chairs, announced a  
9 new strategic focus area on Starting Early for  
10 financial success.

11 This effort aims to educate young  
12 people to make key financial decisions that will  
13 help them throughout their lives.

14 The 21 federal agencies that make up  
15 the Commission will collaborate to prepare  
16 parents, teachers, community leaders and others  
17 with the knowledge, resources and tools  
18 necessary to help young people start early for  
19 financial success.

20 A key aspect of the Starting Early  
21 initiative is a renewed commitment by all  
22 Commission member agencies to collaborate and

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1 coordinate financial education activities  
2 across their organizations.

3 Equally important is the focus the  
4 Commission will place on tracking agency  
5 commitments and activities and on measuring  
6 overall impact.

7 The Commission is establishing a  
8 framework of measurable outcomes and member  
9 agencies will be asked to report on those  
10 outcomes within this performance framework.

11 In short, we believe that this focus  
12 will put the Commission on a path toward  
13 affecting a substantial and lasting impact on  
14 Americans' financial well-being.

15 However, government effort alone  
16 will not change Americans' financial habits.  
17 The Commission will work more with the many  
18 nonprofit and for-profit organizations  
19 committed to financial capability as well as  
20 state, tribal and local governments who share  
21 our belief that financially capable citizens are  
22 vital to the economic well-being of our

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1 communities and our country as a whole.

2 In closing, I'd like to once again  
3 applaud the Council members for their leadership  
4 in developing these recommendations.

5 Thank you for the opportunity to be  
6 with you this morning and I wish you all the best  
7 as you finalize these recommendations and  
8 continue this important work.

9 I'm now very pleased to turn the  
10 agenda over to Vice Chair Amy Rosen. Thank you  
11 very much.

12 (Applause.)

13 VICE CHAIR ROSEN: Thank you, Under  
14 Secretary Miller, and let us excuse you if you  
15 need to go. Do know - we're rooting for you in  
16 all respects.

17 UNDER SECRETARY MILLER: Have a  
18 great meeting. Thank you.

19 VICE CHAIR ROSEN: Thank you. Good  
20 morning. Welcome, everybody, and particularly  
21 welcome our audience for agreeing to start so  
22 early with us this morning. We know you must be

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1 committed to this cause.

2 I have some big shoes to fill today  
3 because our chairman had a last minute  
4 scheduling glitch and couldn't be here and I'll  
5 try to do my best to carry this meeting.

6 But I'm particularly disappointed he  
7 couldn't be here because he has really led all  
8 of us over the last 18 months and pushed us to  
9 come up with the biggest ideas we could to have  
10 the biggest impact.

11 And I think today's meeting is full  
12 of substantive recommendations that really pull  
13 this together, and particularly, as we know, his  
14 heart and soul is always focused on the  
15 underserved youth in America.

16 I think between FLEC and what this  
17 group is doing that we actually are coming  
18 together with some ideas that hopefully can  
19 really drive this agenda forward.

20 Speaking of substantive  
21 recommendations, we actually have quite a few to  
22 discuss as a group today.

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1           This will be our last meeting where  
2 we actually have an opportunity to do that, to  
3 adopt recommendations, and then we'll gather one  
4 more time in January to present our final report.  
5 With the help of Bob Solomon we will do that.

6           When I listen to Under Secretary  
7 Miller talk about what we've done over the course  
8 of the last 18 months, two years - I can't even  
9 remember how long it's been - you know, I'm  
10 struck by what sometimes feels like, you know,  
11 really, really hard work that we've had to come  
12 up with ideas in which we could drive and  
13 recommend to the President, that they're  
14 actually having an impact.

15           And with that, let me turn it over  
16 to Melissa to actually give us all an update as  
17 to how some of these recommendations,  
18 particularly those that are recommendations  
19 geared towards the government, have been  
20 implemented.

21           MS. KOIDE: And I am going to save  
22 you all the pain of listening to this voice talk

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1 through recommendations so I'm going to turn it  
2 over to Louisa Quittman, who will give you the  
3 report out.

4 MS. QUITTMAN: Thank you. Good  
5 morning. So what we'll do for a little bit this  
6 morning is give you an update on some of the  
7 actions taken based on recommendations that the  
8 Council has made over the last two years.

9 I'll give you some updates on a  
10 number of topics, some brief updates, and then  
11 you'll hear from my colleagues, David Soo from  
12 the Department of Education, and Jim Gatz from  
13 here in Treasury, more specifically on two of the  
14 recommendations.

15 Regarding the topic of workplace  
16 financial education, last January the Treasury  
17 Department recognized the winners of the  
18 inaugural Work Life Leaders in Financial  
19 Education Awards, as Under Secretary Miller  
20 mentioned.

21 And these awards, sponsored by the  
22 Society of Human Resource Management and the

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1 American Institute of Certified Public  
2 Accountants, really acknowledged the efforts of  
3 leaders in the field in private sector  
4 organizations to promote financial education in  
5 the workplace.

6 As well, the federal Office of  
7 Personnel Management has been working hard to  
8 implement your recommendation regarding  
9 promoting the financial capability of the over  
10 2 million federal employees.

11 OPM provided us with some updates on  
12 the work that they've been doing and we're happy  
13 to continue to share those with you.

14 They received a report earlier this  
15 year from a team from Excellence in Government  
16 Fellows, which is part of the Partnership for  
17 Public Service, and they are now working to  
18 create a database for human resource  
19 professionals in the federal government by  
20 January of next year.

21 The OPM has also been focused on  
22 outreach to minority and women organizations

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1 within the federal government to promote  
2 participation in the Thrift Savings Plan, the  
3 federal government's retirement savings plan.

4 Tncil has also made a number of  
5 recommendations related to research and  
6 evaluation that have either been fully  
7 implemented or are in progress.

8 We are working with other federal  
9 agencies with the FINRA Investor Education  
10 Foundation through its 2012 development of the  
11 National Financial Capability Study and I hope  
12 that we'll hear more about that later this  
13 morning.

14 And the Financial Literacy and  
15 Education Commission, as we have mentioned,  
16 released a set of research priorities and  
17 questions in May of this year.

18 We believe that this is a key step  
19 in efforts to develop and disseminate outcome  
20 metrics, program evaluation standards and  
21 financial education research standards to  
22 improve the quality and effectiveness of

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1 financial education programs as recommended by  
2 this Council.

3 And then to build on Under Secretary  
4 Miller's remarks, I'd like to spend a couple of  
5 minutes giving you a bit more detailed update on  
6 the work of the Financial Literacy and Education  
7 Commission.

8 Last month at our public meeting we  
9 announced this new strategic focus on Starting  
10 Early for Financial Success.

11 The idea of this focus is to serve  
12 as a platform for achieving the primary purpose  
13 of the Commission, which is to better coordinate  
14 resources and activities across the federal  
15 government that support financial education for  
16 all Americans.

17 The shared strategic focus will help  
18 the member agencies and the Commission better  
19 coordinate activities and achieve greater  
20 effectiveness and efficiency as well as leverage  
21 resources and identify areas where additional  
22 resources may be needed.

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1           The Commission will identify  
2 specific outcomes to help ensure accountability  
3 and to better assess our impact on the effort -  
4 on the Commission's efforts to move the needle  
5 for financial capability.

6           We expect that the actions that will  
7 be taken under the Starting Early for Financial  
8 Success focus will be further detailed in the  
9 months ahead but will include activities that,  
10 for example, improve financial education in  
11 primary and secondary schools and in  
12 institutions of higher education including  
13 community colleges and state universities, that  
14 will work with social service providers and  
15 public benefit providers to reach vulnerable  
16 children and families and will work with public  
17 and private sector employers of young workers.

18           As part of the effort, the  
19 Commission will consider the recommendations of  
20 this Council related to this focus including  
21 items on the agenda today as well as your past  
22 recommendations such as Money as You Grow.

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1           The Commission will also look to  
2 work with partners across the federal government  
3 and other levels of government and in the private  
4 sector to achieve the outcomes of this focus.

5           Together, we think that the steps  
6 will put the Commission on a path to substantial  
7 and lasting impacts on Americans' financial  
8 capability.

9           So that is the update from the  
10 Financial Literacy and Education Commission.  
11 I'll turn it over to David Soo from Department  
12 of Education, who will provide an update on PISA,  
13 and then that will be followed by Jim Gatz from  
14 Treasury, who will provide an update on the My  
15 Money App Up Challenge.

16           MR. SOO:           Great.       Hello,  
17 everybody. I just wanted to give you a brief  
18 overview of the PISA assessment that goes out.

19           It's coordinated by the OECD every  
20 three years and it's a broad test and it does  
21 math, science and reading for 15-year-olds  
22 across the world.

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1           So in 2012, for the first time  
2 there's a financial literacy component to it so  
3 we're really excited. I know that members of  
4 this body have been really instrumental in  
5 getting us to participate in that.

6           So 18 countries have participated in  
7 the financial literacy assessments and in the  
8 United States we have 1,200 students who have  
9 taken this part of the assessment.

10           And it really is the first  
11 large-scale international comparison for  
12 financial literacy of young people.

13           And, you know, I don't have to tell  
14 this group that we know little about financial  
15 literacy and especially among youth. So we're  
16 really excited about the results that are going  
17 to come out from this.

18           So the areas that it gets at are  
19 where the gaps are in financial knowledge for  
20 young people.

21           But it'll also help us to identify  
22 which countries it's being effective in so that

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1 we can go and learn from those countries and  
2 allow us to compare across those groups.

3 So there are 30 to 40 questions,  
4 depending on which version students get, and  
5 they have a variety of formats. There's prose,  
6 tables, other questionnaires that students use  
7 to demonstrate their financial knowledge.

8 So it's in four main areas - money  
9 and transactions, planning and managing  
10 finances, risk and reward and the financial  
11 landscape.

12 It tests the students' ability to  
13 identify financial information, analyze that  
14 information, evaluate it and apply it. So the  
15 results of this are being collected right now.

16 So most of the countries collected  
17 data in the spring, this past spring. The  
18 United States is just finishing our collection  
19 right now. And so the time line is that the  
20 Department of Education will be collecting the  
21 information.

22 We'll report it to OECD in February

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1 and then it won't be until December, a year from  
2 now, that the overall PISA results get released  
3 and the financial literacy results won't come  
4 out until March the following year. So we have  
5 a little over a year to wait.

6 I'm told that there are people who  
7 think that there might be some early rumors of  
8 what might be coming out. Those will not come  
9 from the Department of Education. But we're  
10 looking forward to hearing them when they do  
11 come.

12 So I just have two areas that we'd  
13 sort of like input from this group and from the  
14 wider - the wider world about - -and as I said  
15 this is a every three year process that PISA gets  
16 done and they are going to be doing financial  
17 literacy again in 2015.

18 And the Department of Education has  
19 funding and is willing and able to participate  
20 again but wants to make sure that there's  
21 actually interest from larger - a larger body of  
22 having - of getting those results again in 2015.

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1           So if you all have thoughts either  
2 way please let me and folks in the department  
3 know that there is interest in that.

4           And like I said, we have another year  
5 to plan for when the results of this come out,  
6 and what OECD does when they release these  
7 reports is they have a huge, you know,  
8 100-page-long report.

9           It's kind of dense, a lot of tables,  
10 and it's the cross comparison across the world.

11           So there's no country-specific  
12 report. So if we want to do something like that  
13 the statisticians and folks at the Department of  
14 Education can help us with that. But there is  
15 no particular game plan for getting that out to  
16 the wider world.

17           So we'd certainly be open to input  
18 about how we might get the word out. If there  
19 are folks who want to help us think about  
20 messaging and strategy please just let us know.  
21 So thank you.

22           VICE CHAIR ROSEN: Questions?

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1           MR. BECK:     Just a comment.     I  
2     strongly support continued involvement in PISA.  
3     I think it's an incredibly important bit of  
4     information that the entire country will accept  
5     and we can build a lot of messaging around.    So  
6     if you'd like an early vote you have one.

7           MR. SOO:     Great.     Thank you.

8           MS. SCHWAB-POMERANTZ:   I just have  
9     a question.     You mentioned that you can't  
10    separate, you can't segment the U.S. stats from  
11    the rest of the world?

12          MR. SOO:     We will be able to.   It's  
13    just that they don't produce a specific -  
14    country-specific report for us.   But yes, the  
15    data, we'll be able to look at the U.S.  
16    performance versus other countries.

17          MS. SCHWAB-POMERANTZ:   Okay.    So  
18    we will put the resources together to segment  
19    that group, the U.S.?

20          MR. SOO:     Yes.

21          MS. SCHWAB-POMERANTZ:   Okay.

22          VICE CHAIR ROSEN:   And Ted, just to

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1 your comments, since this is our last  
2 opportunity to make formal recommendations, I  
3 would welcome you adding that recommendation to  
4 your final research recommendations if you'd  
5 like.

6 MR. BECK: Do you want it today or  
7 in the final report?

8 VICE CHAIR ROSEN: Oh, the  
9 recommendation can be today and we can vote on  
10 it. Thank you.

11 MR. BECK: I'm drafting it.

12 VICE CHAIR ROSEN: Exactly.

13 MS. KOBLINER: I just wanted to say  
14 that - I just wanted to say that thanks to our  
15 leadership of John and Amy and Bob Solomon as  
16 well for getting the funding for PISA study,  
17 Melissa and - I just think this is invaluable  
18 information that we've never had to learn about  
19 how 15-year-olds in our country do, not just  
20 versus other countries but what we can do to  
21 improve what they're learning.

22 So I definitely second Ted's point

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1 and think we should absolutely make the most of  
2 what we can with this data as well as continuing  
3 to study future years.

4 MR. KETCHUM: Just one question.  
5 Our efforts include X amount of data have  
6 something to go through that provides as much  
7 depth as possible as a separate report for the  
8 U.S. Why can't the raw data itself be made  
9 available for academics and experts to be able  
10 to work and re-sort and do a variety of things  
11 and is that possible or is that restricted by the  
12 OECD?

