

UNITED STATES OF AMERICA
PRESIDENT'S ADVISORY COUNCIL ON
FINANCIAL CAPABILITY

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MEETING

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TUESDAY
NOVEMBER 8, 2011

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The Advisory Council met in the Cash Room in the Department of the Treasury, 1500 Pennsylvania Avenue, N.W., Washington, D.C., at 10:30 a.m., John W. Rogers, Jr., Council Chairman, presiding.

PRESENT:

JOHN W. ROGERS, JR. (Council Chairman), CEO,
and Chief Investment Officer, Ariel
Investments

AMY ROSEN (Council Vice Chair), President
and CEO, Network for Teaching
Entrepreneurship

ROLAND A. ARTEAGA, President and CEO, The
Defense Credit Union Council

TED BECK, President and CEO, National
Endowment for Financial Education

JOHN HOPE BRYANT, Founder, Chairman and
CEO, Operation HOPE

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PRESENT (Cont'd) :

SAMUEL T. JACKSON, Founder, Chairman and
CEO, Economic Empowerment Initiative,
Inc.

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

BETH KOBLINER, Personal Finance Journalist
ADDISON BARRY RAND, CEO, American
Association of Retired Persons (AARP)

CARRIE SCHWAB-POMERANTZ, President, The
Charles Schwab Foundation

KENNETH WADE, Senior Community Affairs
Executive, Bank of America

JOSHUA WRIGHT, ex officio, U.S. Department
of Treasury

ALSO PRESENT:

CAMI ANDERSON, Superintendent, Newark Public
Schools

JEANETTE BETANCOURT, Senior Vice President
for Outreach and Educational Practices,
Sesame Workshop

ANDREI CHERNY, Co-Founder and President of
Democracy

MARY CULLINANE, Worldwide Senior Director of
Innovation and Education Policy,
Microsoft Corporation

ARNE DUNCAN, Secretary, U.S. Department of
Education

TIMOTHY FLACKE, Executive Director, Doorways
to Dreams (D2D) Fund

NEAL S. WOLIN, Deputy Secretary, U.S.
Department of Treasury

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

2 10:33 a.m.

3 MR. WRIGHT: So thank you for
4 coming today to the Treasury Department. I
5 want to welcome you.

6 We have the great honor of having
7 Deputy Secretary of the U.S. Treasury
8 Department, Neal Wolin, welcome us with some
9 opening remarks. So I'll turn it over to
10 Neal.

11 DEPUTY SECRETARY WOLIN: Thank you
12 Josh.

13 Good morning everyone. Welcome to
14 the Treasury. Thank you for joining us for
15 the fourth meeting of the President's
16 Advisory, excuse me, the President's Advisory
17 Council on Financial Capability.

18 Let me first thank the council
19 members for their work over the past 18
20 months. Your insights, your input, and your
21 suggestions, have been very valuable. And we
22 look forward to your final report and

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1 recommendations to the President and to the
2 Secretary of the Treasury.

3 I would like to extend a special
4 thanks to Secretary Duncan for being here
5 today. And for the Department of Education's
6 important work helping young people better
7 understand personal financial issues.

8 I know the Council has been
9 working with the Department of Education to
10 develop plans that encourage more schools to
11 include financial education in their
12 curriculum. Helping young people learn how to
13 manage their own finances is critical to our
14 long term goals. And we thank the Secretary
15 for his strong leadership and support.

16 I'd also like to thank Secretary
17 Duncan and the Department of Education for
18 some excellent work they've been doing
19 recently to help young people afford higher
20 education.

21 Last week they moved forward with
22 the new Pay As You Earn Program which reduces

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1 monthly student loan payments for than 1.5
2 million current college students and
3 borrowers.

4 And as part of the Know Before You
5 Owe Campaign, the Department of Education has
6 partnered with the Consumer Financial
7 Protection Bureau to create a simpler, more
8 straightforward form, that schools can use to
9 better communicate their financial aid offers
10 to potential students.

11 At Treasury, we are working to
12 increase access to mainstream financial
13 services among the un-banked and the under-
14 banked as well as continuing our efforts to
15 improve education around financial issues.

16 One focus of Treasury's work is to
17 build the infrastructure for a growing field
18 of locally led Bank On initiatives. These
19 efforts aim to open up basic financial
20 services to low income individuals and
21 families who historically have had difficulty
22 accessing them.

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1 Treasury, in collaboration with
2 the Corporation for Enterprise Development and
3 the National League of Cities, just relaunched
4 a website to help state and local governments
5 access community needs and start their own
6 Bank On initiatives.

7 Treasury is also undertaking a
8 pilot research project with the Corporation
9 for Enterprise Development, the University of
10 Wisconsin, and the City of New York, to
11 explore ways to increase access to mainstream
12 financial services among un-banked people who
13 have recently reentered the workforce.

14 Before I turn the podium over to
15 Chairman Rogers, I want to stress our
16 appreciation for the work of those here today.

17 I know that the Council has
18 focused a great deal of their attention and
19 energy on three areas critical to improving
20 long term financial access and capability in
21 this country. Partnering with employers to
22 find ways to improve the financial capability

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1 of American adults through the workplace,
2 raising awareness and offering guidance on how
3 to improve financial capability of families in
4 communities across the country, and continuing
5 to improve financial education in America's
6 schools. Including how to take advantage of
7 technology to improve young youth financial
8 capability which we'll discuss this morning on
9 the panel.

10 I want to thank everyone again for
11 their efforts. This is a critical time to
12 make progress on these very very important
13 issues. We thank the members of the Council.
14 We thank the broader community.

15 And again, we welcome you to
16 Treasury for today's meeting of the Council.

17 John, over to you.

18 Thank you very much.

19 CHAIRMAN ROGERS: Well thank you
20 very much. We appreciate you being here.
21 This is a great opportunity for us to get our
22 council meeting started. And we appreciate

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1 all the support of your team here at the
2 Treasury. They've been absolutely terrific.
3 So thank you.

4 What we thought we would do this
5 morning is to get us started by having a
6 conversation with the Secretary of Education,
7 to really talk about the importance of this
8 issue and why he feels it's so important and
9 how we can actually get more done within the
10 public school systems.

11 So I'm really glad that so many of
12 you are here this afternoon.

13 I'll just start first, Arne, just
14 to give, can you just give the audience a
15 sense of how you got started in thinking about
16 financial literacy in public schools?

17 SECRETARY DUNCAN: Well to put our
18 cards on the table, John and I go back a long
19 long way. And he's my best friend. He's been
20 a mentor since I was about 10 years old. So a
21 long relationship.

22 And I was playing basketball

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1 overseas in Australia. Left there to come
2 back and run the non-profit side of his
3 company, Ariel Capital Management, to run the
4 Ariel Foundation.

5 And we ran an I Have a Dream
6 Program, my sister and I. And trying to help
7 a set of students get through high school and
8 go on to college.

9 But the neighborhood in which we
10 were working on the south side of Chicago was
11 a very impoverished community. Very poor
12 educational choices for families.

13 And we decided to try start our
14 own public school to really demonstrate that
15 you can have high quality education in the
16 inner city.

17 So as we started thinking about
18 that, it's actually John's idea, that here you
19 have this, you know, fantastic financial
20 company, why don't we have a curriculum that
21 focuses on these issues? And it was just a
22 total great partnership we were trying to go,

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1 it was really your vision that led us forward.

2 And we struggled with it at first
3 when we tried to figure it out. But I think
4 we've seen over the years, the school we
5 opened in 1995, so it had a really good run
6 there. You're seeing amazing math scores.
7 You've seen students educating their parents
8 which has been, I think, really profound. And
9 you're seeing students who historically had
10 been, had no access to this world really start
11 to feel comfortable and confident starting in
12 kindergarten.

13 And so, that was really where I
14 first started thinking about it in a serious
15 way.

16 CHAIRMAN ROGERS: As you had a
17 chance to reflect over the last 16 years, what
18 parts of the financial literacy program do you
19 think really have worked the best and been the
20 most effective?

21 SECRETARY DUNCAN: I just think
22 you have to start young. So if this is just

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1 a, you know, a one course, a half a semester,
2 or a semester of your senior year, I think
3 that's late in the game. So I think engaging
4 students, literally starting in kindergarten
5 and 1st grade, is really important and
6 building that all the way through.

7 This has to be hands-on. It has
8 to be engaged. And it can't just be
9 theoretical. It can't just be studying this.

10 And one thing that we've tried to
11 do, which is a little bit more difficult to
12 replicate, but actually giving students real
13 money to invest in the stock market. That
14 gets their attention in a very serious way.
15 And having students start to, you know, think
16 about what the right investments are, how to
17 make those decisions, how to work as part of a
18 team, the more it's hands on, the more it's
19 engaged, and the more it is integrated into
20 the curriculum, not sort of a separate put
21 aside, but part of what the teachers are doing
22 in math and science, and social studies, I

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1 think that's been really positive.

2 CHAIRMAN ROGERS: And as you know,
3 when the kids graduate from 8th grade they
4 actually take real money away and get some of
5 the money matched to teach kids about
6 matching, for a 401(k) plan type of an option.

7 So every child leaves with \$1000.00 to
8 prepare themselves for college.

9 But you also thought it was very
10 important for the kids to think about
11 philanthropy and giving something back to the
12 community. Can you sort of talk about why
13 that was important and how that happened?

14 SECRETARY DUNCAN: I just think,
15 again, particularly in disadvantaged
16 communities, to have young people at an early
17 age see themselves as the doers of service
18 rather than the recipients of service. And
19 knowing they can be a role model. And they
20 can give something back now at 9 years old, at
21 10 years old, at 13 years old. They don't
22 have to wait till they're grown. And I think

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1 breaking through the traditional stereotypes
2 was so hugely important. And so having young
3 people be able to make a philanthropic gift,
4 to give back to the school, and understand how
5 important that is and to start to build those
6 habits and those values, again, it's one thing
7 to talk about it or to just do it in theory,
8 it's another thing to practically give them
9 the opportunity to make a concrete
10 contribution.

11 And I think that's so critically
12 important for all of our nation's young
13 people. My wife and I try to do a lot to make
14 sure our children are giving back. But in
15 particularly disadvantaged communities where
16 too often these opportunities don't exist, I
17 think we have to be creative in how we create
18 them for young people.

19 CHAIRMAN ROGERS: Where did you
20 learn that? That's not the normal thing you
21 would think about as an educator to be
22 teaching kids the importance of philanthropy

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1 in an inner city school for 6th, 7th and 8th
2 graders?

3 SECRETARY DUNCAN: Well, we
4 actually did a lot of that with the I Have a
5 Dream class.

6 So we tried to have our -- we
7 started with a 6th grade class. And it was my
8 job for six years, 6th through 12th grade, to
9 work with them along with my sister. So we
10 did a lot of things in the neighborhood, from
11 planting gardens to planting trees, to we
12 eventually built a house with Habitat for
13 Humanity.

14 And I will never forget, we had a
15 big debate with one of our students. We were
16 planting trees along Jackson Boulevard there.

17 And he was convinced all the gang members
18 were going to come and pull up all of our
19 trees. And that was the reality of the
20 neighborhood. I figure they had better things
21 to do than pull up our trees.

22 But having our young people see

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1 that they can do that and the trees would stay
2 and they can make a positive contribution, to
3 be building a house and constructing it rather
4 than throwing bricks through the window, that
5 neighbors come by and see teenagers, you know,
6 doing something really positive, I thought
7 that was as important as anything we were
8 trying to teach them academically.

9 So really just building upon those
10 lessons and trying to put them systemically
11 into Ariel Community Academy.

12 CHAIRMAN ROGERS: And was, you
13 know, your mom has been an educator in that
14 same community now for over 50 years, working
15 with kids, tutoring them every day after
16 school. So can you talk about the lessons
17 that you learned there that helps you as you
18 thought about creating the school and moving
19 forward?

20 SECRETARY DUNCAN: So her work was
21 absolutely formative. And my sister, brother
22 and I have all tried to follow in her

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1 footsteps. It was just an amazing opportunity
2 to grow up as part of her program. So lots of
3 life lessons.

4 She always tried to have students
5 be teachers and be taught at the same time.
6 So 10 year olds taught 5 year olds. 15 year
7 olds taught 10 year olds. That was really
8 really important.

9 The idea of service and everybody
10 contributing and being, you know, productive
11 parts of the community and helping out was
12 very very important there.

13 And the big thing that, I just
14 saw, that's been so inspiring to me, is, I
15 just saw in a very poor community with lots of
16 violence, and high poverty, and very few
17 intact families, I grew up with a set of folks
18 who went on to do extraordinary things.
19 Because they had my mother and others in their
20 lives.

21 And so I just, it was just
22 ingrained in me from an earliest age that, you

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1 know, poverty is not destiny. And it takes a
2 lot of hard work and it takes a lot of
3 commitment.

4 But I know what's possible when we
5 give young people a, regardless of background,
6 regardless of demographics or zip codes, when
7 we give them opportunities to support and long
8 term guidance, our students can do
9 extraordinarily well.

10 So what drives me every day is I
11 just think we have this huge untapped academic
12 and social potential that is a nation we're
13 leaving on the table. Because we're not
14 creating the systemic educational
15 opportunities to have people fulfill that
16 potential.

17 And that's what we're trying to
18 do, you know, across the country now.

19 CHAIRMAN ROGERS: Well as you
20 think back on those days, you talked about
21 during, you talked about this during your
22 confirmation hearings, the challenges that

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1 your mom faced in those early years in doing
2 this work. Can you talk some about the
3 obstacles that she had to overcome to get it
4 going?

5 SECRETARY DUNCAN: Yes. It was an
6 interesting time.

7 So she started in 1961. And she
8 was this crazy white lady who went in to the
9 heart of the inner city. And wasn't
10 universally accepted at first. And had folks
11 who wanted to, you know, wanted to get her
12 out. And she was tough as nails. And hung in
13 there. And made it through those tough times.

