

President's Advisory Council on Financial Capability Partnerships Committee

Subcommittee Members:

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Background

The Partnerships Committee is charged with strengthening and enhancing coordination between public and private-sector financial education programs to better equip consumers with critical financial skills. Through four Committee meetings, dozens of hours of staff research, and interviews with academics, government officials, practitioners and organizations, the Committee identified two overarching opportunities where the President's Advisory Council on Financial Capability (PACFC) could recommend measurable positive impact:

1. Supporting leadership, coordination and role clarity among Federal, state, and local agencies on the issues of financial education, access, and empowerment.

- At least 20 federal entities provide financial education programs and/or funding for such programs. While the Financial Literacy and Education Commission (FLEC) has played a critical role in coordinating and has made significant progress in the last two years, there is still more to do.
- States and municipalities are recognizing the importance of financial literacy in their communities and are becoming increasingly proactive in launching programs and initiatives designed to promote financial literacy. But local leaders are too often unsure of where to get quality information about financial education initiatives that produce results.

2. Encouraging financial education and improved outcomes through employers, including government and private-sector workplaces.

- Providing financial education through the workplace has the potential to reach more than 150 million employees at a time when financial matters are extremely relevant.
- 76 percent of workers are stressed out about money.¹
- The business case for addressing the financial capability of employees seems to exist for employers because financial stress costs employers as much as \$300 billion a year in lost productivity, increased absenteeism, employee turnover, and increased medical, legal and insurance costs.²

Intended Areas of Focus

The Committee plans to focus on three primary areas:

1. State and Local Government Partnerships

Objective: Develop strategies to encourage federal agencies to work together and create strategic alliances with state and local government entities to consolidate and streamline financial education and financial access initiatives and better address the needs of underserved communities.

¹ American Psychological Association. "Stress in America Findings." November 9, 2010. pg. 8.
<http://www.apa.org/news/press/releases/stress/national-report.pdf>.

² American Institute of Stress. "The Need For Financial Literacy," presentation at the Financial Education Forum by Michelle R. Rosner.
<http://www.humanresources.org/Financial%20Stress%20and%20Its%20Impacts%20in%20the%20Workplace.pdf>

Initiatives

- Support existing state, county and municipal Financial Capability Councils and encourage the creation of similar Councils in other jurisdictions, modeled on the President's Advisory Council, to coordinate initiatives within their state and local financial education campaigns.
- Encourage and coordinate volunteer service through the Serve.gov Volunteerism Campaign; encourage the adoption of a "Financial Literacy Corps" initiative to mobilize financial literacy and consumer protection volunteers, mentors, and counselors; and consider the creation of a volunteer service award to recognize volunteers and organizations that are leaders in providing financial education.
- Encourage partnerships between federal financial regulatory agencies, which are now required by law to create Offices of Minority and Women Inclusion, and state, local and non-profit entities to help the federal agencies meet their obligation.³

2. Workplace Financial Education

Objective: Develop a strategy to promote and facilitate holistic financial education and improved financial outcomes through America's workplaces.

Initiatives

- Support the Workplace Leader in Financial Education Award recommended by previous Council (President's Advisory Council on Financial Literacy) and launched in 2011 by the Society for Human Resources Management (SHRM) and the American Institute of Certified Public Accountants (AICPA). See separate recommendation below.
- Support financial capability among Federal employees through a workplace-based pilot initiative with government agencies.
- Support financial capability for private-sector employees through workplace-based initiatives, beginning with the evaluation of and possible support for a new program designed by the Financial Literacy Center that provides a turnkey, web-based and customizable toolkit for employers seeking to enhance the financial capability of their employees.

3. Production of a "Best Practices" document to aid entities seeking to develop partnerships for financial education

Objective: Develop a user-friendly guide to financial capability partnership best practices. The document would benefit organizations seeking to launch and implement a financial education program by outlining key steps to finding and working with a partner organization to achieve successful outcomes. The document would also include examples of innovative financial capability partnerships that could serve as models.

Recommendation to the PACFC by the Partnerships Subcommittee

To recommend that the Department of the Treasury support the Workplace Leaders in Financial Education Award, administered by the American Institute of Certified Public Accountants (AICPA) and the Society for Human Resources Management (SHRM), and launched in 2011.

³ Section 342 of the Dodd-Frank Act creates new Offices of Minority and Women Inclusion within financial regulatory agencies, charging them to "take affirmative steps to seek diversity in the workplace at all levels of the agency...Such steps shall include...where feasible, partnering with inner-city high schools, girls' high schools, and high schools with majority minority populations to establish and enhance financial literacy programs..."

Background

In 2008, the President's Advisory Council on Financial Literacy, the predecessor to the current Council, included in its recommendations to the President the creation of a "workplace financial education honor roll" to recognize organizations that had implemented strong financial education programs for their employees and to encourage other organizations to create workplace financial education programs.

The Treasury Department did not seek to implement this recommendation. Janet Parker, chief global membership office for SHRM and former chair of the President's Advisory Council on Financial Literacy's Workplace Committee, which originally came up with the proposal, led an effort to implement such a program in the private sector. On March 29, 2011, the AICPA and SHRM jointly announced the creation of the Workplace Leaders in Financial Education Award.

The Workplace Leaders in Financial Education (WLIFE) Award is currently seeking applications for recognition. Through the award's website, <http://wlife.org>, organizations can review the criteria and submit an online application for the award. According to the website, "winning organizations must provide financial education programs to employees that increase their ability to make sound financial decisions and improve employee financial well-being. Workplace financial-education programs help employees manage all aspects of their finances, from setting a budget and managing debt to paying for college and saving for retirement." The website includes a toolkit and other resources for organizations that are interested in creating or strengthening their workplace financial education programs.

Non-profit organizations, companies and government agencies are eligible to apply, and there is no application fee. Applications are due by July 1, 2011, and will be judged by a panel of experts that includes a variety of financial literacy experts. Winners will be announced in October 2011. There will be awards for organizations of different sizes, according to the number of employees.

The Partnerships Committee believes that this program has the potential to increase awareness about the importance of financial education in the workplace, draw attention to strong programs, and encourage organizations of all types to make financial education a priority in the workplace. The Committee unanimously recommends that the full Council support this important program.