13 MR. SOO: I'm not sure the exact  
14 level of granularity of the data that comes out  
15 but along with the main report there are tables  
16 and charts and so we will be able to get that.

17 But it's just a question of how do  
18 we get that word out - you know, how do we  
19 encourage academics to do that kind of work.  
20 But I certainly think it's possible.

21 MS. SALWAY BLACK: I have a related  
22 question on that, just on timing. Would it be

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1 possible to separate the U.S. and have that  
2 before the report that they're doing, the larger  
3 report?

4 MR. SOO: I think that the official  
5 answer is no.

6 VICE CHAIR ROSEN: Let me do this.  
7 Let's - since we all know the people who are  
8 actually doing this research and the analysis,  
9 between now and our next meeting why don't we  
10 commit to getting them together with the  
11 Department of Education and seeing,  
12 specifically for your comment, if we can't - if  
13 we can't get any of the raw data to be able to  
14 use and engage in research beforehand and we can  
15 report back. Any other questions on the Ed  
16 report? James?

17 MR. GATZ: Thank you. Good  
18 morning. I'm Jim Gatz with the Department of  
19 Treasury Office of Consumer Policy and let me  
20 begin by thanking you all for your good work in  
21 increasing the financial capability and your  
22 efforts to harness the resources and energy and

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1 attention of the government and the private  
2 sector on this important topic.

3 I also want to thank you  
4 particularly for your recommending that  
5 Treasury should sponsor a challenge competition  
6 to put a spotlight on how mobile technology can  
7 be a platform that enables people to make more  
8 informed, more effective and more timely  
9 financial decisions and choices.

10 In response to your recommendation,  
11 the Treasury Department entered into a  
12 public-private partnership with two national  
13 not-for-profit organizations - the D2D Fund and  
14 the Center for Financial Services Innovation  
15 earlier this year to sponsor the My Money App Up  
16 Challenge, which I'm going to talk about just a  
17 little bit with you today.

18 So I'm going to give a brief overview  
19 of the challenge, talk about what our goals were  
20 in sponsoring that challenge, what were the  
21 results, share some examples of the ideas and  
22 designs that were submitted and then talk a bit

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1 about the lessons learned.

2 So Treasury and our partners had  
3 three broad goals in the challenge. First was  
4 to raise awareness, to start a national  
5 conversation about how technology and access to  
6 meaningful data can help consumers make smart  
7 choices.

8 The second goal was to catalyze new  
9 thinking, catalyze the public, app designers,  
10 the financial sector and innovators to help  
11 think about new possibilities for empowering  
12 consumers and using a combination of technology  
13 and data.

14 And then third, to support and  
15 strengthen the ecosystem that supports mobile  
16 technology as a platform for providing  
17 information technology and financial  
18 capability.

19 Protecting consumers and promoting  
20 financial capabilities is at the heart of this  
21 administration's continuing efforts to promote  
22 a safe and sound financial system and to empower

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1 American families to inform - to make informed  
2 financial decisions.

3 And as this Council has highlighted  
4 for us, consumers need to know how - need the  
5 know-how, the tools and the resources when  
6 making financial choices and decisions.

7 Mobile devices such as phones and  
8 tablets and data in particular have a real  
9 potential to be game changers in our efforts  
10 towards greater financial capability and  
11 access.

12 As you've heard, I think, that  
13 currently upwards of 88 percent of Americans in  
14 the United States own a mobile phone or a cell  
15 phone and about 45 percent of those own smart  
16 phones.

17 Smart phones are devices that have  
18 access to the Internet. These technologies  
19 allow a huge portion of the population to access  
20 up-to-the-minute information and to help them  
21 make decisions on the spot.

22 So what was the challenge? We had

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1 two parts to the challenge. It was a two-part  
2 contest with cash prizes for the winners.

3 The competition was open to the  
4 general public, not only to techies or to people  
5 who were focused on financial literacy or  
6 financial capability as part of their mainstream  
7 - as part of their life mission.

8 The Commission took place last  
9 summer. We announced it on June 27th and the  
10 public had about two months to submit ideas and  
11 designs for the competition.

12 There were two parts. There was an  
13 Idea Bank competition and an app design  
14 competition.

15 Next slide. The IdeaBank  
16 competition we asked entrants to submit one- or  
17 two-sentence ideas for apps that they would like  
18 to see.

19 A key ground rule was that the idea  
20 submitted could be no longer than 140  
21 characters. That's the size of a tweet.  
22 Another key part of this was and it was - there

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1 was a crowd source approach to it.

2 We asked entrants to put their ideas  
3 on a special website that we created for the  
4 challenge and then we asked the public to watch  
5 and to add their ideas to it based on what they  
6 see on the list.

7 And we also went through a public  
8 voting process to help decide the winners of the  
9 challenge. Next slide please.

10 So the Idea Bank competition was "I  
11 want an app that" and then they filled in the rest  
12 with 140 characters or less.

13 We received about 130 ideas from  
14 across the country and the entrants came from a  
15 range of people - young people and adults,  
16 teachers and students, people from the financial  
17 services industry and from community  
18 not-for-profits, people from an amazing range of  
19 backgrounds.

20 And their ideas cover the gamut over  
21 a range of topics such as for apps that help  
22 people focus on saving for the future, on

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1 budgeting, on planning for retirement, making  
2 bill payments, comparison shopping and bill  
3 paying.

4 And as I said, winners were chosen  
5 from a public voting process that included about  
6 - 1,300 people participated in the voting  
7 process.

8 This app - "I want an app that lets  
9 me enter purchases and rate and track how happy  
10 they do or don't make me over time so that I can  
11 adjust my spending accordingly" was voted as the  
12 best app idea submitted.

13 I have a few more that I'm going to  
14 go through quickly, given time. But other ideas  
15 - the second place idea that was submitted was  
16 "I want an app that calculates the return on  
17 investment for college based on expected net  
18 costs of tuition at specific colleges and  
19 anticipated salary by major."

20 Some other ideas focused on using  
21 apps to make decisions about calculating costs  
22 like these.

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1           This one is about helping a person  
2 who's going to make - use a credit card to make  
3 a purchase to decide how much it will really cost  
4 him over time based on the interest on the credit  
5 card.

6           And others had - were based on  
7 inspirational ideas, like this one. "I want an  
8 app that sends daily pushes or inspirations  
9 about savings and debt reduction and sticking to  
10 the budget" - inspirations that could be quotes  
11 or stats or encouragement that will come every  
12 day to their phone so they would see it.

13           Others were about - that took  
14 advantage of geolocation functions on phones,  
15 like this one that says "I want an app that offers  
16 location-based alerts to alert - to curb my  
17 budget spending behaviors, such as when I enter  
18 Starbucks I might get a message."

19           Another one that's sort of similar wants  
20 a nudge using the geolocation, that when they go  
21 to the gym they get an autotransfer to an account  
22 for their fun spending but when they go to the

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1 bar they transfer \$5 to pay off their student  
2 loans quicker.

3 MR. BRYANT: Of course, nobody here  
4 goes to the bar, ever. Yes, yes.

5 MR. GATZ: Well, that's true. But  
6 some people might so they might have incentive  
7 to pay off their loans. A few more just talk  
8 about automating savings in ingenious ways.

9 I wanted to share these with you.  
10 This one is about an app that allows me to round  
11 up purchases to even dollars and transfer the  
12 change to my savings account.

13 So that if the purchase was for \$3.45  
14 the app would round it up to 55 cents and put 55  
15 cents into my savings account.

16 And then one more, I think, is that  
17 whenever I make a purchase with my debit cards  
18 I also automatically make a \$1 contribution to  
19 my child's college savings account.

20 So this is just examples of the types  
21 of apps that people - ideas that people  
22 submitted. And there were a few silly ones too

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1 but we can walk by really quickly, Louisa.

2 The second part of the competition  
3 was the app design competition where we  
4 challenged entrants to submit complete designs  
5 for mobile apps including a graphic and a  
6 narrative description of the key features.

7 The cash prizes for this competition  
8 were from \$2,500 to \$10,000 for the the top place  
9 winner. We had more than 115 entries from  
10 across the country.

11 Their ideas were judged on these  
12 factors, which was how is the app innovative, how  
13 does it contribute to something new to the  
14 marketplace, what's the potential for the app to  
15 enhance consumer financial capability, what's  
16 the potential for the app to be a sustained  
17 business model and how feasible would it be to  
18 create this app.

19 We used a two-phase judging process.  
20 The 115 ideas were submitted to a panel of  
21 in-house judges and then eight were chosen from  
22 those and a panel of celebrity judges selected

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1 the final winners right here in the Cash Room on  
2 September 28th.

3 Just quickly, our top winner was one  
4 called Centz, which was really focused on  
5 enabling people to manage student loans and to  
6 plan to pay off their student loans in a  
7 meaningful way.

8 The second one - the second place was  
9 called Moolah, which was one that was based on  
10 financial decision making particularly for  
11 people in low-income households and it helps  
12 them to think about their financial situation,  
13 to create a budget and to make connections with  
14 public benefits when needed.

15 And then there was one more called  
16 My Next Car, which was designed for first-time  
17 car buyers, helped them to plan for a car  
18 purchase in the future and to save for the  
19 purchase so they would have to borrow less to buy  
20 the car and therefore spend less money on  
21 interest payments.

22 It also includes a feature that

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1 would enable people to continue saving even  
2 after they purchased their car to start the  
3 saving habit for the car but to continue saving  
4 after that.

5 So those are some examples and what  
6 are the lessons learned? The first is that the  
7 public really is intrigued with these ideas,  
8 with these apps, and that mobile technology  
9 really can be a platform for helping people make  
10 better financial choices.

11 Entrepreneurs and innovators are critical  
12 partners in this work. The government has a  
13 role but entrepreneurs and innovators are where  
14 this is going to happen.

15 And, of course, Treasury has an  
16 important role in keeping this conversation  
17 going and catalyzing development of these tools  
18 in the future.

19 So thank you so much for making this  
20 recommendation and letting us do this work.

21 VICE CHAIR ROSEN: Thank you. Any  
22 questions, comments? I'm sorry. Sherry?

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1 MS. SALWAY BLACK: Will we have a  
2 chance to get a copy, Jim, of your PowerPoint?

3 MR. GATZ: Certainly. I can email  
4 it to you.

5 MS. SALWAY BLACK: Is it in the  
6 book?

7 MR. GATZ: No.

8 MS. SALWAY BLACK: Okay. Thanks.

9 MR. GATZ: I'll get you one.

10 VICE CHAIR ROSEN: Beth?

11 MS. KOBLINER: Are there more plans  
12 to do things like with the focus on youth maybe  
13 having - I know my teenagers know a lot more about  
14 technology than I do. Are there plans to do more  
15 of that?

16 MR. GATZ: You know, I think that  
17 that's definitely part of what the Commission is  
18 considering. They've started making initial  
19 plans with the Starting Early approach and there  
20 have been some conversations about using a  
21 challenge strategy as a way to focus on that  
22 topic, and maybe that's a good recommendation.

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1                   VICE CHAIR ROSEN:  Are the winners,  
2                   Centz  and  Moolah  actually  available  for  
3                   uploading  for  people  now?

4                   MR.  GATZ:  The  winners  have  not  been  
5                   -  the  ideas  are  available  for  sharing  but  they  
6                   have  not  been  produced.

7                   So  that's  kind  of  the  next  phase  
8                   that's  happening  right  now  and  some  are  -  the  D2D  
9                   Fund  and  the  CFSI  and  private  sector  funders  -  
10                  the  supporters  or  cosponsors  -  are  now  
11                  sponsoring  their  own  challenge,  that  it  really  
12                  is  about  taking  it  to  the  next  level.

13                  And  so  it's  about  helping  developers  
14                  to  actually  develop  their  apps  and  to  market  them  
15                  and  some  of  the  people  who  participated  in  our  
16                  challenge  are  now  in  that  next  challenge  that's  
17                  being  supported  by  the  D2D  Fund  and  CFSI.

18                  VICE CHAIR ROSEN:  Great.  Anybody  
19                  else?  Well,  let  me  just  take  this  moment  to  
20                  thank  all  of  you  because  we  can  come  up  with  a  
21                  lot  of  great  ideas.

22                  Both  Ed  and  Treasury,  I  think,  have

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1 a few other things on their minds these days, and  
2 the ability to actually take these ideas and  
3 recommendations seriously and act. On behalf  
4 of all the Council, I just want to say thank you.

5 We've been also joined by our  
6 Assistant Secretary of Financial Institutions  
7 and I have to also call you out, Cyrus, for, you  
8 know, being willing, again, with lots of other  
9 demands to not only be here but to host us to  
10 convene researchers and for being so supportive  
11 of our work.

12 MR. AMIR-MOKRI: Thank you very  
13 much, Amy. I think, first of all, it's a  
14 pleasure, personal pleasure, but this is an  
15 important agenda item for us and the work of this  
16 particular Council.

17 We can say kind of in theory it's  
18 important but I think Jim's presentation right  
19 now shows just how important the recommendations  
20 are, how seriously we take them and how we try  
21 to take them, you know, from a conceptual level  
22 to a practical level.

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1           And I think that's our challenge and  
2 I can't thank you all enough for the time and the  
3 effort that you've put into this very important  
4 project. Thanks, Amy.

5           VICE CHAIR ROSEN: Thank you, and  
6 let me just do a special call out here for Louisa,  
7 who is the actual person that has to take all of  
8 our nitty gritty ideas, some which are thought  
9 of as great and others which are thought of as  
10 challenging, and translate them to people like  
11 David and James and Melissa and actually try to  
12 bring them forward. So thank you, Louisa.

13           MR. BRYANT: Actually, I wasn't  
14 going to say anything because I didn't want to  
15 mix my work with the work of the Council. But  
16 let me just commend Mr. Ketchum.

17           Jim, as you were giving your report  
18 it dawned on me that the first time that I saw  
19 a comprehensive financial literacy report in  
20 this country was - actually wasn't from PISA or  
21 anybody else. That's great.