14 And you know, sort of showed, just
15 through her work and dedication to students,
16 that she belonged. And eventually the
17 community came to embrace her and protect her.

18 But there was, there was some real
19 challenging times. And she used to have,
20 people would come with weapons. She would
21 take the weapons and give them back to them at
22 the end of the day. But you couldn't bring

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1 weapons in.

2 And we were in a church that,
3 working in a church basement, the minister
4 there, the Blackstone Rangers wanted to use
5 the church as an arsenal, to keep their
6 weapons. And he wouldn't let them do that.
7 And so they firebombed the church.

8 And that's one of my earliest
9 memories was, I think I was probably about 5
10 years old, of walking from that church, taking
11 boxes of books down to another church down the
12 block. Because that place, we could no longer
13 work in. So the physical danger was real.

14 And just was part of, I guess we
15 didn't know any better. Just part of the
16 environment.

17 But through luck and tenacity,
18 made it through.

19 CHAIRMAN ROGERS: What inspired
20 her to take her young family in to a place
21 where there was real threats that were
22 meaningful? And then talk about the success

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1 that came from that perseverance.

2 SECRETARY DUNCAN: I don't know if
3 it was a little crazy. I don't quite know
4 what the rationale was.

5 But no, in all seriousness, I
6 think she saw, I think we all want to make a
7 difference.

8 And she had started volunteering
9 with a small group of children. And 9 year
10 old girls. And found to her horror that they
11 couldn't read. So she, you know, how is it
12 possible that you have 9 year olds who don't
13 know how to read?

14 And so she went from just, you
15 know, trying to do a little summer program to
16 this becoming her life's work. It just
17 evolved.

18 And she started in '61. I was the
19 eldest of three. I was born in '64. And she
20 just took us with her to work. And that's
21 just sort of what we did.

22 And I feel just, again, so

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1 amazingly fortunate to have had that
2 opportunity and to grow up as a part of that
3 environment.

4 CHAIRMAN ROGERS: Thank you. And
5 then the success of the, some of the graduates
6 of the program, how has that helped you to
7 think about financial literacy and the
8 importance of sort of having a strong economic
9 community?

10 SECRETARY DUNCAN: Well, I think
11 the challenge we face today, and obviously
12 that's why everyone is here, and just
13 appreciate the commitment, is that we don't
14 have a financially literate population. And
15 so many of our challenges today personally and
16 across the country are because we have not
17 systemically taught this.

18 And it's almost been a gift that's
19 been handed down from, you know, within
20 privileged families. But families that don't
21 have the means aren't a part of that world.

22 We haven't, through public

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1 education, instilled these lessons.

2 And so I think we're all here
3 because we see this opportunity to try and
4 break through and lead the country in a very
5 different way.

6 But as important as reading and
7 math and social studies and science, I think
8 today more than ever, financial literacy has
9 to be part of that.

10 And these are tough economic
11 times. And schools have lots of pressures on
12 them. And not enough resources. Not enough
13 time. But to me, we can't use that as an
14 excuse.

15 We have to find ways to be
16 creative, to partner, we have fantastic not-
17 for-profits represented here. What we're
18 doing during the school day, what we're doing
19 after school, what we're doing in technology.

20 To continue to have a population
21 that is relatively illiterate in these matters
22 I think has real negative consequences to our

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1 democracy.

2 And to have citizens that can
3 really participate in a meaningful way, and
4 make good personal decisions, and hold
5 political leaders accountable, we need this
6 today more than ever before.

7 CHAIRMAN ROGERS: And why do you
8 think, and you talked about resource
9 challenges, but it seems to me there must be
10 more to that, why hasn't public schools,
11 especially public schools in our urban areas,
12 embraced financial literacy?

13 SECRETARY DUNCAN: I don't have a
14 good explanation for that. I think it's not
15 something that has ever been asked of public
16 education. It's not, you know, it's been
17 reading, writing, and arithmetic. It wasn't
18 financial literacy. You know, it's been the
19 3Rs for a century.

20 And you know, maybe at a different
21 time, when folks went to work at the company,
22 at the factory, and stayed there for 50 years,

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1 and got a good pension at the end, maybe it
2 wasn't as important.

3 But we know that's just not the
4 case anymore today. And we have to empower
5 people to make good choices for them, for
6 their families, and for their communities.
7 And ultimately, for their country.

8 And I think in many areas, quite
9 frankly, public education is slow to change.
10 And without side pressure and without outside
11 impetus, people just keep doing the same
12 things they've done, literally, for centuries.

13 And so I think it's going to take
14 the leadership of groups like this to sort of
15 push through and be a bit of a disruptive
16 force, quite frankly, to get states and
17 districts to take this more seriously.

18 And obviously, we want to try and
19 do more on our side to really encourage that
20 and create a climate in which folks want to
21 innovate and want to play in this space.

22 CHAIRMAN ROGERS: So how do we do

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1 that? How do we get states and communities to
2 embrace and accept this change that we all
3 agree, we're all here because we think it's so
4 important?

5 SECRETARY DUNCAN: I don't think
6 there's one way.

7 I think so much of what is done in
8 terms of curriculum in the country is
9 obviously done at the state and local level.

10 So really having folks go to state
11 leaders, governors, state legislators, and
12 think about financial literacy being a
13 graduation requirement is hugely important.

14 I think there's been lots of
15 relatively small scale pilots. And sort of
16 taking those to scale. And making this the
17 norm rather than the exception. Again,
18 technology can be a great equalizer in helping
19 to break through.

20 But I think there has to be a
21 demand for this that hasn't existed before.
22 And it's going to take some pressure. And

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1 it's going to take leadership.

2 And the final thing I'll say is,
3 where I've seen great programs, whether it's
4 Ariel Community Academy or others around the
5 country, everybody, every teacher, every
6 principal, every superintendent, wants to
7 engage students. They want school to be
8 interesting and relevant and fun.

9 And I think financial literacy and
10 teaching entrepreneurial skills is a huge way
11 to engage students in their own education.
12 And so if we're all looking for better
13 outcomes, more students graduating, less
14 dropout rates, more students going to college,
15 I think beyond just the financial skills and
16 capabilities students gain, but their interest
17 in school and their commitment to their own
18 education, I think can only be enhanced
19 through this effort.

20 And so I think the dividends are
21 really profound.

22 CHAIRMAN ROGERS: And we've heard

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1 one of the impediments also is often the
2 teachers have not had a lot of experience in
3 teaching these subjects. And are not
4 comfortable. So how do we get teachers
5 throughout the nation to be comfortable and
6 ready to take on this challenge?

7 SECRETARY DUNCAN: I think it's a
8 very real issue.

9 And you can't teach children, you
10 can't instill in them a love of something that
11 you're not comfortable and confident with.

12 And teachers are, students pick up
13 on teacher's fear. We see it not just in this
14 area but in math and science. Starting in 4th
15 and 5th and 6th grade, where teachers start to
16 be less comfortable, less confident. And
17 students, you know, figure that out very
18 quickly.

19 So again, no one easy answer.

20 I think we need to do a lot of
21 work with current teachers to help them in
22 their own personal finances. And help build

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1 their own skills. And we had to do that at
2 Ariel Community Academy.

3 I think we have to think about
4 teacher training programs in the next
5 generation of teachers coming in. And how we
6 get schools of education to think about this.

7 So what we do with existing
8 workforce, what we do with the future
9 generation, and we have, this baby boom
10 generation is retiring. So we're going to
11 have about a million teachers retiring, a
12 million new teachers coming in, in a short
13 period of time, over the next four to six
14 years. And so whatever we can do to work on
15 the pipeline side as well as to work with
16 existing teachers and principals, it's very
17 important.

18 I think also leadership has to
19 come from the top. So school boards, school
20 superintendents, if this is something that
21 folks take on, not school by school, but
22 systemically, I think there's a real

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1 opportunity to break through there.

2 I think -- is Cami here? Cami
3 Anderson? Where's Cami? Cami can wave.

4 So we got a great new
5 superintendent in the Newark public schools.
6 Newark's a public school system that has
7 struggled for a long long time. Great new
8 leadership. A mayor that's very supportive.
9 Can Newark be a model of where urban education
10 goes, can this be part of what Cami and her
11 team are thinking about systemically?

12 I think that's how we're going to
13 get there.

14 CHAIRMAN ROGERS: Well great. As
15 you think about how this would play out -- and
16 you've talked a number of times about the
17 importance of educating our way to a better
18 economy. Can you talk some about how this
19 would help strengthen our economy here in the
20 United States?

21 SECRETARY DUNCAN: Well I think so
22 many of the challenges, and folks here are

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1 much more expert on this than I am, but so
2 many of the challenges our country has faced
3 have been because of the ignorance, quite
4 frankly, of all these issues. And whether
5 it's the mortgage crisis or other things, or
6 you know, lack of savings we see in the black
7 and Latino communities, or lack of investment
8 in the stock market.

9 If we don't do things differently,
10 we're just going to perpetuate these problems.

11 And so for us to strengthen the
12 country, we have to break through. I think we
13 have to work with adults. But again, I'm
14 always going to, you know, you want to instill
15 these lessons in children, have this be part
16 of how they grow up.

17 And like I said earlier, part of
18 what we see through Ariel Community Academy is
19 children educating their parents. And I think
20 that's very very powerful. And can be a great
21 way to expedite the change here.

22 So for our country to be strong,

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1 to be economically vibrant, to reduce
2 unemployment rates, to make sound financial
3 decisions for yourself and for your family, I
4 don't know how we get there as a nation
5 without taking financial literacy to an
6 entirely different level.

7 This is not a place where we just
8 need to get a little bit better. We got to
9 get a lot better. We got to get better faster
10 than we ever have.

11 CHAIRMAN ROGERS: Also, one of the
12 by-products, we've had some conversations with
13 our Council about this, phone calls and
14 offline, that if we can accomplish this
15 effectively, it will really create lots and
16 lots of jobs for urban areas. As people get
17 more comfortable starting businesses,
18 understanding how to invest in businesses, you
19 know, just being more and more financially
20 literate, it will just, you can see so many
21 great businesses popping up in urban
22 communities because people are more confident

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1 about how to organize and build.

2 And I know our Vice-Chairman has
3 been working, has spent a good bit of her
4 career on that.

5 So can you talk a little bit about
6 sort of like organizations like NFTE and how
7 that can impact our communities?

8 SECRETARY DUNCAN: When you talk
9 to young people today, and I'm sure you guys
10 visit schools, better or worse, fair or
11 unfair, very few young people want to go work
12 for a company now. If you ask them what they
13 want to do, they all want to start their own
14 business. That's what they want to do. They
15 want to be an entrepreneur. There's something
16 just innate there that is fascinating to me.
17 Again, urban, rural, suburban, wherever,
18 people want to start their own businesses.

19 Young people have great ideas.
20 But do they have the skill set to be
21 successful? And I'm a huge fan of NFTE and
22 tried to really encourage it when I was in

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1 Chicago and as I travel the country now.

2 What NFTE and other programs do is
3 they give students the actual skills to turn a
4 great idea into a business plan. And when
5 students do that, again I think, they're
6 engaged in their own education in a very
7 different way.

8 And it's led to some really
9 successful businesses. It isn't just
10 theoretical. We have young people who have
11 created strong businesses, making real money,
12 because they had the opportunity.

13 And again, that's sort of what
14 drives me so much. I think our young people
15 are smart and talented and creative. We have
16 to give them the structure and the knowhow to
17 turn those ideas from something in their head
18 to a reality.

19 And that's where I think NFTE has
20 done an amazing job. Particularly in
21 disadvantaged communities. Of getting
22 students engaged in their own education in a

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1 very different way, and seeing the relevance
2 of what they're learning, to doing something
3 that's great for them. Great for their
4 community. Great for their families.

5 CHAIRMAN ROGERS: And then we
6 talked also a lot recently about the sort of,
7 everyone is talking about the headlines of
8 sort of Occupy Wall Street, and how our
9 citizens are engaging, and you touched a
10 little bit on this, with our political
11 leadership. And you know, we have a
12 capitalist democracy here in this country.
13 And I think that there's a view that if we had
14 more financially literate citizens they could
15 engage in this conversation in a more
16 effective way. Can you talk about why that's
17 important and how maybe as an extra impetus to
18 get public schools to add this to social
19 studies and learning about the Constitution,
20 etcetera?

21 SECRETARY DUNCAN: I think when
22 you have the ignorance, or the absence of

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1 knowledge, that our own actions, the questions
2 we ask of our political leaders, the civil
3 discourse, I think suffers tremendously.

4 And do we have enough people,
5 regardless of politics or ideology, do we have
6 enough people ground in the facts of what it
7 takes to have a successful capitalist
8 democracy, what our individual and collective
9 roles are in there, and folks who are
10 struggling who want to make a difference, how
11 we empower them to do that in an effective
12 way?

13 And again, unfortunately in far
14 too many of our communities there's been this
15 absence of knowledge for generations. And so
16 we have to, you know, we have to break through
17 here. And we have to do it much more
18 systemically than we have in the country.

19 CHAIRMAN ROGERS: It just seems so
20 clear to all of us. I mean, I think we're all
21 preaching to the choir here. We all see so
22 many reasons why this is so vitally important

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1 in this stage of our country's history. And
2 can you give us some ideas of ways that you
3 can encourage us as a Council to fight and be
4 able to give the exact, I think I'm saying
5 this the right way, but to be able to give the
6 Secretary of Treasury, the President, and
7 yourself, the advice on how we move all of
8 this forward?

9 SECRETARY DUNCAN: Yes. So no
10 one, no one easy thought. Just a couple of
11 points.

12 First, I'd just really encourage
13 the Council to be extraordinarily bold. And
14 to push us very very hard.

15 And again, there's some problems
16 where I think we're pretty close to solving
17 them. We just need to tinker.

18 And this is not one of those. We
19 have to get so much better. And so I think
20 sometimes you sit in fancy rooms like this,
21 people start to get a little more conservative
22 and a little too polite.

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1 And I think we have, we have a
2 state of crisis here. We have an emergency.
3 And I feel this tremendous sense of urgency.
4 So the stronger you are, the bolder you are,
5 in your recommendations, I would absolutely
6 encourage that. And not watering down to be
7 politically correct, or to be soft, or to be
8 whatever.

9 Secondly, it is hard because
10 there's so many different levels of this.
11 Teacher education, parent education, student
12 education. I think the more concrete you can
13 be, you all are so good on this, on focusing
14 of having a couple, not 58 recommendations
15 that are hard to do, but a couple that the
16 highest level things that we need to do now.
17 We need to come back two years from now,
18 another two years, another two years, and keep
19 going.

20 But what are the biggest things
21 collectively that you would recommend that we
22 would take action on that would change young

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1 people's lives, and change teachers' lives,
2 and change the parents' lives, over the short
3 term.

4 And so to be bold, to be
5 courageous, and to be very very concrete in
6 terms of, you know, next steps to take, I
7 think that would be really really helpful.

8 If this gets watered down or this
9 gets too soft, I think that doesn't give the
10 country and us the jolt that we need to take
11 this to a different level.

12 CHAIRMAN ROGERS: And we know
13 we're going to hear from our subcommittee
14 chairs later. But you know, our four
15 Committee Chairs, they have four things we're
16 focused on you know, today.

17 And Carrie is focused on
18 partnerships. And with a lot of emphasis on
19 how the workplace can be improved. Arty is
20 focused a lot on the community and how we can
21 reach individual citizens that we don't reach
22 anyplace else. At a church or the military

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1 base or what have you. We already talked
2 about Amy and the, her commitment to youth and
3 public education. And finally, Ted has been
4 doing a lot of heavy lifting on how we
5 research all of this and make sure we can hold
6 all of us accountable and measure and have
7 metrics to show progress.

8 And also a big focus on awareness.

9 And so we've been trying to focus.

10 But at the end of the day we all feel that if
11 we can get kids to have the right starting
12 place and be able to have this long runway to
13 grasp these issues, and get comfortable with
14 them, that will ultimately make the real
15 difference for all of us.

16 But as you think about our
17 priorities, and can you just sort of maybe
18 touch on a little bit of, have you thought
19 much about awareness or how we can work with
20 things outside of the public schools?

21 SECRETARY DUNCAN: Well let me
22 first say, I don't think you can do this

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1 without the public schools being engaged in a
2 very different way. And so I wouldn't back
3 off of there. And again, starting as young as
4 possible.

5 And I think, you know, the fact,
6 you know, 90 percent of children in this
7 country go to a public school. And if you're
8 trying to change the culture, and change the
9 understanding, you can't do this and not
10 engage the public schools.

11 Now obviously, we have amazing
12 non-profits that have been doing this work for
13 a long time. You have churches. You have
14 community groups. And what we're doing after
15 school, what we're doing on Sundays, what
16 we're doing summers, what we are doing with
17 parents, are hugely important as well.

18 But I wouldn't again, it's, I know
19 it's difficult working in public schools.
20 It's hard to break through. We've got 14,000
21 districts. We've got lots of, you know, it's
22 basically a local issue. But I don't think we

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1 get to critical mass unless we hit that square
2 on.

3 I think we should do the other
4 things as well. The after school, the non-
5 profits, the churches, the parents, the social
6 service agencies. But I think those have to
7 be, those strategies have to be woven
8 together.

9 CHAIRMAN ROGERS: Well great.

10 Well I think that's a great place
11 to end on. Reminding us of the importance of
12 staying focused if we really want to, you
13 know, move the ball down the field and make
14 systemic change that can really last for all
15 of our citizens and young people.

16 I think that being focused is
17 essential.

18 And this has been an extraordinary
19 privilege to be able to interview you this
20 morning. And your leadership is so vital to
21 our country. And to all the work that we're
22 doing here.

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1 So thank you very much for being
2 here this morning.

3 SECRETARY DUNCAN: Thanks for all
4 the hard work. And please push us hard. And
5 we need that. And thanks so much for your
6 leadership. Thanks for having me this
7 morning.

8 (Applause.)

9 MR. WRIGHT: A big thank you to
10 Secretary Duncan.

11 Welcome again. I'm Josh Wright,
12 the Acting Director of the Office of Financial
13 Education and Financial Access here at
14 Treasury.

15 I think we're off to a great start
16 on today's meeting. A very exciting
17 conversation. I'd like to make a few
18 announcements. The next part of the meeting,
19 I'll give an overview overall on where the
20 Council is. And then the Council Subcommittee
21 chairs will each go in to a little bit more
22 detail on the themes and issues that Chairman

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1 Rogers already touched on.

2 So first I'd like to make an
3 announcement. We're very excited that the
4 President, effective September 26th, has
5 announced Amy Rosen to be the Vice Chair of
6 the Council.

7 (Applause.)

8 I've had the pleasure of working
9 with Amy over the past 15, 18 months. And
10 it's been great.

11 As you may know, Amy is the
12 President and CEO of Network for Teaching
13 Entrepreneurship, a global non-profit with a
14 mission to provide programs that inspire young
15 people from low income communities to stay in
16 school, to recognize business opportunities,
17 and to plan for successful futures. For over
18 a decade Amy has worked on issues confronting
19 the United States public education system.

20 As Vice Chair, Amy will work with
21 John Rogers and the rest of the council
22 members to provide advice to the President on

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1 promoting and enhancing financial literacy and
2 financial capability among the American
3 people. So please join me in welcoming Amy to
4 her new role as the Vice Chair of the Council.

5 Her leadership and insight will continue to
6 be of incredible value to the Council and the
7 American people.

8 The next order of business is the
9 duration of the Council. Currently, the
10 Executive Order that established the Council
11 expires on January 29th, 2012. A one year
12 extension of the Executive Order is currently
13 being considered by the administration.

14 Before we turn to the subcommittee
15 reports, I would like to provide a brief
16 update on the requests for public comment. So
17 the Council put out their principles and
18 themes through the Federal Register and asked
19 for public comments. If anyone didn't see
20 those they're still available. You can look
21 at them on the Treasury website, in the
22 President's advisory section of the Office of

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1 Financial Education/Financial Access.

2 They outline five principles and
3 three main themes that will guide their work
4 going forward. We received 62 comments from
5 non-profits, financial institutions,
6 governments, associations, and academia. The
7 principles were well received with great
8 enthusiasm. And the majority of the
9 commenters declared them to be right on
10 target.

11 Some of the points highlighted by
12 the commenters included; the need for research
13 to determine effective approaches that deliver
14 positive outcomes. The need to raise public
15 awareness of the need overall for financial
16 capability and financial literacy.
17 Integration was emphasized many times. That
18 for example, integrating financial education
19 in to existing adult education programs or
20 social service delivery or other government
21 touch points. And also integrating financial
22 education in to the K through 12 existing

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1 curriculum in ways that Secretary Duncan
2 described in an integrated fashion. And also,
3 interestingly also, the positive role that
4 technology can play. And we'll have, we'll
5 hear more about that during the panel. And
6 also providing teachers with more training so
7 that they feel confident and able to be able
8 to move forward.

9 On the themes, they were also
10 positively received. On the theme of
11 financial education, finding its rightful
12 place in American schools, a significant
13 number of commenters agreed that the theme is
14 of great importance. And many people actually
15 mentioned that it should be mandatory.

16 Also many agreed that schools and
17 teachers are not provided adequate resources
18 to fulfill the themes and goals. And most
19 commenters believe that schools must be
20 provided with more funding and teachers must
21 receive training in order to fulfill this
22 vision and goal.

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1 Secondly, in terms of the
2 financially capable workforce and retiree
3 community, many commenters agreed that an
4 effective way to providing financial
5 capability to adults is by doing it through
6 the workplace and employers. It's the right
7 environment and the right context. And a few
8 commenters recommended that employers should
9 be given incentives to start education
10 initiatives, in the sense of, such as tax
11 credits or company recognition.

12 And then lastly, on the core
13 concepts being taught and learned in families
14 and communities where it's really the heart of
15 American life, numerous commentators applauded
16 this theme. And believe that by addressing
17 and engaging with families and communities
18 will create a long lasting effect.

19 And then also that there was a
20 focus on the interpersonal interactions that
21 communicate about how finance can be very
22 effective. So that really, parents talking to

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1 their kids, friends talking to other friends
2 and peers, can be quite effective.

3 So the Council and Treasury
4 Department very much appreciates those
5 comments. They're very helpful as we continue
6 to move forward with thinking about the themes
7 and structuring our recommendations.

8 It also is important to note that
9 the subcommittees are embracing these themes
10 going forward. We felt that it was important
11 that each theme have a real owner.

12 And so first off, the Finance
13 Access Subcommittee will take theme 3 which
14 is, again, around families and community.
15 Theme 2 will really be handled by the
16 Partnership Subcommittee. And financial
17 education theme in American schools obviously
18 will be handled by the Youth Committee.

19 The Research Subcommittee will
20 continue, won't have a theme itself, but will
21 continue to lend advice and support across all
22 areas because research, and really figuring

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1 out what works to drive outcomes, is
2 critically important.

3 So we're now going to turn it over
4 to hear reports and proposals from the council
5 subcommittees.

6 And just as a reminder, all of
7 this, again, is online at the Treasury
8 Department if you want to look at the detailed
9 reports, every council member, subcommittee
10 chair is not going to go in to every detail of
11 those reports but those are online.

12 So first, I want to turn it over
13 to Arty Arteaga for the Financial Access
14 Subcommittee.

15 MR. ARTEAGA: Thank you, Josh.

16 Can you hear me? Good.

17 First and foremost, I certainly
18 want to acknowledge John and everyone on this
19 Council, quite honestly, all my colleagues,
20 for the tremendous work, tireless work, that
21 they've done over the past year. It's hard to
22 believe that in November of last year we

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1 actually stood around this table and sat
2 around the table -- you were standing on the
3 table, weren't you John? But we were sitting
4 around the table actually ready to address all
5 the issues that were facing us and this
6 nation, quite honestly.

7 So I'd like to give you a quick a
8 quick update if I could on the Financial
9 Access Subcommittee. And especially thank Ted
10 Beck, John Bryant, Samuel Jackson and Ken Wade
11 for all their efforts, to date.

12 As everyone knows, we actually put
13 forth a recommendation back in the April time
14 frame, a mobile application challenge
15 recommendation that the Council approved in
16 April.

17 The Treasury has actually been
18 focused on putting together the procedures for
19 this challenge.

20 In essence, this Council has
21 challenged and charged the Treasury with
22 conducting a competition with all the smart

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1 folks that are out there in the industry to
2 develop a mobile application that was geared
3 toward the un-banked and under-banked to see
4 how many more of those folks we could actually
5 pull over to the mainstream.

6 I know that Josh and his folks at
7 Treasury have done yeoman work in that regard.

8 They've identified some non-profits to
9 actually conduct the competition. They're
10 certainly searching for the finding to host
11 it. And I'm hoping that here in the near
12 future you will see an announcement that this
13 challenge will go forth.

14 And we're looking forward to,
15 obviously, numerous application developers,
16 and creators, and innovative thinkers, out
17 there in the industry to participate in this
18 challenge. So we're looking forward to that.

19 Many other things that we've done
20 in the Financial Access Subcommittee is
21 actually focused on research education. And
22 still trying to understand why 60 million

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1 adults are un-banked and under-banked.

2 John Bryant, the gentleman to my
3 left here, has done an immense amount of work
4 going out to major cities throughout the
5 United States, quite honestly. Trying to
6 promote the idea of financial literacy
7 councils, capability councils. And I know
8 Carrie will touch on that as well.

9 We in the subcommittee, firmly
10 believe that that's central to the issue, as
11 you heard from Secretary Duncan, and as we
12 heard this morning at the meeting that we had
13 over at the White House. Youth is a critical
14 part to our success here in the future. And
15 even in the communities they will be
16 addressing, certainly, we believe that will be
17 a part of it, quite honestly. So we're
18 looking forward to, again, that establishment
19 moving forward.

20 We've also looked at a couple
21 products and services that I think are going
22 to be key to actually moving again un-banked

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1 under-banked folks in to the mainstream.

2 Savings is an important product.
3 There's some innovative product out there
4 known as Prize-Linked Savings that we're heard
5 about recently. And I think that it's
6 international, quite honesty. If I recall
7 there's about 28 countries around the world
8 that actually use this Prize-Linked Savings
9 product and we're certainly looking forward to
10 digging in and further discussing this issue.

11 Because we believe that the, this product
12 will certainly help some of the un-banked
13 under-banked access to mainstream here in the
14 near future.

15 Transactional accounts, obviously,
16 are very important in trying to get folks to
17 come over to the mainstream institutions. And
18 how best do we do that? Certainly, the
19 financial institutions that are out have those
20 products available. How many have the no cost
21 checking accounts, minimum balance checking
22 accounts, low cost checking accounts,

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1 available?

2 We'll be discussing here in the
3 near future with the three regulators from the
4 FDIC, the OCC, and also the NCUA, at one of
5 our future subcommittee meetings in the next
6 couple of months, to try to determine what the
7 challenges are out there for the financial
8 institutions to actually make more progress in
9 this area.

10 And then the Cities for Financial
11 Empowerment, and I think I briefed once before
12 the Indianapolis Campaign for Financial
13 Fitness, these organizations, these particular
14 cities have a model that I personally, and the
15 subcommittee, have come to grip with. We
16 certainly believe that the success that
17 they've had over the years, moving x number of
18 thousands of un-banked and under-banked in
19 their respective cities to the mainstream is a
20 formula for success, quite honestly.

21 And so, I have visited with three
22 cities thus far of the 11. I'm visiting next

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1 week with another city. And hopefully, in
2 December with the last city. And looking for
3 the best practices associated with the Cities
4 for Financial Empowerment, and also with
5 Winnie Ballard over in Indianapolis, to see
6 what we can do to maybe put together a
7 template, a model that we might be able to use
8 incorporating the good work of financial
9 literacy councils. Because again, I think
10 that's central to our theme.