22           It was ck Ketchum and FINRA about

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1 five years ago, and it was something that  
2 everybody held up as a standard and really served  
3 as a foundation for everything else, and so they  
4 were ahead of the curve there.

5 And about a year ago they asked our  
6 group, my private group, Operation Hope, to work  
7 on a mobile app that would do a lot of the things  
8 that you refer to in your report. So  
9 once again, they were visionary. They were  
10 ahead of the curve and working on things that are  
11 important.

12 So I just want to commend, first of  
13 all, thank you for your report and I want to  
14 commend publicly Rick Ketchum and FINRA for,  
15 frankly, always doing the right thing even when  
16 it's not convenient.

17 VICE CHAIR ROSEN: Hear, hear.  
18 Okay. So now I think, Melissa, it's time to -for  
19 me to talk to you in the context of my chair of  
20 the Youth Subcommittee.

21 I don't want to monopolize all of our  
22 time here but I am going to, if you will indulge

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1 me, try to put this recommendation in the context  
2 of the - of the work that we're doing because it's  
3 somewhat complicated.

4 So, first of all, in partnerships  
5 with my colleagues on this committee - Beth  
6 Kobliner, John Hope Bryant, Samuel Jackson, who  
7 is not here, Ted and Sherry Salway Black and our  
8 honorary committee member, Bob Solomon, who gets  
9 dragged into all of this with us - thank you  
10 because we could never have gotten to where we  
11 are without all of us working, I think, so well  
12 together.

13 During the last 18 months or so, we  
14 have together really tried to look for  
15 strategies which would allow us to develop  
16 recommendations that could actually have a  
17 significant impact on the next generation of  
18 Americans' ability to both make sound financial  
19 decisions on behalf of themselves, their  
20 families and ultimately this nation's  
21 well-being.

22 And again, I want to call out our

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1 chairman for making us think and challenging us  
2 to think big as opposed to whittling away at the  
3 problem.

4 Focusing on this, as the president  
5 requested, the underserved to date I think we  
6 have played a role in encouraging, as David  
7 reported, the PISA work and hopefully on our last  
8 papers we'll continue to encourage what I think  
9 has got a lot of support already at Ed for  
10 continuing this work.

11 It is absolutely clear that in order  
12 for youth to compete in this increasingly flat  
13 world with alarming growing youth unemployment  
14 rates that we are going to have to be competitive  
15 in our - our financial knowledge.

16 We already have more than 300  
17 million global youths out there seeking work or  
18 making less than \$2 a day and these numbers are  
19 expected to grow. So, you know, I just want to  
20 echo how important this work is in order for us  
21 to focus and in order for the experts in the field  
22 to really focus on where the gaps are with U.S.

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1 kids compared to others.

2 In order to equip our families with  
3 an easily accessible tool that outlines the  
4 basics of what all young people should know at  
5 what ages, under Beth Kobliner's leadership the  
6 Council came up with the idea of Money As You Grow  
7 and endorsed its content. With little  
8 more than a posting on the website I'm pleased  
9 to report that, you know, huge numbers of people  
10 - where are we now, Beth?

11 MS. KOBLINER: It's about - to this  
12 minute it's about, like, 490,300 have gone on.  
13 It's about 10,000 people - families a week go on  
14 to the website just to look at -

15 VICE CHAIR ROSEN: So by the end of  
16 this meeting I think we'll cross the 500,000  
17 mark.

18 MS. KOBLINER: That's right.

19 VICE CHAIR ROSEN: And that alone,  
20 I think, is a lesson for all of us around the  
21 appetite that people have for this kind of basic  
22 and accessible knowledge, and thank you.

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1           Today, after consultations with  
2 many experts on how we could best push this  
3 agenda in American schools and a great deal of  
4 help from my colleagues, I'm pleased to be here  
5 to present to you a series of, really, calls to  
6 action that are baked into one recommendation  
7 for a new initiative that we have titled, and our  
8 brilliant title-ist over here, Beth, Money As  
9 You Learn.

10           I think this work, as well as the  
11 work that John Hope Bryant has been leading on  
12 the financial councils, will all tie together  
13 some really concrete substantive ways that we  
14 can enter into the school place.

15           Before I walk you through the  
16 recommendation, I want to thank a few people for  
17 getting us here today.

18           Because we were up against a  
19 deadline of the final report in January, once our  
20 committee finally figured out what we wanted to  
21 do it was critical to really jumpstart this work.

22           To make this possible, we relied

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1 heavily on the resources of our committee  
2 members including resources provided by the  
3 teams at Ariel, NFTE and NEFE, and we brought in  
4 Judy Wurtzel. Judy, would you stand so we can  
5 say thank you?

6 (Applause.)

7 VICE CHAIR ROSEN: To lead this work  
8 for us. Judy actually brings a wealth of  
9 experience from her time leading policy and  
10 other things at Ed as well as the subjects at  
11 Aspen and is personally responsible for really  
12 driving this work and to where we are today.

13 She also recruited Julia Heath.  
14 Julie, are you here? No, she couldn't be here.

15 Who is a subject matter expert, an  
16 award-winning economics and financial personal  
17 finance teacher who currently directs the work  
18 at the Economic Center at University of  
19 Cincinnati.

20 This aligned well with the work that  
21 she's also doing with the Council of Economic  
22 Education.

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1           She in turn assembled a group of  
2 experts to kick off the substantive work  
3 involved in making this recommendation a  
4 reality.

5           Together, with the generous  
6 resources of the Council on Economic Education  
7 and from both the staff as well as the members  
8 of Jump\$tart we've actually been able to kick  
9 this off and get to where we are today.

10           Lastly, I would be remiss if I didn't  
11 mention all of the advisors and experts in the  
12 field from the Council of Economic Education to  
13 the leaders of - to the AFT and the NEA in order  
14 to get input from teachers to leaders of the  
15 Common Core assessment consortia.

16           We talked to a lot of people, got a  
17 lot of advice on how to do this and I think we  
18 came up with something that is actually going to  
19 be effective. One of those experts, Mike Cohen  
20 - where did Mike go?

21           MS. KOIDE: He's over here.

22           VICE CHAIR ROSEN: Oh. Hey, Mike.

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1 How are you? Good morning. President of  
2 Achieve and one of our nation's leading experts  
3 on the Common Core standards is here with us  
4 today and will help the Council understand the  
5 objectives of the - of the Common Core and how  
6 this presents this unique opportunity for the  
7 Council.

8 But let me summarize first the work  
9 and the recommendations which hopefully you'll  
10 have - you've had a chance to peek at in your  
11 books.

12 The new initiative, Money as You  
13 Learn, is an attempt to integrate important  
14 aspects of personal finance into English  
15 language arts and mathematics teaching as well  
16 as into other classroom and after school  
17 programs.

18 With this recommendation we are  
19 setting a path towards the goal of exposing more  
20 students to critical personal finance skills by  
21 integrating them into the core curriculum.

22 By this I mean we actually have an

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1 opportunity now to integrate critical knowledge  
2 around personal finance into classes where young  
3 people are learning the basics of reading,  
4 writing and doing math.

5           While personal finance classes will  
6 remain and hopefully grow as elective offerings,  
7 by tying these important concepts to what  
8 teachers are doing in the core classes we can  
9 finally integrate this into what every child in  
10 America should know.

11           This recommendation, I believe, is  
12 extremely timely. Forty-five states and the  
13 District of Columbia have adopted the Common  
14 Core standards in mathematics and English  
15 language arts, you know, providing us, really,  
16 a once in a generation opportunity to integrate  
17 personal finance in the K through 12 curriculum.

18           These 45 states and thousands of  
19 individual school districts that make up these  
20 states are all actively working now on how to  
21 assure that these concepts identified as part of  
22 the core standards are integrated into classroom

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1 learning.

2 On the math side, many though not all  
3 of the concepts identified in the financial  
4 literacy standards are easily applied.

5 On the literacy side, many of the key  
6 lessons of personal finance can be integrated in  
7 the new nonfiction texts that are being created  
8 now for the implementation.

9 Suffice it to say that we believe our  
10 recommendation can strengthen both the teaching  
11 of personal finance and the teaching of these new  
12 Common Core standards.

13 There is much evidence that students  
14 who are more engaged and learning - students are  
15 more engaged and learning outcomes improve when  
16 content is connected to real life and  
17 opportunity.

18 We believe that the educators are  
19 eager for Common Core-aligned curriculum  
20 materials that advance teaching math and English  
21 while using personal finance contexts and  
22 content.

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1           We've been reminded during this  
2 process as we've met with many teachers that for  
3 both students and teachers alike discussing how  
4 to make money, how to save money, how to make your  
5 money work for you are subjects that capture  
6 attentions of all in the classroom.

7           We also believe that by having jump  
8 started, not meaning to Jump\$tart, what we are  
9 recommending in the field that the field experts  
10 as well as those working on the Common Core  
11 standard implementations are more likely to  
12 focus on this particular opportunity.

13           The four components of our  
14 recommendations to integrate personal finance  
15 into the teaching on the Common Core are, first,  
16 mapping the alignment; second, developing the  
17 tools for the educators to implement; three,  
18 relooking at existing personal finance programs  
19 in light of the Common Core; and four, as always,  
20 investing in more research.

21           Let me describe each briefly. It is  
22 necessary to map where essential personal

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1 finance knowledge and skills can be integrated  
2 into the Common Core state standards.

3 As an aside, and I think Mike will  
4 help us understand this more, you know, you -  
5 literally speaking of apps- there's a number of  
6 Common Core apps where you can just download them  
7 after this meeting if you haven't looked at them  
8 and look at grade by grade what the actual  
9 concepts are and I think how this will work will  
10 become much clearer to folks.

11 Two, once we have mapped these big  
12 ideas it's essential that we create easy tools  
13 for teachers. Teachers are overwhelmed by  
14 their obligations and the more things that we can  
15 do - exemplar tasks, lessons, go to a website  
16 that help educators integrate personal finance  
17 into these Common Core subjects - the more they  
18 do it. There is no lack of interest in it. It's  
19 just really making it accessible and easy to do  
20 so.

21 I'm glad to say we've jump started  
22 both parts, there's one and two of this

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1 recommendation already, and Julie Heath has  
2 assembled the team which is already  
3 collaborating with leaders in the Common Core  
4 implementation efforts to do the mapping.

5           And based on this mapping it'll be,  
6 possible to do the initial set of mathematic  
7 tasks and nonfiction texts that demonstrate how  
8 important it is to enhance the teaching of the  
9 Common Core through important real-world  
10 applications.

11           Our hope is that the financial  
12 literacy community will build on this base and  
13 develop high-quality instructional materials  
14 that are easy to use, and go to national website  
15 for personal finance recommendations linked to  
16 the Common Core that is shared with educators  
17 nationwide.

18           And, certainly, the initial  
19 feedback, the support from Jump\$tart, Nan  
20 Morrison and the work with the economic  
21 educators, are all moving, I think, together in  
22 one direction to make this a reality.

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1           The third component of the  
2 recommendation involves existing personal  
3 finance programs that need to align themselves  
4 with the current common state standards as  
5 appropriate.

6           We think all organizations  
7 including nonprofits, governments, that are -  
8 have developed financial literacy programs will  
9 benefit from reviewing and where appropriate  
10 revising their programs to support the  
11 attainment of this work.

12           The more personal finance programs  
13 can support students attaining the mathematical  
14 and literacy competency called for in the Common  
15 Core as well as cross cutting skills like problem  
16 solving, research and analysis, the more likely  
17 students will have access to high-quality  
18 personal finance content.

19           The fourth component of the  
20 recommendation piggybacks on the Research  
21 Committee's recommendations. The government  
22 needs to invest in research and evaluation on

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1 effective teaching and learning of personal  
2 finance.

3           Clearly, with the youth focus on the  
4 Commission we think that this is an opportunity  
5 to actually steer some of their work as well.

6           Ultimately, without high-quality  
7 research, personal finance will never take its  
8 rightful place in American schools until we can  
9 prove the impact that we know we're having.

10           While prior recommendations to the  
11 Council have been primarily to the field with  
12 hopes that the federal agencies will provide  
13 support when appropriate, we want to be very  
14 clear that we believe federal investment to spur  
15 this work is absolutely essential.

16           We see research needed in several  
17 areas including basic research on the types of  
18 school-based learning experiences that impact  
19 later financial decisions and evaluating  
20 current and new approaches to personal finance  
21 including the approach that we're recommending  
22 today.

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1           Lastly, we believe it is important  
2           that the Council go on record for the need - for  
3           the field to settle on one set of personal  
4           finance or financial literacy standards in order  
5           for everyone to work towards the same North Star.

6           As we have done this work we've seen  
7           multiple personal finance standards which have  
8           been promulgated by national organizations as  
9           well as various states.

10           Advancing effective personal  
11           finance programs is more difficult when there  
12           are multiple sets of standards with different  
13           content, terminology, sequencing and focus.

14           This is particularly true in the  
15           implementation of this work in schools and  
16           particularly into the core subjects. We urge  
17           leaders in the financial literacy field to  
18           coalesce around one set of standards grounded in  
19           the best available evidence on what young adults  
20           need to be able to effectively manage their  
21           financial lives.

22           No reason those standards won't

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1 change as research informs us in other ways.  
2 But we actually all need to be as much on the same  
3 page of that as possible.

4 The subcommittee believes that this  
5 set of recommendations could have a far lasting  
6 impact. Of course, there's a long distance  
7 between recommendation and widespread effective  
8 implementation.

9 We'll need lots of people and  
10 organizations to get engaged. The subcommittee  
11 welcomes endorsements on this effort.

12 If you find this a promising  
13 direction, and I'm speaking to our audience  
14 here, and you or your organization would like to  
15 endorse a recommendation please contact us  
16 immediately. We have an email. Is it -

17 MS. QUITTMAN: PACFC@treasury.gov.

18 VICE CHAIR ROSEN: That's pretty  
19 easy. Let us know if you're interested and  
20 we're happy to go into even more detail for your  
21 organizations.