11 So I can suggest to you that thus
12 far the recommendation we made in April is
13 moving forward at a pace that we expected.
14 And we're hoping, again, in 2012 will bring it
15 to fruition. And that the balance of the
16 effort that we've conducted thus far has
17 certainly looked in to the right area,
18 savings, transactional accounts, models and
19 financial literacy councils.

20 MR. WRIGHT: Thank you Arty. I
21 want to open it up for a discussion or comment
22 by any of the council members.

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1 (No response.)

2 Great. Then I'm going to turn
3 next to Ted Beck, the Chair of the Research
4 Subcommittee.

5 MR. BECK: Thank you.

6 MR. WRIGHT: And his update. And
7 I think there's a couple of recommendations as
8 well.

9 MR. BECK: Yes, thank you.

10 First of all, I would like to
11 recognize my fellow committee members, Ken
12 Wade and Rick Ketchum for their outstanding
13 work. And also, a special thank you to the
14 Treasury staff who has done a great deal to
15 make sure our work is efficient and,
16 hopefully, helpful.

17 I think it's also important to
18 touch base on the role of the committee. The
19 idea that research and evaluation underscores
20 every effort we have and all the work of the
21 different subcommittees, I think is very
22 important. We want to make sure that any

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1 recommendations we make are done on an
2 informed basis with thoughtful research behind
3 it to make sure that we can maximize the
4 recommendations that we do put forward.

5 There are several areas of focus
6 that the committee has had over the last
7 several months.

8 First of all, we've been looking
9 very hard at the recommended research
10 priorities. The Financial Literacy and
11 Education Commission, best known as the FLEC,
12 actually came up with a list of 10
13 recommendations in 2008. We have been working
14 with the FLEC, which actually represents 20
15 plus government agencies plus the White House,
16 to identify a new series of recommendations,
17 an updated series.

18 So we have had several working
19 sessions with them. Three areas of focus are
20 developing from those including delivery and
21 access, evaluation and risk. So we will
22 continue to work with FLEC, going forward, to

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1 make sure we're on parallel tracks as to what
2 our research priorities are.

3 In addition, we have been looking
4 very hard at research and evaluation standards
5 including metrics and how you evaluate
6 programs. And will be making a series of
7 recommendations. And the second, touching on
8 those areas as we think they are critically
9 important.

10 Other areas we are working on is
11 to develop a Doing What Works financial
12 education website including a good deal of the
13 information I mentioned earlier. And also
14 ways to identify additional research
15 resources. To make sure that there's
16 sufficient funding going in to the research
17 agenda across the country.

18 If I could turn to our
19 recommendations. Our recommendation Number 1
20 is that the Department of Treasury lead the
21 development and dissemination of the core set
22 of outcome metrics to help stakeholders assess

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1 the effectiveness of financial capability
2 programs.

3 There's a great deal of interest
4 in financial education. And there are many
5 organizations, policy makers, instructors both
6 in the for profit and the non-for-profit
7 community, that are very anxious to chip in
8 and do their bit. But with no metrics, it's
9 very hard for them to evaluate programs and
10 figure out what best works for their
11 community.

12 So we would like the Treasury
13 Department to convene a working group of
14 stakeholders to start to develop those metrics
15 to help streamline and make this whole program
16 more efficient.

17 Our second recommendation is that
18 the Department of Treasury support the
19 development and publication of program
20 evaluation and research standards tailored to
21 the needs of the financial capability
22 community. Again, we think that research

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1 should be very focused on what works, what's
2 efficient, and how do we best take the, take
3 advantage of the resources available to us.
4 So developing, evaluation, and research
5 agendas we think is critical. And that is why
6 we made this recommendation.

7 Our third recommendation is the
8 second wave of the National Financial
9 Capabilities Study conducted by the FINRA
10 Investor Education Foundation be fielded in
11 2012. And the Department of Treasury and
12 other relevant agencies consult on the
13 development, fielding, and dissemination of
14 data from the study. As many of you know,
15 FINRA led a national study in 2009 that really
16 looked at the financial capability of the
17 American public. This is one of the first
18 baseline research agendas that has ever been
19 done. And that gives us a good place to
20 start.

21 I am very pleased to thank the
22 FINRA organization, including our council

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1 member Rick Ketchum, for their willingness to
2 fund another study starting in 2012 and lead
3 this effort. And we are encouraging all
4 government agencies to work closely with them.

5 So those are our three
6 recommendations. I would be happy to take
7 questions.

8 MR. WRIGHT: So I am going to turn
9 it over to Chairman Rogers now to conduct the
10 deliberations and vote on these items.

11 CHAIRMAN ROGERS: Time to
12 deliberate. Any supportive? Questions for
13 Ted? Concerns?

14 MR. KETCHUM: I just note, Mr.
15 Chairman, that the subcommittee's interest and
16 support was critical to the FINRA Board in
17 making its decision along with the importance
18 of having and creating a follow-up study that
19 allows comparability between, you know, a
20 startling difficult three years for our
21 nation, from an economic standpoint.

22 So we appreciate the

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1 subcommittee's support. And I think it will
2 provide a wealth of value in that particular
3 recommendation from the standpoint of
4 additional economic studies and work going
5 forward.

6 CHAIRMAN ROGERS: Carrie?

7 MS. SCHWAB-POMERANTZ: Yes, I just
8 a question for Ted and Rick.

9 Just, how do you see this 2012
10 study sort of building on the 2009? What are
11 some of the areas of focus or change,
12 possibly? Or if you feel like it was, you
13 know, the right foundation that you will just
14 build on and see if there's changes in
15 attitudes and behaviors?

16 MR. BECK: Well the critical
17 component is the fact that we have a baseline.

18 And we can look at what trends and what's
19 effect, a lot has happened in the economy over
20 the last several years. There's a lot of more
21 interest in what's going on in family decision
22 making. So the ability to actually go out and

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1 study the financial capability and the
2 attitudes of the American public is of great
3 value.

4 If you talk to the research
5 community, which I have occasion to do, the
6 idea of having that baseline that they can
7 build off of is critical. So that they can
8 all have a single place to go, and get that
9 information, and compare the research they're
10 doing in specific communities across the
11 country, is really, I think, a great advantage
12 that we didn't have 10 years ago.

13 MR. KETCHUM: And I couldn't agree
14 more with what Ted said.

15 I'd only add, I think it, one of
16 the strengths of the study is it both had a
17 national methodology and a state-by-state
18 methodology that allows us to look at
19 differences and be able to have one suggestion
20 of whether state focus has in some way or
21 another moved the dial.

22 One of the areas, to your question

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1 of how we might change and add on to the
2 study, well, obviously wanting to maintain
3 consistency for comparability.

4 We do think this is a chance for
5 us to over sample from the standpoint of
6 vulnerable populations in ways that we did we
7 expected, not necessarily vulnerable, but
8 focused particularly on a military survey, the
9 first time. We think we can dive down and
10 understand what the impact of the last three
11 years have been, particularly with our most
12 under-served populations.

13 MR. BECK: And if I can just add
14 one other thing. And then maybe we'll
15 continue to build on each other.

16 It shows the importance of
17 research. And that there is, it's very
18 important that we have good data so that we
19 can make recommendations. It's nice to be
20 able to talk to people and say, "We actually
21 can prove that this is true," rather than
22 guessing. And a baseline study is really

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1 critical to that.

2 MR. KETCHUM: I would just add
3 that this study, I'd put this study in a
4 handful, along with a handful of other
5 studies, like the FDIC's work on the un-
6 banked.

7 Where we all know out here in the
8 audience, every, almost everyone who work on
9 this issue rely on this survey and tool as a
10 vehicle to make decisions and think about how
11 to structure your own programs. And many
12 agencies within the FLEC and the federal
13 government have used this as a tool to
14 construct policy, and inform policy, based on
15 data.

16 So I'm terribly excited about
17 having this continuing forward.

18 CHAIRMAN ROGERS: Great. Well can
19 we have a motion to support the three
20 recommendations?

21 MR. RAND: I'll move it.

22 CHAIRMAN ROGERS: Second?

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1 PARTICIPANT: Second.

2 CHAIRMAN ROGERS: All in favor?

3 (Chorus of ayes.)

4 Okay. It's unanimous.

5 MR. BECK: Thank you.

6 MR. WRIGHT: Thank you, Ted.

7 Now we're going to turn to Carrie
8 Schwab-Pomerantz to take us through the update
9 for the Partnership Subcommittee.

10 MS. SCHWAB-POMERANTZ: Thank you,
11 Josh.

12 First of all, I also want to thank
13 my committee. Everybody on the committee
14 works very very hard, brings a lot of their
15 expertise, and resources, and staff time. And
16 a special thanks to Arty Arteaga, John Hope
17 Bryant, Rick Ketchum, Barry Rand, and Amy
18 Rosen.

19 So the Partnership Committee is
20 charged with bringing together different
21 sectors of society to encourage and create
22 more financial capability among our citizens.

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1 And so the focus of our
2 Partnership Committee has been on two areas,
3 or sectors, that we feel are untapped and are
4 ripe for engagement.

5 And the first is the work place,
6 as John alluded to earlier. And so, right, in
7 terms of workplace, we're focusing on federal
8 employees as well as the private sector. And
9 if you combine those two groups, you're
10 talking about half of Americans in this
11 country, at a time when money is actually
12 accessible, and is relevant, when it comes to
13 managing it.

14 So in terms of what we're doing
15 with the federal workplace, very excited that
16 we are working on a recommendation for the
17 President. We're going to make that
18 recommendation in January. To direct federal
19 employees, or federal agencies, to provide a
20 best in class workplace financial education
21 program. And we've already been working very
22 closely with the Office of Personnel

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1 Management, with the Treasury Department, and
2 various other agencies who actually have a lot
3 of expertise around this. And I have to say
4 that every one of them are very excited about
5 having this recommendation because in a sense
6 it gives them sort of the cache and the
7 support to take the work even further.

8 So you can look forward to seeing
9 that in January.

10 You know the way we're looking at
11 it is, we want to be very bold. Yet we also
12 want to be realistic and work within the
13 budget. But we do think that there's a lot of
14 room for improvement.

15 And we see that the federal
16 government is really being the role model for
17 the rest of us in the private industry. And
18 so it will be a best in class that we all
19 follow after that.

20 And that gets to me, to the other
21 recommendation, we're also speaking to a lot
22 of different influential groups around the

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1 private workplace. Including, we've had many
2 meetings with U.S. Chamber of Commerce and
3 SHRM and AICPA. And really getting a handle
4 on what are the issues behind why more
5 corporations don't provide workplace financial
6 education.

7 So we are doing more research on
8 that. And we hope to have a recommendation as
9 well to encourage more corporations in America
10 to provide that education. So you'll hear
11 more as we learn more.

12 Also, it's been alluded to by
13 Arty, another untapped sector is the local
14 communities. And when I mean local
15 communities, I don't mean just, I don't mean
16 just government workers but the, you know, the
17 private industry, the non-profit industry and
18 coming together to create on the ground
19 financial education and financial capability
20 programs.

21 And Arty mentioned that there's
22 probably about 15 cities who are best in

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1 class, what we call model cities. But there's
2 thousands and thousands of other cities who
3 aren't doing a lot for their citizens. And so
4 what our group right now with -- thanks with a
5 lot of help from John Bryant, we have been
6 working creating a How To Guide for cities to
7 create their own councils. And again,
8 councils are really only, it's a synonym for
9 bringing the community together. And it
10 creates some level of infrastructure to create
11 actual programs, and create measurement on,
12 you know, actually effect lives and measure
13 the results.

14 And what we have found while we've
15 been working on this document, we have not
16 really publicized it in any way, except for in
17 our different interviews, and already, we have
18 multiple cities that are contacting me and my
19 various committee members, saying, "Hey you
20 know, we want to create or council in our own
21 city."

22 And in fact, John, you just

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1 received a letter from the Mayor of Newark,
2 which I know the superintendent of schools
3 here is as well, which is great. And we hope
4 that she comes on their local council as well
5 to bring more financial capability to Newark.
6 So you want to pass that around to the
7 committee members so they can see that.

8 This particular guide will show
9 best in class programs that are already on the
10 ground. It will also provide resources and
11 suggestions for measurement, measuring their
12 work on the ground.

13 Lastly, you know, just our group
14 also, like Arty's, is continuing to do lots of
15 meetings and listening tours. In particular,
16 around local communities, engaging them and
17 the workplace. Learning, again, what some of
18 the better companies and organizations are
19 doing.

20 And then lastly, in January while
21 this meeting today is focused on youth, we're
22 going to focus on workplace. And so all of us

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1 who care deeply about financial education and
2 capability can learn more about how we engage
3 our employers. So we look forward to that.

4 Thank you.

5 MR. BRYANT: Mr. Chairman,
6 Committee Chair, Council Chairs, I want to
7 commend your leadership in this area. And to
8 note that this Council is unique. That it's
9 actually producing real results. The
10 research, the report that Ted just talked
11 about.

12 But also in the last committee,
13 council meeting the City of Miami committed to
14 open a council. The Mayor of Miami, he's done
15 that. Fulton County Commission Chairman, John
16 Eaves, committed to do that. There is one
17 million citizens in Atlanta, the largest
18 county in Georgia. They've done that. To
19 create a commission. And today as Carrie has
20 already said, the Mayor of Newark, as of
21 yesterday, has committed to create a Mayor's
22 Council on Financial Literacy. All that under

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1 your and this Council's leadership. So real
2 action happening on the ground in real cities
3 in real time.