22 I welcome questions on this

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1 recommendation but suggest that first we hear  
2 from Mike, who for many will be shedding new  
3 light on the objectives of the Common Core and  
4 how it relates to our work, and then we could have  
5 a full discussion.

6 Is that okay? Okay. So Mike is the  
7 president of Achieve, which is an independent  
8 bipartisan nonprofit education reform  
9 organization created in 1996 by the nation's  
10 government and corporate leaders.

11 Achieve helps states raise academic  
12 standards and graduation requirements, improve  
13 assessments and strengthens accountability so  
14 all students graduate ready for college, work  
15 and citizenship.

16 Particularly relevant for this  
17 conversation today, under Mike's leadership  
18 Achieve has provided substantial support in the  
19 actual development of the Common Core standards  
20 and form the Partnership for Assessment of  
21 College and Career Readiness, known as PARCC,  
22 one of the two multi-state consortia developing

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1 common assessments of these new standards.

2 You know, Mike may not toot his horn  
3 hard enough but I think that Mike personally has  
4 led much of this work and is now leading much of  
5 the work through his organization on the  
6 assessment side so is a key - needs to be a key  
7 partner for us in this.

8 Before Mike joined Achieve in 2003,  
9 he held numerous leadership roles in education  
10 including Director of Education Policy for the  
11 NGA, special assistant to President Clinton for  
12 education policy, Assistant Secretary for  
13 elementary and secondary education and Senior  
14 Advisor to U.S. Secretary of Education Richard  
15 Riley.

16 Thank you, Mike, for giving us your  
17 morning and helping us on this effort.

18 MR. COHEN: Well, thank you very  
19 much, Amy. This - Amy, thank you very much for  
20 your - first of all, for your kind introduction.  
21 I think you used most of my ten minutes just to  
22 describe my background and I'm very pleased to

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1 be here with you.

2 I think my ten minutes or so this  
3 morning may be the most important ten minutes  
4 that I spend today because of the importance of  
5 the topic that you are addressing here.

6 And I didn't know that you were going  
7 to be asking for organizational endorsements for  
8 the recommendation but you could add Achieve to  
9 that list right now.

10 I've had a chance to review the  
11 recommendations. I've discussed them with Amy  
12 and others in preparation for this, and at the  
13 core of the recommendation is to basically hitch  
14 the financial literacy education wagon to the  
15 implementation of the Common Core standards and  
16 that is, in my judgment, the right  
17 recommendation at the right time and I want to  
18 spend just a few minutes explaining why I think  
19 that.

20 As Amy mentioned, our organization  
21 has done a lot of work on raising and setting  
22 standards in the core academic subjects - math,

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1 literacy. We're doing some work in science  
2 right now.

3 But two years ago, we did a brief  
4 survey, an overview of the condition of  
5 financial literacy standards and requirements  
6 in the states and to some extent internationally  
7 and what we learned there provide some of the  
8 context for why I think the direction you're  
9 heading in is the right direction. I want to  
10 explain that and talk a bit about the Common  
11 Core.

12 When you look at what the U.S.  
13 efforts around financial literacy standards and  
14 requirements at the state level are, it is a  
15 decidedly mixed bag, a patchwork quilt of  
16 efforts.

17 Only four states require a course on  
18 financial literacy at the high school level.  
19 Many states, perhaps half - depending on who does  
20 the counting you get different numbers - have  
21 adopted financial literacy standards defining  
22 what students should know and be able to do.

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1           There is a general requirement that  
2 finance literacy be taught someplace in the K-12  
3 system but there is no accountability for  
4 compliance and implementation, no assessments  
5 to whether students are learning anything.

6           So in large part we have  
7 requirements on paper that are not necessarily  
8 executed and implemented in the classroom.

9           There are a variety of initiatives  
10 at the local district and individual school  
11 level. Some of them are no doubt terrific.

12           Some of them are probably weak and  
13 in many places they are nonexistent, and that's  
14 not an approach to ensuring financial literacy  
15 for all of the young people in this country as  
16 they get their education.

17           A number of national organizations  
18 - you've mentioned them - Jump\$tart, National  
19 Endowment for Financial Education, Council for  
20 Economic Education, et cetera - have even  
21 developed standards. They're not the same.

22           They're different standards and

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1 expectations for students. Those  
2 organizations and federal agencies, including  
3 Treasury and the Federal Reserve, are developing  
4 curriculum materials, professional development  
5 tools and the like.

6 So there's a lot of stuff out there,  
7 right, but it doesn't add up to a coherent  
8 strategic approach to improving financial  
9 literacy. By the way, when we look  
10 internationally the picture is not much  
11 different in other countries.

12 It's partly because the issue of  
13 financial literacy as a subject, you know, the  
14 content of instruction is pretty new. So  
15 efforts are just beginning to get underway.

16 Now, the PISA assessment that you  
17 heard about before will be the first time there's  
18 been an international assessment on financial  
19 literacy. So we don't even know who the winners  
20 and losers are at this point in terms of what  
21 students know and are able to do.

22 So with that as a background, the

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1 rest of K-12 education, right, has the most  
2 ambitious education reform effort that we've  
3 ever seen, right, and we've been at this for  
4 about the 30 years since the "Nation at Risk"  
5 report was released.

6 We've made some gains in achievement  
7 but by and large the, you know, achievement looks  
8 relatively flat over that time period. There is  
9 now an aggressive national focus on raising  
10 expectations and preparing all students for  
11 college, career and citizenship.

12 There are aggressive efforts  
13 underway to improve curriculum, to improve  
14 assessments and accountability, to improve the  
15 effectiveness of teachers and school leaders and  
16 to evaluate their effectiveness.

17 This is a very ambitious education  
18 reform agenda and it is a very crowded field, if  
19 you will.

20 The importance of that for this  
21 conversation is that efforts to add subjects to  
22 the curriculum like financial literacy are not

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1 likely to get a whole lot of traction right now.  
2 It would be a steep uphill climb. That doesn't  
3 mean the effort should be abandoned.

4 It means you shouldn't place all of  
5 your bets on that approach. So in that context,  
6 the Common Core state standards turn out to be  
7 a particularly important vehicle.

8 Let me just take a couple minutes to  
9 describe what that initiative is about and where  
10 it's going.

11 This was a - first of all, standards  
12 are generally a description grade by grade of  
13 what students need to learn at each grade level,  
14 what they ought to know and be able to do, their  
15 knowledge and skills and ability to apply what  
16 they learn. They're not a curriculum, right.

17 They provide a framework for the  
18 development of more detailed instructional  
19 materials, lessons, instructional strategies  
20 and the like.

21 So the effort to create standards  
22 has been a state effort. States have

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1 constitutional responsibility for education and  
2 up until recently every state had its own set of  
3 standards as what actually mattered, whether you  
4 lived in Mississippi or Minnesota in terms of the  
5 math skills you needed or the literacy skills  
6 that you needed, right. They were 50 different  
7 sets of expectations.

8 In 2009, the National Governors  
9 Association and the Council of Chief State  
10 School Officers, our state commissioners of  
11 education, launched an effort, a voluntary  
12 effort, to create a common set of standards in  
13 mathematics and literacy.

14 They've been - they were completed  
15 in 2010. They were adopted by 46 states by the  
16 District of Columbia and by the Department of  
17 Defense schools.

18 That itself, right, turned out to be  
19 a stunning political accomplishment to get,  
20 effectively, nationwide standards without  
21 federal involvement and on a bipartisan basis,  
22 right, and has had a galvanizing effect.

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1           If you just think about the other  
2 issues that are being addressed in the political  
3 arena now, try to think about another  
4 large-scale bipartisan accomplishment. They  
5 are few and far between. I hope others can learn  
6 from that effort.

7           This effort has been galvanizing for  
8 two reasons - first, again, the scope of adoption  
9 and the, frankly, unlikelihood that it would  
10 occur, and secondly, because the standards  
11 themselves are of such high quality, such  
12 clarity, such a compelling vision of what needs  
13 to happen in the classroom, right, what students  
14 need to know and be able to do to be prepared for  
15 success after school, that they have captured  
16 the attention of teachers, of educators  
17 nationwide.

18           As educators get to know the  
19 standards they are actually quite excited about  
20 implementing them and that's because they  
21 require critical thinking, they require problem  
22 solving, they require innovation, they require

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1 the ability to apply knowledge to novel complex  
2 situations.

3 That's what educators live for is to  
4 create those kinds of skills and that kind of  
5 excitement in students.

6 They are also internationally  
7 benchmarked so we learned from the highest  
8 performing countries around the world and how  
9 they organize their curriculum.

10 They reflect the best available  
11 evidence of the knowledge and skills that  
12 students need to be prepared to succeed in  
13 post-secondary education and career training  
14 programs and that's an environment in which a  
15 high school diploma is no longer enough to let  
16 anyone have access to careers that pay well and  
17 have advancement potential.

18 So the ability to be prepared for  
19 post-secondary success is critical. They build  
20 on the best of what states are already doing and  
21 what schools are already doing. At the same  
22 time, they demand fundamental changes in

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1 instructional practices in the classroom.

2 I'm just going to give you one or two  
3 examples of that so you could see what that means  
4 and how it applies to finance literacy.

5 In mathematics, there were two  
6 things that are paramount. One is the  
7 curriculum at the elementary grades. The  
8 expectations at the elementary grades are  
9 highly, highly focused, the way that the highest  
10 performing countries do.

11 So rather than teach 40 topics a year  
12 and go through them about one week at a time, just  
13 fast enough to be a glossary rather than a  
14 deconstruction, there are now about a dozen  
15 topics and teachers have an opportunity to teach  
16 them in great depth to make sure that students  
17 are procedurally fluent and have a conceptual  
18 understanding of the content.

19 Put simply, students actually  
20 should understand fractions by the time they  
21 complete high school rather than simply know  
22 what operations or try to remember what

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1 operations to do and what algorithms to apply.

2 The second thing about the math  
3 standards is a tremendous focus on the  
4 application of concepts and skills and  
5 procedures.

6 It's not enough to know them. The  
7 question is can you apply them to novel  
8 situations that you - that you would encounter  
9 outside the textbook, if you will.

10 In English language arts and  
11 literacy there are a couple of things that are  
12 key to this. One is the tremendous focus on  
13 reading complex texts.

14 There's a lot of evidence that  
15 suggests that textbooks that students read in  
16 high school, for example, at the twelfth grade  
17 are about two years behind the complexity of what  
18 they're going to read when they get to college,  
19 let alone what they'll read in technical  
20 training programs.

21 So they're simply not equipped for  
22 what they need to do. Secondly, there's - and

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1 related to that there's a tremendous emphasis on  
2 reading informational texts, nonfiction as well  
3 as literary texts, because that's the kind of  
4 texts that students will encounter after they  
5 complete high school wherever they go.

6           And thirdly, there is tremendous  
7 emphasis on actually reading complex texts very,  
8 very carefully, right, to understand exactly  
9 what they say to be able to draw information from  
10 them, to analyze it and to synthesize it with  
11 other information. Skimming isn't enough, to  
12 put it bluntly.

13           Now, think about that in two ways.  
14 One is this kind of approach to expectations to  
15 students, as I said, has been galvanized and  
16 people read these standards and get a sense that  
17 this is what we ought to be expecting our  
18 students to learn - this is why I got into the  
19 profession in the first place.

20           Secondly, the fact that so many  
21 states have adopted has been - has caused a lot  
22 of other things to happen. So the idea that

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1 states could collaborate on developing  
2 standards is the foundation upon which the  
3 federal investment and Race to the Top funds,  
4 \$350 million to help two consortia of states  
5 develop assessments that will measure these  
6 Common Core standards.

7 As you all know, what's measured is  
8 what gets attended to. If it's - if it's  
9 measured well, right, then it's attended to  
10 effectively.

11 So if we can develop assessments  
12 that actually measure students' ability to apply  
13 what they've learned to novel situations, to  
14 think critically and to solve problems that will  
15 be a big advance.

16 There are two consortia of states  
17 that are working on that. Each has about 25  
18 states or so. Some states are in both. A  
19 couple of states are in neither.

20 So we are moving, right, from an  
21 environment in which we had 50 different state  
22 standards to one in which we now have five.

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1           Forty-six states have one and four  
2 other states have their own. We will move to a  
3 similar situation in which there will be two  
4 fundamental accountability testing systems in  
5 the country developed by two different sets of  
6 states, and a handful of states will then be  
7 going their own way.

8           That is a huge shift. It's  
9 galvanized a lot of other collaborative efforts  
10 that we've never seen before.

11           States and local districts are  
12 working together to develop curriculum and  
13 instructional materials. Local districts,  
14 urban districts, are working across the country  
15 to share materials.

16           States are working together to both  
17 coordinate their development and to review the  
18 materials against common criteria for alignment  
19 and quality. Never before been seen.

20           Foundations, right, notoriously  
21 independent, have been meeting together  
22 endlessly to figure out how to coordinate their

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1 investments to support the implementation of the  
2 Common Core standards.

3 National organizations from the NEA  
4 and the AFT, the teachers' organizations, to  
5 school administrators to urban school districts  
6 to organizations of elementary and secondary  
7 principals to national organizations including  
8 but hardly limited to Achieve, are working  
9 together, are talking together, are trying to  
10 figure out how to coordinate our efforts to  
11 support the implementation of these standards.

12 That is an unprecedented effort.  
13 It's an unprecedented degree of focus. And I've  
14 been in this business for almost 40 years.  
15 We've not seen anything like this before.

16 Nothing about this is easy.  
17 Nothing about this is self-executing. That we  
18 can get this far is a major accomplishment but  
19 hardly the end of the road. It's just  
20 beginning.

21 In that context comes your  
22 discussion about financial literacy.

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1 Teachers, school systems, states are hungry for  
2 high-quality materials, right, that help  
3 educators educate and teach the standards, and  
4 it turns out it's pretty hard to find them.

5 You can find lots of materials. You  
6 can even find materials that have stickers on  
7 them that say "Aligned to the Common Core  
8 standards."

9 You have a much more difficult time  
10 finding material that actually is well aligned  
11 to the standards.

12 I know that because we've created a  
13 tool to evaluate them along with another  
14 organization and they're literally right now few  
15 and far between.

16 So the recommendation, right, to  
17 mobilize the financial literacy community and  
18 the Common Core community to develop model  
19 lessons, model instructional units, sample  
20 tasks, instructional tasks, right, there is an  
21 audience hungry for that kind of material,  
22 particularly given the applied emphasis both in

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1 the mathematics side and the literacy side,  
2 right.

3 Examples of texts that students read  
4 that - either about finance issues or, frankly,  
5 if you want complex texts start with the  
6 statements that people get in the mail along with  
7 their bank card statements, right. If  
8 students could read complex texts, understand  
9 what they mean and be able to describe their  
10 implications, wow, would we be further along  
11 than we are now.

12 So there is really a huge appetite  
13 for the kind of instructional materials that  
14 your recommendations call for and from what I've  
15 reviewed and what I know about the process you're  
16 talking to the right people who know both the  
17 finance side and understand the Common Core  
18 standards so you won't put out material that has  
19 a sticker on it that says it's aligned to the  
20 Common Core but won't, and if you need help  
21 figuring out to make sure how to get that right  
22 we'd be happy to help on that.

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1                   So in sum, right, what I see here in  
2 a very difficult environment with a very  
3 important topic is really a win-win opportunity.

4                   A win for those folks like  
5 yourselves who are champions of financial  
6 literacy and desperately want to make sure that  
7 we can figure out a way to have the schools teach  
8 that effectively and a win for the people who are  
9 implementing the Common Core literacy and math  
10 standards who really need good materials that  
11 allow students to apply what they've learned.

12                   So if you can execute the  
13 recommendations as well and effectively as you  
14 develop them, I think we are on the way to a  
15 winning situation.

16                   So I thank you for your efforts and  
17 I'm happy to do whatever we can to help and I  
18 think I'm done.

19                   VICE CHAIR ROSEN:     Thank you.  
20 Thank you. Well, thank you and perhaps we can  
21 have some discussion and questions now.  
22 Carrie, you pulled me aside this morning with,

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1 I thought, a good question and I don't know if  
2 you want to talk about that.

3 MS. SCHWAB-POMERANTZ: Well, my  
4 question was I know originally we were hoping to  
5 get a Common Core standard for financial  
6 literacy only and I know it's evolved into being  
7 more components of financial literacy being  
8 embedded in other curriculum.

9 And so I was just curious, you know,  
10 why that was the case. Amy gave me a little bit  
11 of feedback. But I think everybody else would  
12 like to hear it and I'd like to hear more from  
13 you, Mike.

14 MR. COHEN: Sure. So I'm actually  
15 one of the people who recommended against a major  
16 effort to develop financial literacy standards  
17 and the reason for that was because I couldn't  
18 see a pathway to go from writing the standards  
19 to actually getting them implemented in a  
20 large-scale way.

21 That's why I said earlier it's a  
22 crowded field. It's hard to get something added

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1 to the curriculum.

2 So I think the most likely result of  
3 that would have been an aspirational set of  
4 standards that would have been on - well, I  
5 wouldn't even say everybody's bookshelves,  
6 right. But at least there would be one in each  
7 of the 50 states but wouldn't be implemented  
8 effectively, right.

9 More - I think you should continue  
10 to - the recommendation to create a more common  
11 set of standards across the disparate set that  
12 exists now and have them at the ready and expect  
13 that they will over time influence financial  
14 literacy instruction where it occurs, right, is  
15 really important to do.

16 But I think if you're looking for a  
17 way to get stuff incorporated in the curriculum  
18 quickly that at least goes some significant way  
19 towards meeting that goal it's harnessing the  
20 implementation of the Common Core.

21 VICE CHAIR ROSEN: Yes, and Carrie,  
22 Mike's advice on this was pretty across the line

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1 - I mean, was the same as many others we talked  
2 to, sort of the two big hurdles - you know, one  
3 just shelf space, you know, the ability to get  
4 a class, a free-standing class, in every high  
5 school or somewhere around there where there's  
6 so much competition for just basic skills, and  
7 two, the need to coalesce around before we went  
8 there a common set of standards and then have the  
9 effective research that actually shows that  
10 we're in the right place.

11 So, you know, I certainly - that's  
12 one of the reasons, you know, we're calling out  
13 as a committee the need, and it's a touchy issue  
14 for groups to get together and coalesce around  
15 one set of standards as well as - as well as the  
16 research recommendation.

17 MS. SCHWAB-POMERANTZ: So can I  
18 follow up clarification just based on what you  
19 just said? Because I feel like probably English  
20 or math is a crowded - you know, crowded area as  
21 well. So I would put that one aside.

22 But what I'm hearing though is that

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1 it hasn't been evidence-based research, I guess.  
2 It hasn't been certified or there has not been  
3 curriculum that has been researched such as  
4 maybe math has that gives it the okay to actually  
5 put it in curriculum.

6 Is that really - I mean, that's what  
7 I'm kind of hearing more. So no?

8 MR. COHEN: No. I have a different  
9 perspective on that. I mean, when we wrote the  
10 Common Core standards we relied as heavily as we  
11 could on evidence about what students needed to  
12 know after they left school.

13 But the difference here, from my  
14 point - I should point out, by the way, we were  
15 funded by a financial institution several years  
16 ago to do a survey of financial literacy  
17 standards with the hope that we would come back  
18 with the recommendation that there should be  
19 national financial literacy standards and we  
20 know they had hoped that we would take their  
21 money and write it, and we just didn't think that  
22 was the right direction to go in.

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1           The reason - the difference between math  
2           and literacy and financial literacy in this  
3           context is math and literacy are required  
4           subjects.

5           They're already in the curriculum,  
6           right. They need standards in order to drive  
7           what they do and, frankly, a lot of what we did  
8           was streamlined what was there, right. We threw  
9           stuff out as much as put stuff in.

10           Very different situation in  
11           financial literacy. If only four states  
12           require that for high school graduation, right,  
13           at least one course, if the states that have  
14           already adopted financial literacy standards  
15           have haphazard ways of implementing them then  
16           creating a new set of standards in that context  
17           didn't seem to hold the promise of  
18           implementation, right. It seemed to hold the  
19           promise of having a nice document but not much  
20           more than that.

21           Put it slightly differently, if - I  
22           mean, I think the advocacy task here, right,

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1 precedes the development of standards, right.

2           Making the case for a space in the  
3 school curriculum for finance literacy, some of  
4 which can be accomplished by aligning and  
5 integrating with math and literacy can be done  
6 but until you've made the case, right, until  
7 state boards of education are basically saying  
8 we are now going to require financial literacy  
9 at every grade level or, you know, at key grade  
10 levels or whatever, if you don't have those  
11 policies in place then the standards won't get  
12 you very far.

13           So there's an advocacy test to be  
14 done here and, again, my assessment is at the  
15 moment, right, it's a steep uphill climb to win  
16 that.

17           You should be laying the groundwork  
18 for that. You should hope that in the future you  
19 can get there.

20           But if you came to state boards of  
21 education or local school districts today and  
22 said, in effect, we have one more thing for you

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1 do to, you'd be shown the door pretty quickly.

2 They are feeling utterly  
3 overwhelmed now. So it's just a difficult  
4 environment in which to advance frontally, if  
5 you will.

6 VICE CHAIR ROSEN: And we - you  
7 know, we expect that PISA results will help  
8 inform those decisions. John?

9 MR. BRYANT: So first of all, I want  
10 to commend you, Michael, for your work and I  
11 think no one can argue that what you just said  
12 is not a practical approach.

13 I had to step out for a second but  
14 I got the gist of what you were recommending and  
15 I think it makes a lot of sense.

16 I also think that what Carrie was  
17 saying makes a lot of sense, frankly.  
18 Ambassador Andrew Young told me a story of how  
19 he and Dr. King went to go see President Johnson,  
20 and Johnson had signed one civil rights bill, and  
21 when they went to see him they were asking for  
22 a second civil rights bill.

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1           And the president said, look, you  
2 think the president has more power than he really  
3 has. I could barely get the first one done.  
4 There's no political will for another bill.

5           I don't see any way I can do this.  
6 I'm sorry, Dr. King. I can't do this. They  
7 left the meeting and Dr. King was smiling.

8           And so Ambassador Young turned to  
9 him and said, why are you smiling - you were just  
10 handed your head. He said, the president said  
11 he doesn't have enough power. He called him  
12 Andy.

13           He said, Andy, we need to go out and  
14 give the president more power. And they went  
15 out - advocacy - and they went out and marched  
16 and they advocated at the local level, created  
17 an environment where they got the second civil  
18 rights bill passed by an overwhelming margin in  
19 the House and the Senate.

20           People don't normally do things in  
21 the political environment because it's the right  
22 thing to do, necessarily. An environment is

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1 created where it becomes important for them to  
2 do that versus not to do anything. And I think  
3 that there's an opportunity here to have a dual  
4 track.

5 We can do the practical but that does  
6 not necessarily mean, Carrie, that we cannot be  
7 aspirational. We shouldn't be - frankly, if  
8 this group's not aspirational who will be, and  
9 why are we here? If we're not going to think big  
10 and think bold then why are we here?

11 And I think the only problem - my  
12 last comment, Madam Chair, is that we should only  
13 recognize right now the urgent is crowding out  
14 the important.

15 That people are still worrying about  
16 basic economic survival and they're not thinking  
17 about how to make sure the crisis never comes  
18 again.

19 As soon as we get stability the next  
20 question everybody will be asking is how do you  
21 make sure this never happens again, and that will  
22 be our door.

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1           And I think that you should be  
2 positive and aspirational. No one predicted  
3 Silicon Valley. You know, before 1992 Silicon  
4 Valley was a dream and it just - it took the  
5 entire economy through the roof.

6           So I think that there - we should  
7 embrace this approach. God bless and thank you  
8 for your leadership.

9           But we should also dual track and  
10 suggest that Carrie's approach should be our  
11 ultimate aim and not give up and wait for the  
12 opportunity to get there.

13           VICE CHAIR ROSEN: You know, I  
14 appreciate that and I think that all of us would  
15 agree that a dual track is important and that's  
16 what this is actually intended to be to set up.

17           I do want to call out, though, that  
18 it is not common in American schools for when  
19 we're teaching our children to read that we're  
20 reading about anything to do with money or  
21 personal finance.

22           It is not common when, you know, our

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1 children are in math classes now that we're  
2 actually, you know, talking about, you know, the  
3 fact that in order to understand, you know, what  
4 a conceptual fraction is that, you know, that's  
5 how you could actually figure out what compound  
6 interest is.

7           So, you know, while I agree  
8 wholeheartedly with what you're saying, John, I  
9 just also want to call out that I don't think that  
10 this recommendation should be viewed as, you  
11 know, a compromise to doing something that will  
12 fundamentally change the way or could  
13 fundamentally change the content of what is  
14 discussed in our - in our major classes for the  
15 same reasons I know that you believe that this  
16 is just a topic that has to - our kids have to  
17 be saturated around. Beth?

18           MS. KOBLINER: Yes. I was going to  
19 say I agree with John that they're not mutually  
20 exclusive but I also - now I see why Amy was so  
21 excited about this and why you just were  
22 fiercely, you know, insistent that we move this

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1 along in such a positive way because what you  
2 said, Mike, is one thing I've learned in this  
3 role is our little phases and delivery system.

4 This now offers a delivery system,  
5 a very easy way for very great math teachers who  
6 are thinking about math all the time to have a  
7 few great examples about credit cards and  
8 mortgages, and very practically speaking, you  
9 know, teaching young children or high school  
10 students about student loans, which is such a  
11 huge issue.

12 So I commend Amy and Mike. I think  
13 it's really interesting. In Money as You Grow,  
14 I went through all the different standards of the  
15 Treasury - you know, the core competencies and  
16 all the different - and it is confusing.

17 It's very hard. I mean, I've been  
18 doing this for 25 years. It's hard to look at  
19 everything out there and figure out as a parent  
20 what do I teach my child.

21 So I think now Money as You Learn is  
22 a really amazing opportunity to move the needle

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1 and move ahead on making sure children are  
2 getting really good information and it's not  
3 mutually exclusive from one day - you know,  
4 working still on having, you know, ideal bigger  
5 picture standards.

6 But I think using the infrastructure  
7 of teachers, math teachers and English teachers,  
8 to sort of infuse lessons here and there is  
9 really fantastic.

10 MR. BRYANT: Excuse me, Madam  
11 Chair. You got to discount everything that Beth  
12 just said. I think it lacks complete  
13 credibility. She says she's been doing this for  
14 25 years. She's only 30. It doesn't make  
15 sense.

16 (Laughter.)

17 MS. KOBLINER: Thank you.

18 MR. KETCHUM: So Amy, just a  
19 question. From the standpoint of a tools  
20 approach, because it seems to me that it entirely  
21 makes sense to me to and certainly studies have  
22 demonstrated that there can be really real gains

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1 from the standpoint of math learning and the like  
2 from a variety of efforts on the financial  
3 education side, I see the call built in here to  
4 a variety of groups to do that.

5 How does that get tracked? How do  
6 we create a momentum so that this becomes  
7 something where teachers are recognized and  
8 rewarded for contributing themselves?

9 Because it strikes me that these  
10 groups can do some neat things. If we just have  
11 Amy do this full time it'll get done in a month.

12 But how do we build something that  
13 sort of expands this and encourages sort of a  
14 groundswell of efforts and sort of popularizing  
15 and making them - when those efforts have been  
16 done making them aware and available and public?

17 VICE CHAIR ROSEN: Yes, a really  
18 good question. This is exactly what's been the  
19 heart of the committee's struggle in how to make  
20 this real.