4 Thank you.

5 MS. SCHWAB-POMERANTZ: Yes. Just
6 one last comment.

7 Also, this league of cities has
8 come forward. They want to sign up and get
9 all their cities or the membership cities
10 involved. And I know the --

11 MR. BRYANT: The National
12 Conference of Black Mayors has also committed
13 to --

14 MS. SCHWAB-POMERANTZ: And I think
15 they have hundreds or 600 --

16 MR. BRYANT: 700 plus mayors --

17 MS. SCHWAB-POMERANTZ: Yes.

18 MR. BRYANT: -- across America.

19 MS. SCHWAB-POMERANTZ: So we think
20 we can make a big dent with this council idea.

21 MR. WRIGHT: Thank you.

22 Is there any discussion related to

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1 the Partnership Subcommittee report?

2 Yes.

3 MS. KOBLINER: I just had a
4 question. Carrie, is there a model of the
5 content yet that you provide to employers
6 either on the federal level or the private?
7 Or is that still in the works?

8 MS. SCHWAB-POMERANTZ: Right now
9 we're identifying components of a best
10 practice, such as auto, you now, auto-
11 enrollment, auto-escalation, direct deposit.
12 And so forth. I mean we have, you know,
13 multiple pages on what a best in class. So
14 right now, we're identifying those. And
15 right, you know, that's one of our hopes is
16 maybe to identify some of the better programs,
17 free programs, that are out there to make
18 available or to at least make a suggestion.

19 But you know, obviously we're not
20 in a position to recommend programs. So we
21 kind of have to look at that with a, you know,
22 with a fine line.

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1 But personally, I think, you know,
2 if we get rid of all, you know, the, you know,
3 the many many programs and we can kind of,
4 like what you're trying to do, is break
5 through the noise, people are more likely to
6 take action.

7 MS. KOBLINER: Thank you.

8 MS. ROSEN: Yes, Carrie, just one
9 thought and I had a chance to talk to John
10 about this. And I think he totally agrees.

11 But in the tool kit that we are
12 developing for the financial literacy
13 councils, I think it's really important that
14 we require, as much as we can require anything
15 since we just advise, these councils to
16 include whoever those, the head of the local
17 schools are. Whether it's a superintendent,
18 the head of the school boards, because in
19 thousands of American cities, the mayors
20 really don't have any direct control.

21 And being able to facilitate that
22 conversation, I think is really important.

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1 MS. SCHWAB-POMERANTZ: I think
2 you're absolutely, you're absolutely right,
3 Amy.

4 And again, the whole idea of the
5 local council is to carry out a lot of the
6 programs that we are suggesting here. So like
7 the financial literacy challenge, even in
8 these 13 cities that already are best in class
9 doing this work, different work, including
10 workplace, they had never even heard of the
11 financial literacy challenge.

12 So it just goes to show you that
13 we need to have more dialogue with local
14 communities about some of the great programs
15 that are available. And you know, including
16 the superintendents. So that they are
17 engaging their teachers around the financial
18 literacy -- or financial capability challenge.

19 MR. BRYANT: Vice Chair, it is
20 appropriate that the superintendent of Newark
21 schools is actually here today. So I've
22 already been over begging, I mean, talking to

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1 her about this.

2 But it's a way for the first time
3 really in local communities for leaders in
4 government, community, faith, schools, private
5 sector, to sit at the same table. And so the
6 model is directly appropriate for, it's
7 perfectly appropriate for your recommendation.

8 MS. SCHWAB-POMERANTZ: Yes.

9 MR. WRIGHT: Great. Thank you.
10 And a thank you to all the local governments
11 who have already engaged in CFE or Bank On
12 efforts. And the new ones who are forming
13 local councils. We realize that local
14 government is a critical partner to reaching
15 many American citizens.

16 So next I want to turn it over to
17 Amy to do a little bit of a deeper dive around
18 youth.

19 As you can tell, this meeting's
20 been structured really around the youth
21 agenda. We had Secretary Duncan. We're going
22 to do a deeper dive in to the work of the

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1 Youth Subcommittee for about 10 minutes.

2 And then we're going to have this
3 very substantive panel.

4 So Amy.

5 MS. ROSEN: Thank you. I'm going
6 to be as brief as I can. Because I think that
7 I want to really leave time for this panel
8 that has kindly agreed to come and educate
9 ourselves today. Because it's a great
10 opportunity.

11 But since our last meeting, well
12 at our last meeting, in July, we shared with
13 the Council a recommendation that was passed
14 to add the financial, to recommend to the
15 government to add the financial module of the
16 PISA, or Program for International Student
17 Assessment, to the test in 2012.

18 And we are still working on that
19 with the government. Since there's a
20 financial obligation, we have to figure out by
21 December where that money is going to come
22 from.

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1 But just to echo what Ted said,
2 this is a sort of a once in a decade
3 opportunity to get a, to really get a
4 benchmark as to where we stand on these issues
5 against other industrial countries. And it
6 would certainly be a shame to miss that
7 opportunity.

8 We also talked about scheduling a
9 number of listening sessions.

10 And I want to thank my committee
11 members because everybody has been incredibly
12 busy doing that. Carrie, John, Sam, Samuel,
13 Beth, Ted, thank you.

14 Because between us all I think,
15 between meetings and listening sessions, and I
16 think we have another one in Chicago coming up
17 this week, we have really gotten a huge amount
18 of knowledge.

19 And what we're really doing is
20 seeking strategies to how we can actually
21 incent public schools to provide kids with the
22 necessary knowledge to make smart financial

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1 decisions. You know, first about their higher
2 education, and then ultimately, about their
3 lives. And you know, that is something that
4 is going to actually provide every kid in
5 America the opportunity to find their own path
6 to success.

7 It is a complicated subject. We
8 have been looking at specific, a number of
9 specific opportunities, including how this
10 work can fit in to the current Common Core.
11 And specifically, around the meeting, around
12 the math and reading standards that are being,
13 you know, curriculums all over this country
14 are now being developed to meet these core
15 standards. And we think there's some real
16 opportunity there.

17 How to improve the financial
18 challenge and certainly getting more
19 participants. How to really look at what high
20 quality teacher training pilots and programs
21 are going on around the country. And
22 specifically, looking at, which is what our

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1 panel is going to address today, looking at
2 what opportunities might exist to really use
3 technology to jumpstart this work in schools
4 and see how that can actually, see if we can't
5 come up with some very specific
6 recommendations about that.

7 At our last meeting, I also
8 mentioned that we were engaged in coming up
9 with what we have named "Money Milestones".
10 Which is to clearly articulate what knowledge,
11 as a tool for families really, to clearly
12 articulate, what kids should actually know at
13 different ages.

14 And Beth Kobliner has been, and
15 her team have been tirelessly working on this.

16 And actually have some preliminary ideas to
17 share with you today.

18 And I'm going to turn it over.
19 And we'll provide an opportunity for public
20 comment on this. I think this is going to go
21 through several stages.

22 But I would just turn it over to

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1 Beth to present what we're going to submit
2 today.

3 MS. KOBLINER: Thank you, Vice
4 Chairman Rosen. And thank you Chairman Rogers
5 for your incredible leadership.

6 That's not me. It looks like me.
7 But that's -- we're looking for the Money
8 Milestones presentation.

9 But while we're looking I wanted
10 to thank the folks from Treasury, Josh Wright,
11 and Dubis Correal. And Phil Martin from the
12 Department of Education.

13 And I wanted to particularly thank
14 my subcommittee, Amy's subcommittee. Amy was
15 Chair. Ted Beck and John Hope Bryant, Samuel
16 Jackson, and Carrie Schwab-Pomerantz. For all
17 of your input. Thank you. Terrific.

18 So we've all heard the troubling
19 statistics on our nation's, when it comes to
20 young people and their finances.

21 One in five young adults don't
22 have bank accounts. And one in three don't

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1 have any savings to speak of.

2 A study this year reported that 41
3 percent of students who borrowed money for
4 college actually were in default or were
5 delinquent on their student loans within the
6 first five years of repayment.

7 Two million college students who
8 were entitled to Pell Grants didn't get them.

9 And when asked, "Why?" They said they didn't
10 think they were entitled.

11 And of course, we all know the
12 staggering amount of debt that students have
13 these days.

14 So in an effort to be bold, as our
15 Secretary asked us to be, it is really clear
16 that young people need to understand financial
17 basics. But waiting until somebody is in
18 their early 20s is a little like offering
19 Driver's Ed to a person who has been driving
20 for a few years. It's just too late.

21 Research is coalescing now around
22 the idea that to raise financially capable

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1 adults it's critical to teach people when
2 they're young.

3 In fact, we know there's good work
4 being done that pre-schoolers can absorb many
5 of the basic lessons about personal finance.

6 One of the most frequent questions
7 I'm asked by parents, I'm a financial
8 journalist, is how do you teach kids, how do
9 you teach, people say, "How do I teach my kids
10 about money basics?"

11 And I have a quick story.
12 Recently my husband was putting my son to bed.

13 And my husband came running in to the room
14 and said, "Oh Adam has a question." He was
15 eight years old at the time. And I said,
16 "Okay." Well, I thought, what could it be?
17 And I sat on his bed. And I looked in to his
18 little brown eyes. And he said, you know, I
19 thought was it an existential question? Or
20 was it, you know, where does life first start?

21 But the question was, "Mommy, how can I get
22 compound interest?" And I thought, it's lucky

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1 for him his mother's a financial journalist.
2 But when he asked my husband, my husband sort
3 of panicked. And said, "Ask your mother."

4 So I realized that we really need
5 to talk a little bit about the realities of
6 parents and, of all income levels, and how
7 they struggle with money questions from their
8 kids. I think people feel uncomfortable,
9 grownups that is. They feel ill-equipped to
10 handle their own financial situation. And
11 teachers, as we know feel, the same way.

12 A NEFE study found that 89 percent
13 of teachers feel that kids should know money
14 basics before graduating from highschool. But
15 fewer than 20 percent felt competent to teach
16 it. So that's a problem.

17 We do know kids want to know this.
18 Gallup Operation Hope Poll showed that
19 children say they want to start their own
20 business. And they want to be their own boss.
21 But it's hard to do that, of course as we
22 know, without knowing the financial basics.

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1 Just like the Secretary Duncan said.

2 So right now we don't offer
3 federal guidelines targeted to help families
4 teach their kids about money in ways we offer
5 other guidelines.

6 Like we all know about the USDA
7 Plate. Half of your plate should be fruits
8 and vegetables, or switch to fat free milk, or
9 low fat milk.

10 For Let's Move we know we're
11 encouraging kids to get physical activity for
12 at least one to two hours per day. If any of
13 us might remember from our junior high school
14 days the, I always thought of it as the
15 dreaded, presidential physical fitness
16 benchmarks. I'm sure John was good at those.

17 But a six year old boy right now should aim
18 to do 33 sit-ups in one minute. Whereas an 11
19 year old girl should do, should run a mile in
20 nine minutes. So those are the benchmarks we
21 set up for physical fitness.

22 And the goal of Money Milestones

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1 is to offer information to families on
2 financial fitness. It will give parents the
3 language to talk to their kids about money.

4 So very quickly here's what we did
5 to come up with the milestones.

6 First we reviewed, literally,
7 thousands of pages of research, and standards,
8 and curriculum, to come up with our working
9 title. Which is the working title "Money
10 Milestones".

11 And basically they're simply 20
12 age appropriate benchmarks designated to help
13 teach what kids need to know as they grow in
14 to young adults.

15 So I'm just going to click to the
16 next. Here we go.

17 We reviewed the following
18 materials with many many organizations, many
19 of you with those organizations are probably
20 here. Common Core, State Standards for Math,
21 those standards, Treasury's Core Competency,
22 Council for Economic Education, Sesame Street

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1 Workshop, National Endowment for Financial
2 Education.

3 And once we looked at what was out
4 there, and this was just a few, we looked at a
5 lot more out there, we boiled it down to 20
6 essential personal finance lessons in easy to
7 understand language for parents and children.

8 Along with each milestone we also
9 have activities that parents could do to
10 enforce -- reinforce the lesson, and then we
11 ran that draft of 20 by a group of many many
12 academics, financial educators, and experts,
13 again, many of who are here today.

14 One of those experts was my dad,
15 who like Arne Duncan's mom had been in the,
16 has been an educator for 50 years in the New
17 York City Public School System. So we're
18 seeing some connection here between education
19 and financial literacy.

20 But then we got the draft of what
21 you now have in the binder to the 20 Money
22 Milestones. Okay.

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1 Now here's the fun part. I'm
2 going to quickly show you how this works.

3 There are two ways that Money
4 Milestones could be delivered to families.
5 Either on a website or a poster. But I'm just
6 showing you two ways. There are plenty of
7 other possibilities, apps, text messages, ways
8 to distribute this information.

9 So if you take a look, Money
10 Milestones are 20 things kids need to know to
11 live financially smart lives. And as you'll
12 see at the bottom, it's divided in to five age
13 groups; three to five year olds, six to 10
14 year olds, 11 to 13 year olds, 14 to 18 year
15 olds, and 18 plus.

16 So if you click on that little
17 three to five year olds, you can see four
18 proposed milestones. One is you need to buy,
19 you need money to buy things. The second is
20 you earn money by working. The third is you
21 may have to wait before you can buy something
22 you want, and the fourth is there's a

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1 difference between things you want and things
2 you need.

3 So if we click on the activities
4 about the importance for three to five year
5 olds to wait, we have some possible
6 activities. When you're child is standing in
7 line and waiting for the swings, you talk
8 about the importance of waiting and how that
9 ultimately leads to something you want.
10 Similar to savings, of course. There's the
11 ubiquitous three jars approach where one is
12 labeled saving, one for spending, one for
13 giving. And each time if a kid has \$3.00, you
14 put \$1.00 in to each jar. And that's a way to
15 teach these some of these lessons. So that's
16 the three to five year olds.

17 If you want to look at one more,
18 11 to 13 year olds. The different milestones
19 are; you should always save at least 10
20 percent of what you earn. One of them is
21 entering a social security or credit card
22 number puts you at risk for someone stealing

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1 your information. One is the earlier you
2 start to save, the faster your savings will
3 benefit from compound interest, meaning your
4 money earns interest on your interest. And
5 finally, a credit card is a type of loan.

6 Something that's very important
7 for 11 to 13 year olds to understand, if you
8 don't pay your bills in full every month, you
9 will be charged interest. And you'll owe more
10 than you originally spent.

11 And again, there are activities
12 for the 11 to 13 year olds. Everything from,
13 for every dollar you save, save a dime -- for
14 every dollar you earn, save a dime. And
15 there's way to reinforce this savings habit by
16 going to the bank for opening a bank account.

17 Visiting the bank a couple of times a year
18 with your child to deposit the savings in to
19 the account.

20 So there are 20 of these which we
21 won't go through. But it gives you a sense of
22 what we were aiming at here.

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1 That's the website.

2 And then there's a poster version
3 that can be put up in, whether it's the
4 hallway of a school, or the local library, or
5 up on your refrigerator at home.

6 The next step for our subcommittee
7 is to get feedback from everyone here. From
8 the community from, of course, all our council
9 members and we look forward to taking Money
10 Milestones to the next step with your
11 comments.

12 Thank you very much.

13 MS. ROSEN: Thank you Beth.

14 And we're, as a panel, I think I
15 can speak for all of us, really excited about
16 this work.

17 And welcome especially this group
18 who is here today. But everybody publically
19 to look at these, to work on them. And see if
20 we can't come up with suggestions to even make
21 them better.

22 But ultimately, I think we're on

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1 to something that we're all really excited
2 about. Are there any comments or questions?

3 Great. So let me, let's move
4 forward on this panel that we talked about.

5 We really, you know, went out of
6 our way to try to narrow the focus to
7 something that could be meaningful today. And
8 specifically, how we could really re-imagine
9 financial education with the use of
10 technology.

11 We are fortunate to have Andrei
12 Cherny here to act as a moderator. Many of us
13 who have been involved in these subjects
14 probably have seen him on TV as a talking head
15 on this subject. I've read many of his
16 articles. And even books. And whether
17 Andrei, as an advisor to then Vice President
18 Gore, or as a work as a financial fraud
19 prosecutor in Arizona, we know that these
20 issues have been deep and meaningful to his
21 life.

22 And today, as an advisor to many

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1 American corporations and as the founder of
2 the journal Democracy, he is keenly involved
3 with lots of public policy issues around this
4 idea. Including Democracy's journal I think
5 is credited with launching the idea of what
6 eventually became the new Consumer Financial
7 Protection Bureau.

8 So we really appreciate his
9 willingness to host this panel. And be with
10 us today.

11 He will introduce our other
12 panelists.

13 Which are going to be where?
14 Here?

15 MR. WRIGHT: They're going to be
16 on the stage, yes.

17 MS. ROSEN: Got it.

18 Who will come up.

19 But I really want to thank all of
20 them for their willingness on relatively short
21 notice to come and share their insights and
22 expertise.

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1 And especially again, one last
2 time, call out, Cami Anderson, the
3 superintendent of Newark. Not only is she,
4 you know, challenged with significantly moving
5 student achievement in Newark, she is a self
6 proclaimed curriculum geek. And I think she
7 will help us ground these conversations in the
8 realities of how schools actually work.
9 Thanks.

10 MR. WRIGHT: So I think we're just
11 getting the moderator mic'ed up. I just saw
12 him step outside for a second. So I think we
13 might be coming on in just a second.

14 If there are any council members
15 who want to sit in the front three rows, I
16 know I'm going to go sit there during the
17 panelists, so we're not blocking the audience.

18 And Council will have a good view. So --

19 MR. CHERNY: Technical
20 difficulties. Thank you everybody.

21 This would be the time of the
22 presentation where we would ask everybody to

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1 stand up and stretch for a few minutes. But
2 since we have a lot of great panelists and a
3 short amount of time, I will ask you to
4 stretch internally. Roll your shoulders a
5 little bit. Don't kick the person in front of
6 you.

7 Thank you Amy for that
8 introduction.

9 And we have a great group here.
10 I'd like to introduce them. And then be able
11 to throw it open to some discussion from the
12 audience as well.

13 I think, as we all heard Secretary
14 Duncan speak eloquently this morning, and he
15 mentioned the three Rs that used to be the
16 core of our curriculum, he said they are,
17 maybe we need some additions. I was thinking
18 perhaps refinancing should be the new fourth R
19 that we need to be introducing.

20 Home Ec which was once an elective
21 in many schools around the country, and has
22 slowly disappeared, is something that at least

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1 gave some sort of basis of that kind of
2 understanding.

3 But a fact is that the bewildering
4 wealth of financial decisions confronting
5 young people when they leave the home, or even
6 before they leave the home, makes financial
7 education in our schools much more important
8 than it ever was before.

9 The group that we have here today
10 is one that understands that the financial
11 decision that young people make are ones that
12 are going to impact them for the rest of their
13 lives.

14 Often times what we're seeing is
15 young people making those decisions. And then
16 learning as, on the basis of trial and error.

17 That's something because of the big stakes
18 that are confronting young people, as well as
19 people of all ages, is a system that doesn't
20 really work for them or for our country.

21 And technology, which we'll be
22 discussing today, is a double edged sword in

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1 this area as in so many others.

2 Obviously quickly signing up for a
3 credit card or transferring funds from one
4 account to another can yield some very much
5 unforeseen circumstances and consequences for
6 young people as they start moving on in to
7 this world.

8 What we're here to discuss today
9 is how technology can, instead of being the
10 negative force, be one that is positive.
11 Being one that is using those technological
12 tools to really provide the kind of background
13 for students that otherwise they wouldn't be
14 getting.

15 The miracle of compound interest
16 or the nightmare of compound interest is one
17 that perhaps not all eight year olds are
18 wondering about. But it's one that can be
19 brought alive by technology much more clearly
20 than text books.

21 So let me jump right in to our
22 panelists. And give them a brief

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1 introduction. And then launch in to our
2 discussion.

3 Jeanette Betancourt is the Senior
4 Vice President for Outreach and Educational
5 Practices at Sesames Workshop. She has
6 directed Sesame Workshop Outreach Initiatives
7 in the area of nutrition, health and safety,
8 school readiness, military family transitions,
9 grief, music, English language learning, and
10 many other areas. And it's part of her
11 responsibility to turn those understandings,
12 those age appropriate, those culturally
13 appropriate understandings, in to the language
14 and cultures of all the Sesame Streets that
15 are existing around the world these days.

16 So we're very excited to have her
17 here.

18 Timothy Flacke is the Executive
19 Director of Doorways to Dreams, D2D, which he
20 helped launch in 2001. He's worked for nearly
21 two decades on helping lower income people
22 focus on saving in both the private and non-

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1 profit sectors. Working as an independent
2 consultant, author, grant writer, in the field
3 of assets development. Author of work such as
4 The Individual Development Account Program
5 Design Handbook. And Dollar Sense, a
6 financial education curriculum for IDA
7 programs.

8 Mary Cullinane is the world-wide
9 Senior Director of Innovation and Education
10 Policy for Microsoft. And she comes to that
11 job after more than 10 years as an educator at
12 a regional high school in the State of New
13 Jersey. She, as I mentioned, joined Microsoft
14 in 2000, has focused on programs such as the
15 Anytime Anywhere Learning Program. She was a
16 creator of the Microsoft Innovation Center
17 Awards. A national manager of Microsoft's K
18 through 12 Programs and strategic investments.

19 And Cami Anderson, we've already
20 been hearing about today, is the
21 superintendent of the Newark Public Schools.
22 She began her education career as an award

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1 winning theater, Montessori, and public school
2 teacher. Went on to serve as Executive
3 Director of Teach for America at a critical
4 time in its growth. Bringing that program, in
5 terms of its funding, an increase of more than
6 300 percent. Launching Teach for America
7 Week, managing professional development and
8 evaluation, in more than 500 teachers in over
9 90 schools. And helping the organization more
10 than double in size. Then went on to be the
11 Chief Program Officer for another fantastic
12 program, New Leaders for New Schools. Working
13 with principals around the country. Was the
14 superintendent of alternative highschoools and
15 programs for the New York City Department of
16 Education before now taking on this role
17 working with Mayor Cory Booker in Newark.

18 So fantastic. Give them a big
19 round of applause for a fantastic group of
20 folks.

21 (Applause.)

22 And let me launch in to the

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1 discussion and ask them each to answer one
2 question.

3 We're here today to talk about
4 solutions. But let's first set the stage by
5 talking about the problem. If each one of
6 them could perhaps point to one problem that
7 they would identify as the biggest challenge
8 that we're facing when it comes to delivering
9 effective financial education to today's
10 students.

11 And we'll just start right here.

12 MS. ANDERSON: I was trying not to
13 sit in the first seat.

14 By the way, I will come back to
15 Washington any day. This is like the nicest
16 things anyone has said about me in the four
17 months since I started as superintendent in
18 Newark. So invite me back anytime.

19 So gosh, one challenge. I would
20 say the adoption of the national Common Core
21 Standards are both the greatest challenge and
22 greatest opportunity for anyone who wants to

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1 sort of influence what happens in K12
2 classroom education in the following sense;
3 it's never happened that we've had national
4 standards. And Arne and others have provided
5 tremendous leadership to get a lot of, really
6 getting clear as a country about what students
7 show know and be able to do to be on the
8 pathway to college readiness.

9 Before we've gone an inch deep and
10 a mile wide as opposed to an inch wide and a
11 mile deep. And the standards actually are
12 super exciting and helpful to educators like
13 me.

14 What that says for anyone who
15 wants to influence what's happening in
16 classrooms is that everything we do has to be
17 aligned to those standards.

18 We're in a time of major push for
19 demonstrable measurable gains in student
20 achievement. That puts students on a level
21 playing field whether they are poor or
22 wealthy.

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1 And there are people like me, who
2 are sort of sitting at the switch, wondering
3 we only have a metaphoric hundred dollars to
4 invest. And by metaphoric I mean of time,
5 resources, professional development, money,
6 air time, energy, commitment. And we have to
7 figure out, you know, this is a financial
8 audience, how we're going to invest that
9 hundred bucks to get massive gains in student
10 achievement.

11 And so anything that doesn't kind
12 of make that cut for K12 educators, or isn't
13 measured effectively, or aligned to the Common
14 Core, or that someone can't say, this is about
15 a massive leap in student achievement, is not
16 going to get the focus of those of us who feel
17 that students' lives are literally in our
18 hands.

19 And so I have some ideas about how
20 that's the case. Because I think it's both
21 the greatest challenge and the greatest
22 opportunity.

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1 MS. BETANCOURT: Cami, I agree a
2 lot with what you are saying.

3 And I would stress even further
4 is, I have a slight bias, obviously, I come
5 from Sesame Street, and that is where we
6 actually start financial education. And we
7 heard a little bit of that with the
8 Milestones.

9 But it is looking, I think, even
10 in the discussion that we just heard, most
11 indication was starting at kindergarten level.

12 But really, when is your first exposure to
13 financial education or finances in general?
14 It is with the context of family. And it
15 starts within the home.

16 I'd like all of you to go back to
17 the points when we first maybe had the
18 experience where we opened our own savings
19 account. And what a joy that was.

20 I think here the ability is when
21 you clearly start, again, with very distinct
22 assessment as well as goals. What is

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1 happening in early childhood is that extension
2 of the Common Core Standards are now starting
3 to trickle down in to early childhood. And
4 eventually, what we will see is a path that
5 there's very clear educational standards
6 happening from early childhood all the way on
7 up.

8 The opportunity here is to be able
9 to tag on the financial education standards,
10 or Milestones we've been speaking about, in to
11 a very collective of these Common Core.

12 But another added factor is really
13 specific details on how educators, parents,
14 and also service providers, can again be
15 inclusive in this process.

16 And that is only accomplished when
17 there is clarity on what you are trying to
18 target.

19 And again, those first questions
20 about finances come from the home and are
21 modeled by the parents.

22 MR. FLACKE: I would say there are

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1 really two challenges that have animated our
2 work.

3 And the first one is, you know,
4 this is an especially important topic as we've
5 heard a number of people say very eloquently
6 today. That the whole notion of financial
7 education very naturally veers in to an
8 earnestness, and a seriousness, and frankly, a
9 dullness, that makes it very challenging to
10 get the attention of, especially youth, that
11 have a lot of different choices for where to
12 spend their time.

13 And so we kind of decided the way
14 to think about this is, a lot of the energy
15 has been on the supply side but we really have
16 a demand side problem. And I think the supply
17 is particularly to kids.

18 They're just, we need to recast
19 financial education to make it something that
20 people gravitate towards. Or at a minimum,
21 that they don't gag on.

22 And what's interesting is, this is

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1 the continuation of the friendly Washington
2 environment, maybe if I were in Newark they
3 wouldn't -- what's interesting is to think
4 about the school system because I think the
5 temptation there is to assume that the holy
6 grail is this environment where we can, it's
7 kind of an ugly word, but dictate that people
8 are going to learn something.

9 And I'm not an educator. So I'm
10 prepared to be shouted down. But I would
11 guess that if you talk to educators they would
12 tell you that's an illusion. That you can't.

13 There's a limit to what you can
14 dictate that anybody learns. And we really
15 have to figure out we have to push ourselves
16 to take this important topic and turn it in to
17 something that people want.

18 We used this talk about chocolate
19 covered broccoli. Right. We got the
20 broccoli. Now we need to figure out how to
21 dip it in some chocolate. So that's challenge
22 number 1.

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1 The second challenge, and I
2 understand all of you in this audience know
3 all this very, very well, but with all the
4 energy that's been poured in to financial
5 education and thinking about financial
6 literacy, now financial capability, sometimes
7 the part of about what's the impact is lost in
8 the discussions. And so we really need to not
9 only think about how widely is it available,
10 perhaps how good it tastes, but what are we
11 really getting in terms of not just, you know,
12 changes on a test score but changes in the
13 behaviors that people live? And ultimately,
14 you know the role people play in society. And
15 we heard it earlier, you know, implications
16 for our democracy.