21 So the first thing which we  
22 mentioned and, I think, thank you to Judy we've

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1 actually actualized is, you know, given our  
2 limited time frame and given what the Council is  
3 permitted to do versus not permitted to do, you  
4 know, we felt that just a call to action would  
5 be a nice call to action but not mean anything.

6 So we've actually launched this  
7 group, as I mentioned, that's actually now  
8 coalescing with the, you know, folks that  
9 understand the Common Core as well as the  
10 personal finance experts to identify what the  
11 big ideas are that we're going to try to embed  
12 in this work.

13 And then the next phase, which we're  
14 going to do in the next couple weeks literally,  
15 is this group is going to get together.

16 They've already started the math and  
17 they're getting ready to start the literacy  
18 side, to build the exemplars, to start with  
19 actual, you know, examples of what we're trying  
20 to do.

21 And then, I mean, what's hopeful to  
22 me is that we've already seen such wide range

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1 support and enthusiasm, you know, from Jump\$tart  
2 to Achieve, to doing this.

3 Beyond the life of our Council, you  
4 know, what we hope by the time we get to a final  
5 report that we, you know, have identified the big  
6 ideas that we've started this exemplar, that we  
7 have a website, that we've actually been  
8 embedded in a number of these organizations.

9 And I think the most powerful thing  
10 we can do in addition to that and, you know, we  
11 mentioned it earlier is just like the Common Core  
12 had done get, you know, get a long list of  
13 endorsers so that there is no controversy  
14 associated with this and in fact support to  
15 continue to do it.

16 You know, maybe FINRA has some, you  
17 know, some space or opportunities. But that's  
18 what we need to do. I also think it's - you know,  
19 I wish we could take credit for it, which we  
20 can't.

21 But the fact that the Commission is  
22 also focused on this youth work creates, you

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1 know, an opportunity for this administration in  
2 the next term to also continue a lot of this work.  
3 Eldar?

4 MR. SHAFIR: So thank you. That  
5 was extremely informative. One simple question  
6 - has anybody tried to gauge or do you have  
7 trained intuition the extent to which a student  
8 who fulfills the core standards, the extent to  
9 which that student will just do better on  
10 financial literacy for the sheer fact that they  
11 can decipher more complicated text and have less  
12 math phobia?

13 MR. COHEN: No, we don't. They  
14 were - first of all, standards were not written  
15 explicitly with financial literacy in mind.

16 But the logic, right, that math  
17 skills that are built into the standards, the  
18 literacy skills that are built into the  
19 standards, provide the foundation on which other  
20 aspects of financial literacy can be built, I  
21 think the logic is compelling.

22 I've learned enough to know that

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1 sound logic gets you part way and the research  
2 agenda, right, that you described ought to  
3 include at least two things.

4 One is clearly defining the  
5 financial literacy skills and revising as over  
6 time but, secondly, make sure that anything  
7 that's put in place to teach financial literacy  
8 has evidence of effectiveness.

9 So I'm guardedly optimistic but  
10 remain skeptical until the evidence is there.

11 VICE CHAIR ROSEN: You know, Eldar,  
12 you, Mike and Melissa together sort of, you know,  
13 defining and going back to the research agenda,  
14 sort of what would be needed to, you know, to  
15 actually granularly test this would be a really  
16 interesting conversation.

17 MS. KOIDE: I think we are out of  
18 time. I know I have at least five pressing  
19 questions and I'm sure Cyrus does too but I think  
20 the idea of having a focused conversation about  
21 some of those matters from next steps and what  
22 do we do, what can we do from Treasury, what can

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1 we do next with Education, how are we really  
2 using FLEC, the Commission, to push this forward  
3 I think it's an important discussion and we ought  
4 to find a sidebar moment to talk with you about  
5 that.

6 MR. BRYANT: Amy, can you just think  
7 about in your final recommendation, just so we  
8 don't close the door - you know, Washington is  
9 all about words - that this is, again, our  
10 foundation phase one, whatever you want to call  
11 it, the primary track, the base, but that we have  
12 an aspirational aspect in that it says we still  
13 want to reach for the golden bar that Carrie was  
14 talking about.

15 VICE CHAIR ROSEN: Yes. So, I  
16 mean, we can incorporate that and we'll work  
17 together in what the language of the final report  
18 is.

19 But I would, again, you know,  
20 recommend that we not do it as a two-step program  
21 because I think that they each have a unique  
22 value to themselves and do it as a parallel

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1 recommendation, if my colleagues are  
2 comfortable.

3           Alright. So we have more to talk  
4 through and hear about so now we're going to turn  
5 it back over to Carrie, who's going to give us  
6 a report out on the Partnership Subcommittee.

7           But first I want to thank Mike for  
8 that really helpful -

9           (Applause.)

10           MR. KETCHUM: This is a question.  
11 Does the committee as a whole need to act on the  
12 recommendation of the subcommittee?

13           VICE CHAIR ROSEN: I would think we  
14 do.

15           MS. KOIDE: Are you ready to vote on  
16 the recommendation? Do we want to put forth a  
17 motion?

18           MR. BRYANT: I'll move it.

19           MS. KOIDE: I realize that there's  
20 - I think that - it seems like there is definitely  
21 follow-up work in terms of what really the next  
22 steps are.

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1                   This is a very complicated  
2 recommendation and it took the team, Amy and her  
3 team, a long time to really formulate it.

4                   So perhaps there is more further  
5 sort of fleshing out of next steps. But if the  
6 Council is ready to vote this would be the time.

7                   MR. KETCHUM: I'll move it with an  
8 endorsement to the fact that I think the final  
9 report can give a context of how it can go further  
10 just as Amy capably said it and to reflect some  
11 of the aspirational desires of Carrie and John.  
12 So but I'll definitely move the recommendation  
13 as it is.

14                   MR. BECK: I'll second Rick's  
15 recommendation.

16                   VICE CHAIR ROSEN: Okay. All in  
17 favor?

18                   (Chorus of ayes.)

19                   VICE CHAIR ROSEN: Thank you all.  
20 Sorry it took so long.

21                   MS. SCHWAB-POMERANTZ: Good work,  
22 Amy. So I am excited to share the report from

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1 the Partnership Committee. Today actually  
2 we're going to be presenting our fourth  
3 recommendation of the year as well as our second  
4 resource guide. I see Rick there thumbing up.

5 And this has been a wonderfully  
6 collaborative project and I think I have the best  
7 committee on the Council, and I do want to thank,  
8 you know, Rick Ketchum, John Hope Bryant, Amy  
9 Rosen, Artie and Janie, who all equally provide  
10 input and expertise to all that we do.

11 So I just want to first build up -  
12 you know, we've been focused - one of the areas  
13 of focus has been workplace financial education  
14 which you heard about earlier today from Louisa.

15 I just wanted to follow up on a  
16 couple little points that she talked about.  
17 First of all, the office of OPM, or Office of  
18 Personnel Management, thanks to Ray Kirk he is  
19 continuing on to create the resource or the  
20 database of resources of financial experts in  
21 the federal government to provide education  
22 seminars for his colleagues.

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1                   But also he is now putting it online  
2                   in an online database for HR professionals for  
3                   their own career building.

4                   So I think it's going to - and that's  
5                   what, Louisa, you were talking about that's  
6                   going to be ready January in '13 and that's going  
7                   to provide a lot of visibility, I think, for this  
8                   topic in terms of getting it more into the  
9                   federal government.

10                   Also, she mentioned the workplace  
11                   leadership awards that are being sponsored by  
12                   AICPA and the Society of Human Resource  
13                   Management.

14                   And this also is another project  
15                   that came out of the prior President's Council  
16                   and now is owned by private industry and as we  
17                   - as Louisa mentioned, we did celebrate the first  
18                   round of winners in January.

19                   I just want to let everybody know  
20                   that another round of nominations is opening up  
21                   in December and it'll go through February.

22                   So those of you who have organizations

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1 that want to apply I highly recommend that you  
2 do so.

3 And, of course, it has awards for all  
4 different types of organizations, not just large  
5 but also nonprofit and smaller and so forth.

6 So getting on to today's work and  
7 recommendation, we're going to be talking about  
8 workplace financial education in private  
9 industry. This is a takeoff from the work we did  
10 with the federal government.

11 We originally wanted to direct the  
12 federal government to provide financial  
13 education for its own employees and serve as a  
14 role model employer, and while we had that and  
15 we see the focus on that and while the federal  
16 government is doing - moving forward, it's now  
17 time to go to the rest of the private industry.

18 So, you know, our hope right now is  
19 that with 138 million employees or workers in  
20 this country and the combination of their  
21 employers, this provides a - this is a most  
22 trusted delivery mechanism to help Americans

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1 achieve financial education and capability.

2 And I think my Council members here  
3 would agree that we do really have an opportunity  
4 to raise visibility, the opportunities to have  
5 financial education within the workplace.

6 And we know, again, it's a win-win  
7 opportunity. Not only does it provide the  
8 company or the organization more productive  
9 loyal employees but it also - it also helps  
10 society as well.

11 The problem that we found is that  
12 there's not a lot of information out there for  
13 employers in terms of how do they actually  
14 implement a program.

15 Some of the best in class are already  
16 providing it but it's not trickle down as a  
17 common benefit within corporate America.

18 There is, you know, lots of little  
19 things to sift through that's overwhelming and,  
20 as I mentioned, there's not one place to find  
21 this education or find how we create a program.

22 So the Partnership Committee

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1 created a resource guide called "The Financial  
2 Capability at Work: A Strategic Framework to  
3 Guide Employers" and I think it's right here.

4 It's got five elements to it,  
5 fundamental elements that we recommend that an  
6 employer adopt including benefits such as, you  
7 know, IRAs and 401Ks, down to marketing and  
8 education beyond the 401K, which most employers  
9 do provide retirement education but we highly  
10 recommend that they go beyond that.

11 We also have advanced features to  
12 this framework so we want - you know, again, we  
13 wanted to create something that was doable,  
14 achievable but not so hard that a company would  
15 not adopt it.

16 The exciting thing about it, it  
17 looks like a very simple framework you could just  
18 whip up, you know, in an hour.

19 But the fact of the matter is that  
20 a lot of expertise, a lot of eyeballs went into  
21 this and I think what makes this unique is that  
22 we probably had at least over 75 sort of C suite

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1 large organizations review this and give  
2 feedback.

3 We - you know, we had feedback from,  
4 you know, different organizations as different  
5 as, say, the AFL/CIO to the U.S. Chamber of  
6 Commerce to the City of San Francisco.

7 You know, we had - we had large  
8 companies. We had professional associations  
9 and nonprofits take a look at this, and the  
10 framework itself incorporates all this - all the  
11 feedback that we obtained.

12 So I think as a group we're very  
13 proud of this. Also, you know, as part of the  
14 feedback process, you know, we spoke to a lot of  
15 organizations prior to sending it out for  
16 feedback.

17 In the feedback period we sent it,  
18 again, out to many organizations including  
19 NASDAQ and the New York Stock Exchange and so  
20 forth, and we've received about 35 responses.

21  
22 But some of the questions that we did

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1 ask the group for formal feedback was, was it  
2 realistic and achievable and, again, we went  
3 back and forth with trying to make it something  
4 that would really make a difference in an  
5 individual's life, make it so that an employee  
6 would own their own financial capability but at  
7 the same time we didn't want to discourage the  
8 company.

9 And what we did here is that we did  
10 strike a pretty good balance. There were a few  
11 small companies that said it would be difficult  
12 given the resources and we knew that would be the  
13 case.

14 But I do think, you know, I've spoken  
15 to enough small companies to know it's really  
16 kind of the mindset, think of this of the CEO and  
17 the priorities of the company.

18 We also asked what would motivate or  
19 inspire the organization to adopt the elements  
20 and we wanted to know really what would hold back  
21 an organization from actually adopting them.  
22 That was a real question.

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1           We did get a few - a little bit of  
2 feedback that federal or government incentives  
3 or tax breaks might motivate that organization  
4 to actually adopt them.

5           But, again, for the most part a lot  
6 of these organizations were already providing  
7 some level of financial education and saw it as  
8 a win-win opportunity.

9           And then, lastly, we asked about  
10 best practices that they could share with us and  
11 we received a fair amount of new research, other  
12 resources and programs and, again, this  
13 framework also provides that.

14           It, you know, provides the five  
15 fundamentals. It also provides a listing of  
16 vetted research, good research that kind of  
17 shows - showcases good programs and why programs  
18 are important and then also resources for  
19 companies to go to.

20           So with all this research and  
21 feedback my committee is making a recommendation  
22 today to the President. It's in two waves.

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1           The first one is that we would like  
2           to recommend that the President direct the Small  
3           Business Administration and the Department of  
4           Labor to sort of own this framework and to be,  
5           you know, serve as the home for it and  
6           disseminate it to organizations.

7           And I didn't really mention this is  
8           really relevant to all types of organizations  
9           including private corporations, nonprofits,  
10          state and local and tribal governments. So it  
11          should be - it's well encompassing.

12          So our hope is that the SBA and the  
13          DOL will encourage organizations to adopt it and  
14          disseminate it as a resource. And one comment  
15          I want to make is this is not a mandate. This  
16          is - we are only encouraging organizations to  
17          adopt this.

18          So and then the second part of the  
19          recommendation is also in direct response that  
20          we've received and that is that many employers  
21          said that they're concerned about running afoul  
22          of the Department of Labor's rules under ERISA,

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1 the Employee Retirement Income Security Act,  
2 which oversees the provision of financial advice  
3 to employees about retirement savings.

4 A lot of employers see this mandate  
5 around financial advice as precluding them from  
6 giving other financial education such as  
7 budgeting or debt reduction.

8 And so we want to recommend that the  
9 Department of Labor revisit the bulletin that  
10 actually provides the guidance around this and  
11 incorporate what can be taught at the employer  
12 level beyond financial advice.