17 So challenge around demand.
18 Challenge around impact.

19 MS. CULLINANE: Good morning. And
20 thanks for the opportunity to be here.

21 I probably bring to this a
22 perspective more as a former teacher. I would

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1 get asked the question all the time, well if
2 you want a kid -- I taught high school. I
3 started teaching when I was 22 years old. And
4 I taught seniors. They were 18. There's a
5 warning. It's a very interesting dynamic.

6 And I would get asked the question
7 a lot. "Well how do you, how do you impact
8 their behavior?" And my comment was always
9 around the idea of modeling. If you want a
10 kid to be nice, model being nice. If you want
11 a kid to work hard, model working hard.

12 And I think our greatest challenge
13 in financial literacy in this country right
14 now is we're bad models. And how do we, at
15 the macro level, allow or point kids to places
16 where they can see what we're talking about?
17 And demonstrate that it's not just noise
18 coming at them? And the only way we can do
19 that is by modeling it.

20 And so I think we're going to be
21 challenged, when we pick, when we have these
22 core challenges, and we have these core

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1 issues, that no matter where they turn they're
2 getting the antithesis message that we want
3 them to hear.

4 They're seeing the opposite of
5 what they're reading about. They're seeing
6 the opposite of the programs that we're
7 putting in front of them.

8 And so I think that that is going
9 to be one of our inherent challenges as we
10 address this issue, is how do we bring forth
11 solutions, and strategies, and assets, that
12 will allow them to hear, see, and believe, to
13 a point where they will take action?

14 MR. CHERNY: Let me pick up on
15 that last point and ask Mary specifically.
16 And then have the rest of the panel jump in as
17 well.

18 Students are obviously in school a
19 big chunk of the day. But they're out of
20 school a big chunk of the day. How can we
21 take the in school and out of school education
22 components and think about those two things as

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1 something that works well together?

2 MS. CULLINANE: It's a great
3 question.

4 And we, a lot of our work now at
5 Microsoft is looking at the difference, and
6 the ability, or the promise of informal versus
7 formal learning. So that's the debate that
8 you've just summarized. Or the opportunity
9 that you've just summarized.

10 And what we're seeing is that the
11 presence of informal learning is increasing
12 dramatically for this generation. If they
13 want to learn something they can go to Khan
14 Academy. If they want to learn something they
15 can have access online or after school. To
16 core content that is significant that will
17 have impact on their, on their growth.

18 Where before, it used to just have
19 to happen in a formal environment.

20 And I do think what technology
21 allows to occur is for there to be a greater
22 communication of impact between those informal

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1 providers and those formal providers. So that
2 there can be that bridge of continuity that is
3 so critically important.

4 We give this analogy a lot. You
5 know, the changing schools I think is like
6 trying to lose weight. You know, how many
7 people here belong to a gym? Raise your hand.

8 Right. You walk in to the gym. It could be
9 the best looking gym in the world and you're
10 still not going to lose a pound. You could
11 have the best trainer who's the, models the
12 epitome of what they want you to look like,
13 and he could give you all the things, and
14 you're still not going to lose a pound.
15 Because as soon as you leave that gym and you
16 go and you hang out at McDonald's, every thing
17 is shot to heck.

18 And so how do we look differently
19 at making sure that the experience that they
20 have formal education can be bridged to
21 informal education, I think is critical. And
22 technology can help with that.

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1 MS. ANDERSON: I might have a
2 slightly different perspective. Which is, I
3 can't quite tell.

4 But I do think there's pretty
5 compelling research. There are tons of
6 schools in this country that are what we call
7 "90/90/90 schools". Where 90 percent of the
8 students are on free and reduced lunch. And
9 90 percent of them are reading at proficiency.
10 And 90 percent of them are doing math at
11 proficiency.

12 There's also a ton of research
13 about, if you are in a good teacher's
14 classroom three years in a row, you may be as
15 much as two times as likely to graduate than
16 if you're in a mediocre teacher. Not even a
17 bad teacher.

18 So I mean, clearly I vote with my
19 feet.

20 I think schools matter hugely.
21 And what we're doing in schools. And that we
22 have to fundamentally sort of get under the

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1 hood about what's happening during the day
2 while we also work on the modeling piece and
3 close the gap between home and school.

4 We can also teach kids how to code
5 switch. There's tons of kids who grow up in
6 families where there's lots of challenges.
7 And who make really, really, really good
8 choices. We have a whole body of research on
9 resiliency. And why and how those children
10 make those choices.

11 So I don't think you're saying
12 anything different.

13 But I think that we have a
14 fundamental mandate, which is, how do we
15 create a K-12 system that delivers radically
16 different results?

17 And I'm just not one of those
18 people who think that until we fix the home
19 piece or the poverty piece we can't do
20 dramatically better in getting results. So I
21 just -- that's one thing.

22 And I think about the 3Ms that

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1 we've all talked about. One is modeling. And
2 it's what adults do. And I'll be honest. I'm
3 glad I came here.

4 Because I'm thinking, what do our
5 employees at NPS do? You know, what are our,
6 what do our PTA presidents do? What are our -
7 - this may actually be some low hanging fruit
8 on the modeling side that's actually frankly
9 not that controversial compared to other
10 things I need people to model better, like
11 conflict resolution. So modeling is one big
12 piece of it.

13 Another is motivation. There's
14 great research Jeff Howard, Eleanor Duckworth,
15 you know, all these folks doing achievement
16 motivation research on what drives kids. What
17 fires them up.

18 And there's one recent study where
19 the Class A and Class B, and Class A the only
20 sort of "treatment" I hate to talk about kids
21 in a medical model, they got was to visuals on
22 the correlation between working hard, school,

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1 and cash. And it was like, articles and
2 graphs 10 minutes a day. As compared to Group
3 B. Not good teaching. Not engaging teaching.

4 Just like pounding them over the head. Hard
5 work, school, more money. And Group A was
6 twice as likely to do their homework. And
7 their attendance went up about 20 percent.

8 So imagine if we actually had a
9 good curriculum that drove that home. Like
10 this impactful stuff. Students are incredibly
11 motivated, inherently motivated, by the notion
12 that they can actually be wealthy someday.

13 Except the dirty little secret is
14 they can't. Unless we actually teach them how
15 to do it.

16 And finally materials, the Common
17 Core is two thirds, I'll save you the 50 page
18 document for those of you not educators where
19 your eyes will start to cross, it's like
20 hugely about interpreting, reading, analyzing,
21 and making meaning of non-fiction text.

22 So imagine we had incredible units

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1 based on Rich Dad, Poor Dad or Get a Financial
2 Life or any of these other great non-fiction
3 texts. There's no reason why in K12 high
4 school because the entire mastery of those
5 standards are basically saying, if you can
6 read non-fiction texts of any variety, whether
7 it's science or financial, make meaning of it,
8 analyze it, you know, basically say what it
9 means and respond to it, then you are, in
10 fact, on a pathway to college.

11 So I think if we think about those
12 3Ms then we could make progress on K through
13 12.

14 MS. BETANCOURT: I also think, in
15 my opinion, that we look at informal and
16 formal learning.

17 And if you really take it from a
18 child's point of view, at any age, informal
19 learning many times is viewed as fun. Or
20 simpler. Easier to do.

21 When I'm in formal learning, it's
22 very, very, I'm at my desk, there's testing,

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1 there's materials that I have to accomplish.

2 I think the opportunity here is
3 how you take this concept of financial
4 education and truly incorporate it with that
5 informal approach. That it's something
6 natural and every day. It's also something
7 that I have I can accomplish. And drive
8 towards.

9 It's also, as I said before and
10 it's been mentioned, it is a context I
11 strongly believe that if this is going to be
12 successful, you need to have common messages
13 that start and communicate from all the way in
14 to the home, in to these informal settings, as
15 well as your formal education settings.

16 So this sort of congruence of
17 information and goals will help achieve a
18 different appeal particularly to students.

19 One of the things that you realize
20 is that kids really, what they drive to and
21 the value of technology and innovation through
22 technology, is, I get quick information that's

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1 fun. And I can accomplish something that I
2 can repeat and do over and over again.

3 Think of it again from a kid's
4 point of view.

5 And we found with our work, simple
6 messages such as saving, sharing, and
7 spending, very easy. But creating that in to
8 fun games and activities not only involved
9 them but the whole context of the family.

10 MR. FLACKE: So this is really
11 easy to go last. Because everybody said all
12 the right or what I would view as the right
13 stuff.

14 I agree with that entirely. I
15 think from a child, or any of us from our
16 point of view, we don't necessarily look at
17 the world in terms of what's formal, or what's
18 informal, or what's in school, what's out of
19 school.

20 But we sure know if we like
21 something. And if we can give students
22 something they like they'll want to do it in

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1 school. And they'll want to do it in their
2 free time. And p.s., they might want to tell
3 their friends about it. They might want to
4 tell their parents about it. Right.

5 So I think they're probably lots
6 of examples, you know, the direction we've
7 taken this in our shop is what we now call
8 "financial entertainment". As distinct from
9 financial education. And that's turned in to
10 casual video games. And we've now built a
11 library of these. We have five of them. And
12 we hope we'll have more.

13 It's exactly this principle.
14 Right. If we can take stuff that is so often
15 the vegetable you don't want to eat and make
16 it something, at a minimum, that's not novel
17 where you want to pick it up and sort of check
18 it out, well what is this thing? And
19 hopefully, if we do our job right, it's really
20 fun. And you want to kind of try it again.
21 And maybe get another exposure to it. We
22 think that's really powerful.

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1 And works well with this idea that
2 there's going to be a lot of variety between
3 what we have access to in a formal curriculum,
4 and how much time is allocated in a school
5 system, and where we don't.

6 We have seen, and we didn't set
7 out to do this, that educators gravitate to
8 these game titles. I suspect, and we saw some
9 interesting discussion about that with
10 Secretary Duncan earlier, that one of the
11 challenges is that a lot of the educators
12 don't really feel equipped to teach a
13 curriculum. Right. So if we could give them
14 something that they feel confident introducing
15 their students to, they're happy. And if
16 that's fun, the students are happy. And
17 again, you hope that it bleeds out of the
18 classroom.

19 So I think that's one way to
20 address that, that divide.

21 MR. CHERNY: Cami mentioned
22 national standards as well as the Common Core.

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1 What does the panel about whether we need to
2 establish a national standards for financial
3 education? Or should we be aligning content
4 to the math and English standards in the
5 Common Core?

6 Cami, if you want to start.

7 MS. ANDERSON: Oh gosh. That's
8 like the holy grail question.

9 So I guess, I would start by
10 saying I think that the current Common Core
11 standards lend themselves very nicely to some
12 of the things I already talked about regarding
13 non-fiction text, and some interactive and
14 interesting units, things that are fun and
15 studious, and academic, and hit the standards.
16 I don't know that we need more.

17 Having said that, something I
18 don't think the Common Core does, it doesn't
19 lay out a set of social and emotional
20 standards that students should know and be
21 able to do that are habits of mind. That
22 students who persevere in college, including

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1 students who grow up in poor environments,
2 possess and know how to do. And that, isn't
3 in the Common Core. And actually I think it
4 should be.

5 And I think that there's a certain
6 piece of "financial literacy" -- like, oh my
7 gosh, do we need a new name? It is totally, I
8 love the broccoli dipped in chocolate. But I
9 hate chocolate and like broccoli. So I don't
10 know what that says about me.

11 But I think it needs a new, it's
12 needs, it's, we had NFTE on Rikers Island when
13 I was, when I was District 79 we ran the
14 schools on Rikers Island.

15 And the entrepreneurship
16 curriculum, as far as I'm concerned, books
17 like "Leading an Entrepreneurial Life", and
18 fundamentally what do you learn how to do?
19 Find your passion. Tell your story.
20 Backwards plan. Know your strengths. You
21 know, manage against your weaknesses. Recruit
22 a mentor. You know, recruit a personal board

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1 of advisors. Never admit defeat. Always
2 admit defeat. Right. It's like great
3 entrepreneurs just like know how to navigate
4 and do great stuff.

5 So I'm not sure there needs to be
6 more, needs to be financial literacy
7 standards. Because I feel like that's narrow.

8 And honestly, the Common Core has
9 enough there that could be aligned with the
10 right materials. But there might need to be,
11 and I've said this to Secretary Duncan and
12 others, social and emotional standards that
13 talk about habits of mind and decision making,
14 connecting what you do today with what you do
15 tomorrow, making good choices. All this sort
16 of thing. Of which, you know, the things that
17 we think of financial literacy would be a
18 part.

19 So that's just my, that's just my
20 gut take.

21 It would also help if we had
22 social and emotional standards weed out all of

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1 the terrible character ed stuff that's out
2 there. And maybe incent a whole new market.
3 Because oh my gosh, the road is littered with
4 terrible, as many bad math curriculum as we've
5 had out there, we have terrible sort of soft
6 skills curriculum. It's really a poor market.

7 So I would also hope, right, you want that to
8 incent a different market place. And so I
9 think it might belong there.

10 MR. CHERNY: Do you guys want to
11 jump in on this?

12 MS. BETANCOURT: Again, in early
13 childhood, it's a shifting market.

14 But I would say that the more we
15 add right now to Common Core, the less likely
16 you would be able to succeed, in my opinion.

17 One, because there is so many
18 demands right now in our education system to
19 meet those demands.

20 I think in terms of integration
21 and clear integration, which I think sometimes
22 we would need to clarify for financial

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1 education, is really what the impact or the
2 outcome is expected. And the beauty of that
3 is the ability to have a variety of outcomes
4 that not only are the practical math related,
5 or in this case even social emotional related,
6 family engagement, it's very, very clear in
7 that context, I think the more we add to the
8 Common Core basis of an explanation.

9 Also, I think that there's
10 opportunity under that context to abrogate
11 content and resources. I think in this field,
12 unfortunately, there is a huge amount of
13 resources all across the gamut and across age
14 groups.