13 So with that, I would like to again  
14 thank my Partnership Committee who, again, this  
15 has been a very, very collaborative process and  
16 open it up to questions or feedback.

17 MS. KOBLINER: Carrie, just one -  
18 first of all, kudos to you and your work, my  
19 friend. Just one probably typing error or  
20 whatever. It appears that Money as You Grow is  
21 not included in the list of resources.

22 So just as you finalize it, of

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1 course, all workers - most workers have families  
2 and it might be a good addition. But kudos.  
3 Great job.

4 MS. SCHWAB-POMERANTZ: Thank you.  
5 Anybody else?

6 VICE CHAIR ROSEN: Just a stunning  
7 job. Nobody has anything to say?

8 MS. SCHWAB-POMERANTZ: Well, you  
9 know, it's difficult because certainly, you  
10 know, being from the private industry I'm very  
11 sensitive about making anything mandatory.

12 So we just hope that, you know, at  
13 the very least that, you know, that we create  
14 more of a conversation around this and that we  
15 inspire more organizations to see this as a way  
16 to differentiate themselves and to be a market  
17 leader.

18 VICE CHAIR ROSEN: Just a quick  
19 question. Have we gotten feedback from the  
20 Department of Labor on this?

21 MS. SCHWAB-POMERANTZ: We talked  
22 about it. I think the - Louisa, you want to talk

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1 about it? I think we decided that we needed to  
2 come up with our - we've had some conversations.  
3 But I think - go ahead.

4 MS. QUITTMAN: The Department of  
5 Labor has not formally or officially commented  
6 on it. But they have reviewed it.

7 They are aware of it and once you  
8 make the recommendation we will be more actively  
9 - if the recommendation is approved by the  
10 Council we'll be sharing it with them and with  
11 the Small Business Administration and -

12 VICE CHAIR ROSEN: Great. So are  
13 we ready to move it? The work of the - a whole  
14 year. Thank you, Carrie, for leading it. Do we  
15 hear a -

16 MS. SALWAY BLACK: I'll move it.

17 VICE CHAIR ROSEN: Thank you,  
18 Sherry.

19 MR. BRYANT: Second.

20 MS. SCHWAB-POMERANTZ: I'll  
21 second.

22 VICE CHAIR ROSEN: Lots of seconds.

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1 All in favor?

2 (Chorus of ayes.)

3 VICE CHAIR ROSEN: Opposed?

4 Motion carries. Thank you. Great. Alright.

5 John, I think you are going to give us an overview

6 next on the Underserved and Community

7 Empowerment Subcommittee.

8 MS. QUITTMAN: If I - so Samuel  
9 Jackson is, like, literally just trying to get  
10 into the building.

11 MR. BRYANT: Yes. This is a true  
12 democracy. Even the Council members can't get  
13 in easily.

14 I want to first thank actually,  
15 Cyrus, for you going and thank you for coming to  
16 Atlanta for the Global Summit and all the Council  
17 members who were there. I appreciate it.

18 I'm starting with the  
19 recommendation. I guess let me first commend  
20 and thank the members of the Subcommittee on the  
21 Underserved and Community Empowerment.

22 I want to thank the former chairman

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1 of the committee that preceded this, Artie, for  
2 his early leadership in this work.

3 This recommendation is, on its face, a  
4 little odd. Let me read it first and then I'll  
5 come back to context.

6 The recommendation is that the  
7 president of the United States and the Secretary  
8 of the Treasury integrate the field of emergency  
9 financial and economic disaster preparedness  
10 response and recovery into the broader financial  
11 capability efforts of the federal government and  
12 invite the Federal Emergency Management  
13 Administration, otherwise known as FEMA, to be  
14 part of the Financial Literacy and Education  
15 Commission Justification:

16 Underserved communities have  
17 historically been particularly impacted by  
18 natural disaster.

19 Families who are financially  
20 prepared - for example, those who have a bank  
21 account, manage their financial documents, have  
22 adequate insurance and have savings - are in a

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1 better position to receive benefits and  
2 ultimately recover from a disaster.

3 Integrating disaster preparedness  
4 into the federal government's financial  
5 capability initiatives provides another touch  
6 point and incentive for people to get their  
7 finances under control.

8 Federal and state governments  
9 should therefore connect financial education  
10 and disaster planning work in order to make both  
11 more effective. Now, let me speak in a more  
12 practical tone.

13 During Hurricane Katrina, FEMA and  
14 others really wanted to help and the government  
15 decided to wire money, \$2,000 on average, to  
16 people in need just to get some money in their  
17 hands because most of the traditional system and  
18 the infrastructure was taken out.

19 The problem was that the low wealth  
20 people in the Ninth Ward didn't have bank  
21 accounts, in large part, to actually receive the  
22 money.

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1           So you had an attempt to wire money  
2           to people who had no bank accounts to wire it  
3           into, and talking about trying to solve a crisis  
4           in the middle of a crisis, like rearranging the  
5           deck chairs on the Titanic, it just was not a good  
6           outcome.

7           FEMA and Treasury and others had  
8           good intentions but there was a disconnect.  
9           Seventy percent of the most - 70 percent of  
10          Americans today are living from paycheck to  
11          paycheck.

12          That's not 70 percent of poor people  
13          or black people or brown people or Indians or  
14          Asians or others. It's everybody.

15          The average middle class family is  
16          a couple paychecks away from a crisis. You add  
17          a natural disaster to that and you have everybody  
18          but the most well-to-do their lives are flipped  
19          on its head.

20          And then you've got folks within a  
21          month or two who've got a car loan due but no car  
22          - a home loan due but no home - small business

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1 loans and bills and no business revenue and no  
2 job.

3 And so after the emotional and  
4 physical crisis of losing a loved one, a limb or  
5 your health or your well-being, you now have  
6 financial stress. We already know the  
7 number-one cause of divorce in America in  
8 traditional times is money.

9 So this is an unnatural sort of union  
10 that really naturally comes together in times of  
11 disaster and, frankly, it may be the best  
12 teachable moment for Americans because of the  
13 immediacy of what we're looking at.

14 And rainbows after storms - let me  
15 just note, you cannot have a rainbow without a  
16 storm first.

17 FEMA was criticized after its  
18 response to Katrina. FEMA doesn't get a lot of  
19 credit when things go well. It's like that dog  
20 that didn't bite.

21 When they do their job well nobody  
22 says anything. When they screw up they're

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1 criticized.

2 I think we should give FEMA credit  
3 for how they responded to Hurricane Sandy  
4 immediately and positively, and FEMA's  
5 representative, Chris Logan, Senior Advisor and  
6 Chief of Staff to the Deputy Administrator, Tim  
7 Manning, is here. Chris, will you please stand?

8 (Applause.)

9 MR. BRYANT: FEMA supports this  
10 effort. The subcommittee is commended for  
11 tackling this well before the horrible disaster  
12 of Hurricane Sandy found its way to our shores.  
13 In that way, as was noted earlier, they've been  
14 - the committee's been proactive.

15 So we bring this recommendation to  
16 the full Council for its consideration. Madam  
17 Chair?

18 VICE CHAIR ROSEN: Thank you, and  
19 thank you for the work that you've been leading  
20 as we talk about the Councils themselves. How  
21 many are we up to now?

22 MR. BRYANT: A hundred and ten plus.

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1 Is that right, Lucas? Yes, 110.

2 VICE CHAIR ROSEN: Well, thank you  
3 for leading all of that work. Any questions,  
4 comments?

5 MS. KOBLINER: I just wanted to say  
6 I think it's so great that, John, you're talking  
7 about being a New Yorker, talking about  
8 Hurricane Sandy and the clear implications this  
9 has on financial capability. People  
10 don't know if they have flood insurance, how do  
11 I get flood insurance, where does FEMA  
12 compensate me, does my regular homeowner's  
13 insurance cover this.

14 These are all issues - you know,  
15 having gone out to the Rockaways last week and  
16 seeing the devastation people are so stressed  
17 out, don't have homes and have no idea where to  
18 get the information.

19 So to me this felt like a, you know,  
20 horrible moment in people's lives but also an  
21 important financial capability moment of the  
22 need for this information. Thank you for

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1 bringing it up.

2 MR. BRYANT: Thank you. Madam  
3 Chair, just to build on Beth's comment, one final  
4 point. Earned income tax credit comes into play  
5 powerfully right now.

6 People are struggling for \$2,000  
7 from FEMA. They're filling out these SBA  
8 emergency loan applications. Right now, if you  
9 want a grant from FEMA or an emergency loan you  
10 got to fill out an SBA emergency loan  
11 application.

12 Well, if you don't have a small  
13 business and you're financially illiterate or  
14 don't have a financial counselor you get this  
15 application on your desk or in your mailbox you  
16 say, well, I don't have a small business - I'm  
17 not filling that out, without realizing unless  
18 you fill that out you can't get access as an  
19 individual to the grant money beyond the \$2,000  
20 - \$40,000 - or the \$250,000 in low-interest loans  
21 to even rebuild your house because everything  
22 goes through the SBA.

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1           So earned income tax credit is up to  
2           \$12,000 if you even filed. It's retroactive for  
3           three years.

4           If you make \$30,000, \$12,000 changes  
5           your life and you can get that within three weeks  
6           versus trying to beg for a couple thousand  
7           dollars from the government. This is money you  
8           earned - you own because you worked. So it's a  
9           point of dignity.

10           But all these are wrapped up in the  
11           implications of this recommendation. So once  
12           again, thanks, Beth.

13           VICE CHAIR ROSEN: Well, thank you,  
14           and in my other life as heading an organization  
15           that is out of a headquarters still as a result  
16           of Hurricane Sandy and can't even figure out how  
17           to get the checks that are in the mail to serve  
18           low-income communities, it's much appreciated  
19           and I'll move your recommendation.

20           MS. SCHWAB-POMERANTZ: Second.

21           VICE CHAIR ROSEN: All in favor?

22           (Chorus of ayes.)

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1                   VICE   CHAIR   ROSEN:        Opposed?  
2   Motion carries.

3                   MR. BRYANT:    FEMA, thank you very  
4   much for all you do. We appreciate you. The -  
5   before we go to member Samuel Jackson, who  
6   somehow braved delayed flights and even Treasury  
7   Department security, we're honored to have you  
8   here, Samuel.

9                   Before we get to your recommendation  
10   I just want to note - not in the report but let  
11   me note, Madam Chair, we have 110 councils.  
12   Lucas, is that the right number? That are  
13   present right now, and to your point of how do  
14   we bake this in your subcommittee's work around  
15   youth curriculum, how do we bake in the parallel  
16   track, the aspirational track, to begin to -  
17   Rick, to your point of talking this into local  
18   communities it's the local councils.

19                   I mean, a lot of this stuff happens,  
20   as you know, at the local school district and  
21   local superintendent level. And if you can get  
22   the local school superintendent on the local

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1 council for the mayor you've got magic. And so  
2 we're going to really push that.

3 Let me just also note, not noted in  
4 prior reports since the last meeting the White  
5 House has invited all local councils to a call  
6 to commend and encourage. That call is being  
7 scheduled with Michael Srautmanis.

8 The city of Jackson, Mississippi,  
9 has created a local council. This is since our  
10 last meeting. It's operational. The city of  
11 Savannah, Georgia, will create a local  
12 councilCity of Prairie View, Texas - thank you,  
13 Janie. I'm sure you had something to do with  
14 something in Texas standing up a council.

15 The D.C. Financial Literacy Council  
16 is holding its first financial literacy town  
17 hall today. We supported that council.

18 And since the last meeting member  
19 Marc Morial of this council encouraged the city  
20 of New Orleans to build a council. They're  
21 interested in it. We're working with them right  
22 now.

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1           Their focus is earned income tax  
2 credit, by the way, and as you know that was, of  
3 course, ground zero for 9/11. And the city of  
4 Tallahassee, Florida, also has agreed to stand  
5 up a council and that will be done by the first  
6 quarter of 2013.

7           We get about one additional city a  
8 week requesting a new council without any  
9 advertising, promotion or marketing and that's  
10 a partnership with the Partnership Committee and  
11 the resource guide.

12           I'd now like to turn to member Samuel  
13 Jackson, who will now present his  
14 recommendation. Samuel, I'm going to make you  
15 my last action so I want to commend member Janie  
16 Barrera for her town hall in San Antonio, Texas;  
17 member Sherry Black for her town hall in  
18 Honolulu, Hawaii - yes, right. Also, Member  
19 Black went to - so she was working with  
20 Sacramento, California, at another listening  
21 session.

22           Before Samuel speaks, does any of

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1 the members want to comment briefly on their town  
2 halls? Janie?

3 MS. BARRERA: Thank you, John. It  
4 was an incredible event that actually came out  
5 in the paper, the San Antonio Express News and  
6 the comment was made that it should - more people  
7 should have been there and that was, I think, a  
8 statement that said everything - that it needs  
9 to be encouraged to continue. Thank you.

10 MS. SALWAY BLACK: I know Hawaii  
11 sounds a little questionable but it was for the  
12 Council for Native Hawaiian Advancement. So it  
13 had a significant attendance by Native  
14 Hawaiians. Thanks.

15 MR. BRYANT: And lastly, Artie,  
16 you've got some work done with Save Up and My  
17 Path. Do you want to mention anything about  
18 that?

19 MR. ARTEAGA: I know we're still  
20 working with the Filene Research Institute to  
21 get the particulars of the pilot program.

22 But as I indicated in the report, it

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1 appears that it certainly has enhanced the  
2 opportunity for many members of credit unions,  
3 the 15 that were involved in this pilot, to  
4 actually get incentivized to save some money.

5 On the other hand, the Mission SF  
6 project that I've been actually seeing here for  
7 the last six or seven months I think as indicated  
8 in the report has shown some very positive steps  
9 and I'm looking forward to them extending their  
10 pilot maybe regionally within the San  
11 Francisco-Oakland area, possibly with the cCity  
12 for Financial Empowerment Coalition to see if we  
13 can get a little more traction in this and  
14 continue to monitor it in the days ahead.