15 And the more clarity and ease in
16 collection that there is of those resources,
17 in a deep location, it allows again the
18 variety of users. And I think we would have
19 to be very, very aware that we're talking
20 about a variety of users in terms of entering
21 this area of education.

22 MR. FLACKE: I just would briefly

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1 say that this is not a matter that I'm an
2 expert on.

3 But my instinctive reaction is
4 that what lies behind standards and, well
5 really, standards is this compulsion to try
6 and control and produce some outcome. It's a
7 good thing. Right. That's the impetus.

8 But it feels very at odds with the
9 thrust of our work which is to try and make
10 people excited about something.

11 And I think there are other ways.

12 So briefly to illustrate an
13 example. Other ways besides formal standards
14 and prescriptions. We have been exploring,
15 this is an idea of our founder and chairperson
16 who's now the Dean of the Said Business School
17 at Oxford. And his observation was, millions
18 of kids study for a standardized college
19 entrance exams every year. The SAT, the ACT.

20 And you know, a lot of the questions they
21 answer are about, maybe not literally, but
22 they might as well be about whether train A or

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1 train B is going to reach the station first.
2 Right. They're sort of nonsense content,
3 context in order to test a particular content.

4 Why don't we try and co-op that
5 context with financial related topics? So
6 instead of being about train A and train B,
7 it's about loan offer A and loan offer B.
8 That might be an example of a way to focus
9 attention on the concept of personal finance
10 or financial capability without having to have
11 a prescription.

12 We've been working with a test
13 firm that prepares students to take these
14 standardized tests, Revolution Prep. And over
15 the course of the summer in a very early pilot
16 they introduced some of these alternative
17 questions. Again, where the content is not
18 changed. Just the context. And a hundred and
19 something kids try them.

20 And what we found is actually two
21 things.

22 One, when you pre and post test

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1 kids who are exposed to these different
2 context SAT questions, how much they describe
3 it being important to learn personal finance
4 to be ready for that test, rises, which we
5 would want. And how confident they feel about
6 their existing knowledge of personal finance,
7 it didn't actually fall. But it was so low
8 to begin with that it didn't really have much
9 to go further down. So that's sort of off in
10 the weeds.

11 But I think there are ways that we
12 can try to encourage large numbers of people
13 and systems to focus on financial capability
14 without necessarily having to have a very
15 specific prescription.

16 You know that's one that we're,
17 would use as an example.

18 MS. CULLINANE: I think it's a
19 question of application.

20 Common Core is a great tool. And
21 now as educators we have the opportunity to
22 say, "How am I going to apply those standards?"

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1 What am I going to apply that to? How will
2 that take life in my classroom?"

3 And I think financial literacy is
4 that context that educators can think about
5 from an application perspective to take those
6 skills of numeracy and literacy and then apply
7 it to the context of financial literacy.

8 And I think that is a much better
9 way than creating the morass of standards that
10 we've had in the past.

11 MS. ANDERSON: And this might be
12 slightly controversial but I've just been
13 thinking about it this whole time.

14 When we talk about communities
15 that are under-served under-represented, I
16 also think about empowering families and young
17 people with the knowledge about what predatory
18 lending looks like.

19 I worked in a district where our
20 students left our GED programs, which by the
21 way we started to slowly replace with the ACT
22 because the GED is not a passport to anything

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1 anymore even though it makes us feel better
2 that we have an alternate pathway, but, and
3 they were being just recruited heavily by all
4 of these for-profit colleges, or non-profit
5 colleges for that matter, who put them in
6 remedial courses. And then they would go in
7 for a year. Without getting any credits.
8 That no one had sort of scoped out for them.
9 End up with a massive amount of debt. Drop
10 out. Not a GED. No high school diploma.
11 They're no closer to a college diploma. And
12 now they've got a massive debt that they're
13 defaulting on.

14 And that was a mindful, there are
15 business plans that are written on the backs
16 of the kids that I served in Newark, I mean in
17 New York. 90,000. I had the alternative high
18 schools. I had adult education. And I mean,
19 reams of people got rich off of this.

20 And I just was always sick over
21 what more could I be doing to empower our
22 consumers, if you will, and the students I

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1 represented New York City of, you know, there
2 are plenty of them in Newark as well, I just
3 happen to have a really big group of them in
4 New York.

5 And should that be explicitly
6 named. Like this is no joke. This is also
7 what happens. This isn't like someone with a
8 bunch of discretionary cash, you know, blowing
9 it on sneakers all the time. Right. This is
10 also other serious stuff. Where there are
11 very wealthy people who are very explicitly,
12 on the backs of our poorest citizens, going
13 after them to make money on really horrible
14 post secondary training.

15 And I sort of implore this panel
16 to be explicit about the fact that we need to
17 educate our consumers, and also support them,
18 when they decide to make good choices and not
19 fall down that trap.

20 MR. CHERNY: Great point.

21 Let's talk technology for a few
22 moments. And then we have time to open it up

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1 if we have a few extra moments at the end.

2 And we've talked about the
3 broccoli dipped in chocolate. Or chocolate
4 dipped in broccoli for some people.

5 But what are the most exciting
6 innovations you've seen recently in technology
7 whether it's in personalization, whether it's
8 in giving incentives, whether it's in any of
9 these other areas, about how to really take
10 some of these concepts and really make them
11 come alive for students?

12 And why don't we start with Tim.

13 MR. FLACKE: Well gosh. There's a
14 lot out there. So I'll just pick one.

15 I think the rise of the mobile
16 device is a huge event. It's, you know, some
17 of the cliches about being always with you
18 certainly is true.

19 You know we've taken advantage of
20 that by putting one of our titles in to a
21 mobile form.

22 But it's really more than that. I

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1 think what it what it also is is that mobile
2 device is cool. Right. I mean, it is like
3 the essence of cool technology.

4 And so I think we have to be
5 careful about not being, you know, too sloppy
6 in taking advantage of that observation.

7 But if we put attractive,
8 interesting, engaging, fun, content on these
9 things, you know, there's the chance that the
10 content itself can become cool as well.

11 And then you run a layer on top of
12 that. It's you know the social dimensions of
13 technology and being able to instantly show it
14 to somebody else. Add it to your network. To
15 kind of overlay of the social network with
16 mobile. And I think there's a real
17 opportunity there.

18 And again, it sort of tears down
19 some of these barriers between what's
20 classroom, what's home.

21 And just one more sort of
22 connected thought, which is more and more we

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1 see gamification of personal finance in the
2 free market that has nothing to do with
3 education. So the idea of trying to take
4 concepts that are either dry, or in some cases
5 really intimidating, and making them in to
6 something that you compete against or that you
7 have some sort of dynamic relationship with,
8 where you feel that it's a game that you are
9 engaged in, even if it's not literally a
10 game, is very powerful.

11 So that would be my vote.

12 MS. BETANCOURT: I think we're in
13 just a wonderful opportunity of innovation.

14 And you are right in terms of the
15 cross platforms that we to be able to engage
16 in. Both for children and adults.

17 I think if I'm looking at
18 technology and taking advantage of it, also
19 how to link what we're trying to accomplish
20 around financial education. To also
21 technology experiences that are happening
22 every day.

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1 And that is, how to make that ATM
2 experience, for a child, or my online banking
3 experience, as a family or as a youth, really
4 also a learning opportunity?

5 I find that one of the secrets of
6 Sesame Street is basically that everything we
7 do, and if you all think back of your own
8 memories, it treats both adults and children
9 at the same time. It's giving messages at the
10 same time. So that becomes an inter-
11 generational experience.

12 I think also the idea of
13 leveraging technology, no matter what
14 platform, is also the opportunities where we
15 may have to engage further in what's existing.

16 There's a lot going on with I3.
17 And forthcoming with the early challenge,
18 early childhood challenge grants. You spoke
19 about councils that may be developing. How
20 did these networks connect so that the idea of
21 the technology use that may be applied for
22 Common Core standards around ELA or math can

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1 also be incorporated now to really look at
2 innovation and include financial education?

3 So in my opinion, instead of
4 always starting something new, it's how do you
5 abrogate, again, things that may be occurring
6 under educational tracks that may be existing
7 now?

8 MS. CULLINANE: One of the areas
9 that I'm responsible for at Microsoft is
10 looking at the issue of gamification.

11 And I worry about, I think there's
12 two sides of the thinking. And I think one
13 side is, could be very detrimental.

14 And that's, there's this idea that
15 all I have to do is take core content, put it
16 in a game, and hand that game to a kid, and
17 all of a sudden they're going to learn
18 tremendously quickly. And it's going to be a
19 wonderful experience. And I think that's a
20 fallacy.

21 I think what we have to do is look
22 at the characteristics of gaming, and what

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1 those characteristics say about the learning
2 process, and how do we apply that to a
3 learning environment?

4 Research shows that any, when a
5 kid is experiencing a game usually they are
6 experiencing failure 80 percent of the time in
7 that setting. 80 percent of the time.

8 Now think about classrooms. If
9 you were experiencing failure 80 percent of
10 the time, what would you do? You would shut
11 down. You would walk out.

12 And yet, in these environments,
13 the kids keep coming back. So that says
14 something about the environment that is being
15 created there. It talks about, you know, what
16 are the strategies when a gamer, when a game
17 developer thinks about the design of that
18 game, and how do we bring those elements in to
19 the classroom.

20 Anybody here play Angry Birds?
21 Put your hand up. I know half this room plays
22 Angry Birds.

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1 Yes, but it's not by chance that
2 level 1 and level 2 are easy. That is a
3 fundamental experience for game design. That
4 they bring you in thinking we're going to
5 allow you to experience success so that you
6 keep on going. And so it gives you an
7 environment where you think that your
8 potential for success is real.

9 And the context of games, and the
10 achievement system, and the social networking
11 integration, it's all of those characteristics
12 that we have to think about from a technology
13 development perspective. Not just taking
14 contents, sticking it in some digital game,
15 and then putting it online, and hoping that
16 success happens.

17 And so I hope that our industry
18 doesn't prostitute that idea so that it
19 actually turns out to be a negative. Because
20 it is something that can be an incredible
21 positive in this industry.

22 MS. ANDERSON: And if I can just

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1 pick up on that.

2 I'm actually excited, but also
3 cautiously optimistic, about technology and
4 its role in education.

5 I mean, first of all, a good chunk
6 of the first generation credit recovery stuff,
7 just as one example, because again I ran a
8 huge district where everyone was overage under
9 credited, so I happen to know almost every
10 product, was like really bad content online.

11 So it didn't actually raise the
12 bar at all. It just was like super expensive.

13 And it was like on a computer screen as
14 opposed to an old book.

15 And similarly things like
16 individual learning plans, and how you
17 actually create those and track them, you
18 know, I probably looked at 25 products. And
19 there were like a couple that I actually
20 thought had real promise. And by that I mean,
21 as a student I could go in and set clear goals
22 and milestones and track all sorts of things

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1 about my learning, and my personal goals, and
2 whatnot. I mean you would think this would be
3 like an incredible -- right.

4 Same thing about gaming. Which is
5 that I see us going down the cheap road.
6 Although I'm most excited about what you just
7 said. Which is what do we learn about the
8 psychology about how kids learn? And how do
9 we apply that and use it to bridge the gap
10 between what's happening online and what's
11 happening in classrooms?

12 My son is 20 months old. And he
13 has, we have iPhones. Right. We thought this
14 was like a brilliant idea.

15 This kid is literally obsessed
16 with this like game that has these bubbles go
17 across where he has to pick the letters in
18 order, a, b, c. Like it's crazy.

19 We actually just this morning
20 talked about how we need an intervention.
21 Because he's obsessed with the iPhone.

22 But he knows how to turn it on.

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1 Click on the icon. Get to the letter one. 20
2 months. Gets to the letter one. If he misses
3 at any row he says, "Almost". And starts it
4 over. Because he doesn't want to actually get
5 one wrong. Unbelievable.

6 And I'm thinking I'm totally going
7 to have to rethink as a parent, like what
8 limits do I set around this? Is this good?
9 Like, this seems crazy. But also great.
10 Like, so I think it's going to challenge all
11 of us, like really, we were like should we
12 have an intervention? Should we hide our
13 iPhones for like a week? This is sort of
14 getting a little out of control. But at the
15 same time, I think it also provides a huge
16 opportunity.

17 So I'm just happy to hear, you
18 know, it's a cautionary tale. Tremendous
19 opportunity. And I hope that we sort of use
20 it for all of the good things. And don't kind
21 of go down the dark path that it might lead us
22 down.

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1 MR. CHERNY: Thank you all very
2 much for this fantastic -- please give them a
3 big round of applause.

4 (Applause.)

5 MR. WRIGHT: Well thank you to the
6 panelists. And to Andrei for leading the
7 discussion.

8 As you can see we just started to
9 scratch the surface of the potential of
10 technology. And the promise of it and the
11 pitfalls of it. So there's lots more
12 discussion to have there.

13 I'm sure many of you will grab the
14 panelists afterwards and asked them follow-up
15 questions.

16 Chairman, before I just give
17 information about the next meeting I wanted to
18 see if you had any final comments you wanted
19 to make.

20 CHAIRMAN ROGERS: No, I think it's
21 been a terrific morning.

22 I just want to thank everybody for

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1 being here and caring so much about this
2 critical issue. Thank you.

3 MR. WRIGHT: So the next council
4 meeting will be here at the Department of
5 Treasury on January 19th. This meeting will
6 be focused, as this meeting was focused on
7 youth, the next one will be focused
8 predominately on workplace. And will be led
9 by the Partnership Committee as the Youth
10 Committee led us through and created this
11 wonderful agenda.

12 Look to the Treasury website for
13 more details on how to register. And the
14 exact time.

15 And just lastly, the Council
16 reports from this meeting, again, are online
17 at treasury.gov. in the Office of Financial
18 Education/Financial Access section of the
19 website.

20 Thanks so much for being with us
21 today.

22 That concludes our meeting. Have

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1 a great day.

2 (Whereupon, the above-entitled
3 matter was concluded at 12:35 p.m.)

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