15 MR. BRYANT: Thank you. Thank you,  
16 Artie. Madam Chair, for your committment to  
17 build on a mission that's primarily the mission  
18 for the group. The state of Minnesota has  
19 mandated financial literacy curriculum for  
20 every child in every school in every classroom  
21 in the state.

22 This pledge has been baked into

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1 their legislative mandate and regulatory  
2 framework and will take effect in 2013. The  
3 state of Minnesota should be commended. Member  
4 Samuel Jackson.

5 MR. JACKSON: Thank you, John, and  
6 thank you, everyone, and made it here right on  
7 time. Really excited about this  
8 recommendation.

9 Thank you, Madam Chair, and I also  
10 want to thank all our subcommittee members for  
11 their help on this recommendation to raise  
12 awareness for studentaid.gov as well as I want  
13 to thank the Department of Education.

14 I know David Soo is here. I know  
15 your colleague, Elizabeth Coogan, couldn't be  
16 here today but also to other members of the  
17 Federal Student Aid Office who worked together  
18 on this particular recommendation.

19 As our country continues to recover  
20 from the economic crisis, the cost to finance  
21 post-secondary education has risen tremendously  
22 along with the student loan debt has

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1 skyrocketed, now outpacing credit card debt.

2           As the CFPB and Department of  
3 Education just released a report about the  
4 growth and use of private student loans and the  
5 confusion surrounding them, more recent data  
6 also shows that student loan default rates are  
7 also on the rise.

8           So the need for a one-stop shop  
9 resource to increase college affordability and  
10 to reduce student loan resource is needed now  
11 more than ever. And so I'm very excited to  
12 highlight and raise awareness for  
13 studentaid.gov.

14           I'm very excited about this because  
15 it's the most comprehensive resource available  
16 for students, families, military members and  
17 veterans to help make higher education more  
18 affordable and accessible.

19           Studentaid.gov just recently  
20 launched in the late summer and consolidates  
21 about 14 different various sites into one user  
22 friendly platform and it's projected to have web

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1 traffic of about 30 million annually.

2 And I hope that this recommendation  
3 to the President today can help double that, that  
4 we can raise the profile for this site.

5 And the other thing that I'm really  
6 excited about is that this recommendation will  
7 hopefully help us put us on the path to achieving  
8 the most post-secondary credentials by 2020.

9 And as you know, college  
10 affordability is critical to our economic  
11 recovery and overall financial capability, as  
12 the lifetime earnings of those with some type of  
13 post-secondary degree or credential are  
14 considerably higher than those that just have a  
15 high school diploma, of course, unless they win  
16 the PowerBall. That's about a half billion  
17 dollars but I'm not going to go there.

18 But anyway, I just want to say that  
19 studentaid.gov will go a long way to helping the  
20 American people make more informed choices when  
21 it comes to financing their higher education.

22 And with that, I turn over the floor

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1 to Dr. David Soo for any questions and comments  
2 from the Department of Education.

3 MR. SOO: Thank you very much. We,  
4 at the department, are very excited about your  
5 recommendation. Studentaid.gov really is our  
6 primary way to communicate with students and  
7 this is - and so we're grateful to have your  
8 leadership in highlighting this.

9 The president really has  
10 articulated the 2020 goal to have us be the most  
11 educated country in the world and so everything  
12 that we do at the department is leading towards  
13 that.

14 So that's early childhood  
15 education, K-12 and post-secondary. So we  
16 really appreciate the help of the Commission and  
17 the Council on all of this.

18 VICE CHAIR ROSEN: Any comments,  
19 questions? Timely recommendation Samuel, I  
20 hear there's some new disturbing numbers out  
21 today that show the numbers are just growing.

22 MR. JACKSON: Yes.

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1                   VICE CHAIR ROSEN: Anybody like to  
2 move this motion?

3                   MR. BECK: So moved.

4                   VICE CHAIR ROSEN: Thank you, Ted.  
5 Second?

6                   MS. BARRERA: Second.

7                   VICE CHAIR ROSEN: Thank you. All  
8 in favor?

9                   (Chorus of ayes.)

10                  VICE CHAIR ROSEN: Opposed?  
11 Motion carries. Alright. We're going to hear  
12 at last from Ted Beck who will report out  
13 recommendation from the Research and Evaluation  
14 Subcommittee.

15                  MR. BECK: Thank you. And I am  
16 going to continue the admiration of the  
17 Department of Education. It seems to be a theme  
18 here today.

19                  First of all, I'd like to thank the  
20 subcommittee members Rick Ketchum, Eldar  
21 Shafir, Ken Wade and also the teams of people  
22 that have been supporting the subcommittee

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1 throughout the year not only in our own  
2 organizations but Ariel Capital and at the  
3 Treasury Department.

4 In the interest of time, I will ask  
5 you to read the report because it does, I think,  
6 a very good job of outlining some of the key  
7 things we will be focused on between now and the  
8 end of the year and I'd kind of like to jump to  
9 our business items, if I may.

10 I'd like to call on Rick Ketchum to  
11 give us a brief update on the National Financial  
12 Capability Study.

13 MR. KETCHUM: Thank you, Ted, and I  
14 will try to keep this brief. First, thanks,  
15 John, for his generous attributions with respect  
16 to the first study in 2009.

17 But for those in the audience or I  
18 know the Council is all aware from our  
19 recommendation that the financial capability  
20 study is a multi-component study aimed at  
21 benchmarking and better understanding financial  
22 capability in America. As John indicated, the

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1 first one was done in 2009.

2 We are in the midst right now of the  
3 survey with respect to the second wave of the  
4 study in 2012 providing us, I think, a unique  
5 perspective of America for financial capability  
6 side on both sides of the credit crisis and all  
7 the impacts of it.

8 The study research is two  
9 populations. First, most broadly, adult  
10 Americans age 18 and up and separately, active  
11 military servicemen and servicewomen.

12 The data collection for both groups  
13 finished, as I indicated, earlier this month.

14 The first military sample had over  
15 1,300 responses, substantially above the amount  
16 surveyed in 2009, and the final state by state  
17 sample has over 25,000 responses.

18 We expect a little quicker than PISA  
19 that the initial reports and the full study  
20 database sets will be available in early 2013.

21 I'm also pleased to note that there  
22 will be a third sample drawn from the Rand

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1 American Life Panel sample which will allow  
2 researchers to conduct longitudinal research  
3 and combine Financial Capability Survey data  
4 with other sources of data, again, I think,  
5 significantly enhancing the breadth of the  
6 research questions being addressed.

7 So unless there are questions, Ted,  
8 let me pass it back to you.

9 MR. BECK: Questions for Rick?  
10 Thank you. It's a very important piece of work.  
11 We have two other business items I'd like to get  
12 to. We now have two recommendations.

13 The first recommendation is in your  
14 book. I will read it for you - that the  
15 Department of Treasury in collaboration with  
16 Financial Literacy and Education Commission  
17 explore the possibility of building and  
18 sustaining a Doing What Works website for  
19 financial capability that is modeled after the  
20 Department of Education's What Works  
21 initiative, subject to the resources available  
22 to support such a website.

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1           There's a good background summary in  
2 your - in your information on this. But the  
3 thumbnail is the Department of Education's What  
4 Works program has been in place for almost ten  
5 years now.

6           It is a very well received resource  
7 that allows educators to go and find out what are  
8 best practices, how they can start to  
9 incorporate programs across different  
10 educational fields.

11           We think a duplicate effort around  
12 financial education would be a great resource.  
13 I'd be happy to take questions on it.  
14 Otherwise, I'd move it for recommendation.

15           VICE CHAIR ROSEN:        Comments?  
16 Questions? Sherry?

17           MS. SALWAY BLACK: I was going to  
18 move it, the recommendation.

19           VICE CHAIR ROSEN:        Fabulous.  
20 Second?

21           MS. BARRERA: Second.

22           VICE CHAIR ROSEN:        Thank you,

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1 Janie. All in favor?

2 (Chorus of ayes.)

3 VICE CHAIR ROSEN: Opposed? Thank  
4 you, Ted.

5 MR. BECK: Thank you. I'm  
6 discovering how to get things done quickly. Be  
7 last.

8 The second recommendation, in a  
9 sense, David spoke earlier. We have had the  
10 quickest subcommittee meeting ever so subject to  
11 wordsmithing from the Treasury team, which we  
12 would welcome, I would like to make the following  
13 recommendation that the Department of  
14 Education, in collaboration with the Department  
15 of Treasury and the Financial Literacy and  
16 Education Commission, actively participate in  
17 the international PISA study through the 2015  
18 cycle.

19 VICE CHAIR ROSEN: Thank you for  
20 taking the bull by its horns.

21 MR. BECK: I'm not letting this one  
22 get away.

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1 VICE CHAIR ROSEN: Any questions or  
2 comments? Somebody like to move this?

3 MR. JACKSON: I'll move it.

4 VICE CHAIR ROSEN: Thank you.

5 MR. BRYANT: Excuse me. I'd like  
6 to take this through a full documentation with  
7 you, Ted.

8 (Laughter.)

9 MR. BRYANT: Inside joke, you guys.

10 MR. BECK: I would - I would welcome  
11 that.

12 MR. BRYANT: It's an inside joke.  
13 I second it.

14 VICE CHAIR ROSEN: Thank you, John.

15 MR. BRYANT: Virtual committee  
16 meetings are a major step forward.

17 VICE CHAIR ROSEN: It's taken us a  
18 long year to figure out how to get things done  
19 but now I think we know. All in favor?

20 (Chorus of ayes.)

21 VICE CHAIR ROSEN: Opposed?

22 Motion carries. Great.

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1 MS. KOIDE: So we are quickly  
2 approaching the end. I think John would like to  
3 take a few minutes before we begin to wrap up.

4 MR. BRYANT: So I want to thank  
5 Chairman John Rogers for, as Amy mentioned, his  
6 leadership and even though he's not here  
7 physically, clearly, this Council represents  
8 his spirit. And I want to thank our honorary  
9 members, Ellen and Bob, for always being here and  
10 always being supportive.

11 So I have a gift from me personally,  
12 not paid for by the federal government for - I  
13 had to make sure that was on the record - for each  
14 Council member and our honorary Council members.  
15 First, to Madam Chair. Thank you, Madam Chair.

16 VICE CHAIR ROSEN: Thank you.

17 MR. BRYANT: Mr. Richard Ketchum.

18 VICE CHAIR ROSEN: I hope it's  
19 diamonds.

20 MR. BRYANT: Melissa.

21 MS. KOIDE: Thank you. It's very  
22 nice.

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1 MR. BRYANT: Beth. Samuel, and I  
2 guess, you know, given that you've been so  
3 helpful here today you actually get one too.

4 (Laughter.)

5 MR. BRYANT: And Louisa, of course.  
6 We can't do anything without Louisa. Can we all  
7 just give Louisa a round of applause?

8 (Applause.)

9 MR. BRYANT: For Ted Beck, Carrie  
10 Schwab-Pomerantz. By the way, you may not know,  
11 most of these Council members don't submit  
12 expense reports, don't, you know, invoice.  
13 They do all this stuff for free. Artie, thank  
14 you.

15 Janie - I keep reaching in here,  
16 stuff keeps coming out so it's good. Eldar and  
17 the great Sherry, who reminds us to always  
18 consider the Native American community in  
19 everything we do.

20 Thank you very much. Okay. And I  
21 will give it to you after the meeting, both of  
22 you. Thank you very much.

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1                   VICE CHAIR ROSEN: Thank you, John.  
2                   That was very generous. Alright. So we're  
3                   going to hear from Bob, who's going to give us  
4                   an update on status of the final report, although  
5                   you're looking at me like perhaps not.

6                   MR. SOLOMON: I'll go quickly.  
7                   Thank you. We formed a team, some of whom  
8                   volunteered and some of whom were volunteered  
9                   and I won't differentiate between the two, of  
10                  Judy Wurtzel, who helped write the Common Core  
11                  recommendation; Pat Seaman from NEFE, who is our  
12                  wizard writer; Mike Townsend, who - from Schwab  
13                  who's here somewhere and wrote the last report  
14                  so he's an expert; Jena Roscoe, who helped on the  
15                  Partnerships Committee; Lucas Turner-Owens, who  
16                  you saw briefly. Jena and Lucas are here.  
17                  They're there.

18                  Ellen, of course - Ellen Chube from  
19                  Ariel; Louisa - nothing gets done without  
20                  Louisa; and Beth Kobliner. That team, which  
21                  represents all the committees, will help write  
22                  the final report.

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1           We're going to hopefully get it done  
2 before Christmas Day, team. We'll be meeting  
3 weekly to do that.

4           We'll be, obviously, pulling  
5 greatly from the interim report, updating with  
6 the new recommendations and trying to coalesce  
7 the final report into a few bite-sized nuggets  
8 and themes that will be propagated then in the  
9 final recommendation to the secretary and to the  
10 president. That's it.

11           VICE CHAIR ROSEN: Is there a date  
12 in January for us to -

13           MS. KOIDE: I was just going to  
14 address that. We don't have a date yet. But as  
15 soon as we do and we know it needs to be soon we  
16 will be sure to get it out to you for the next  
17 meeting is what you're asking. Yes.

18           Alright. Thank you, Vice Chair. Do you  
19 want to wrap us up?

20           VICE CHAIR ROSEN: I will quickly.  
21 Well, I just want to say thank you. You know,  
22 this feels like it's - it was a good last

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1 substantive meeting because we actually had a  
2 lot to discuss and really reflected both on our  
3 government partners, our support and partners  
4 from Ariel and all of the members here.

5 Just thinking about the amount of  
6 time and effort and thought that's gone on to  
7 this I'm proud to be a part of it and with that,  
8 unless anybody else has any closing comments,  
9 we'll let everybody get on their way and, again,  
10 thank you for this early morning.

11 (Whereupon, the above-entitled  
12 meeting concluded at 10:15 a.m.)

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