

**President's Advisory Council on Financial Capability**  
**Subcommittee on the Underserved and Community Empowerment**  
**November 28, 2012**

**Recommendations**

**Recommendation:** That the President of the United States and the Secretary of the Treasury integrate the field of emergency financial and economic disaster preparedness response and recovery into the broader financial capability efforts of the federal government, and invite the Federal Emergency Management Administration (FEMA) to be a part of the Financial Literacy and Education Commission (FLEC).

**Justification:** Underserved communities have historically been particularly impacted by natural disaster. Families who are financially prepared (for example, those who have a bank account, manage their financial documents, have adequate insurance, and have savings) are in a better position to receive benefits and ultimately recover from a disaster. Integrating disaster preparedness into the Federal government's financial capability initiatives provides another touch-point and incentive for people to get their finances under control. Federal and state governments should therefore connect financial education and disaster planning work in order to make both more effective.

**Recommendation:** That the President directs the appropriate federal agencies led by the U.S. Department of Education's Federal Student Aid (FSA) Office, to launch an awareness campaign that leads the American people to [studentaid.gov](http://studentaid.gov) as the one stop resource for students and families to increase college affordability and reduce student loan debt, which may be entitled Know Before You Apply (KBYA). The Consumer Financial Protection Bureau showed promise with the 'Know Before You Owe' initiative to empower American consumers. The Department of Education has made great progress to increase college affordability for the American people including: 1) originating all federal student loans; 2) implementing income based repayment (IBR) and student loan forgiveness programs; 3) establishing the College Net Price Calculator; and 4) Simplifying the FAFSA. While these have been needed initiatives, many students and families are not aware that these programs exist and that they could be eligible to participate. Given the rising cost to finance higher education and the growing explosion of student loan debt by the American people, highlighting and raising awareness about [studentaid.gov](http://studentaid.gov) as the one stop resource in this area is needed now more than ever. This awareness campaign would harness the creativity and innovation of the public and private sectors, as well as stakeholders at the federal, state, local, tribal, and community levels, to ensure that the [studentaid.gov](http://studentaid.gov) resource is disseminated to the American people, which may include a challenge to the public and private sectors to develop the best marketing idea or strategy to promote [studentaid.gov](http://studentaid.gov).

## Updates

### **Town Halls and Listening Sessions:**

#### Oxon Hill, Maryland

John Hope Bryant, Subcommittee Chairman attended a Town Hall on October 1 in Oxon Hill, Maryland, where he spoke about the importance of financial literacy and the Council's recommendation to develop local financial literacy councils across the country. As a result of the Maryland Town Hall, the Maryland Comptroller Peter Franchot, has committed to stand up a Prince George's County Financial Literacy Council. He will make his announcement about this before 2013 at the Oxon Hill High School where the initial Town Hall was held.

#### Minneapolis/St. Paul, Minnesota

Chairman Bryant also attended a Town Hall in Minneapolis/St. Paul, Minnesota on October 3. Along with the Town Hall, Chairman Bryant met with members of the Governor's Cabinet of Commissioners, including Commerce Commissioner Michael Rothman, Education Commissioner Brenda Cassellius and others, all of whom have incorporated financial literacy and financial capability into their operating framework. It is projected that other municipalities in Minnesota will also come on board with the local council recommendation and we hope to see as many as 25 new local councils emerge as a result of this town hall. Additionally, the state of Minnesota has mandated financial literacy curriculum for every child in every school and every classroom in the state. This pledge has been baked into their legislative mandate and regulatory framework and should take effect by 2013.

#### San Antonio, Texas

"When you make an investment in an employee, you'll get a return." The quote from Accion Texas borrower Rudy Ramon, owner of Artesia Springs water bottling company, summed up the message of a town hall on workplace financial education held October 3 in San Antonio. Presented by Subcommittee member Janie Barrera's Accion Texas and the San Antonio branch of the Federal Reserve of Dallas, whose board Ms. Barrera also is a member of, the 3 ½-hour event drew about 70 business owners and business community leaders. These included the presidents of the Greater San Antonio Chamber of Commerce and the San Antonio Hispanic Chamber of Commerce, as well as San Antonio City Councilman Diego Bernal. Panelists included: Sanjuanita Cooley, Vice President and Learning and Development Director, Broadway Bank; Rudy Ramon, owner and Chief Executive Officer of Artesia Springs; and Kate Rogers, Vice President of Partner Communication and Engagement, H-E-B. The panel was moderated by Blake Hastings, Vice President in Charge, Federal Reserve Bank of Dallas-San Antonio Branch. The town hall was followed by a listening session that was led by Barrera; Dennis Noll, President and Chief Executive Officer, San Antonio Area Foundation; and Anna Weaver, Manager, Strengthening Families Issue Council, United Way of San Antonio and Bexar County. Luncheon keynote speaker was Phil White, director of Racker Rewards for Rackspace. The event led to the following business news

column: [http://www.mysanantonio.com/business/business\\_columnists/david\\_hendricks/article/Employers-should-offer-workers-financial-education-3922358.php](http://www.mysanantonio.com/business/business_columnists/david_hendricks/article/Employers-should-offer-workers-financial-education-3922358.php)

#### Honolulu, Hawaii

Council Member Sherry Black participated in a listening session on October 2, in Honolulu, Hawaii as a part of the annual conference of the Council for Native Hawaiian Advancement. More than 500 Native Hawaiians and others were in attendance.

#### Sacramento, California

Council Member Black held a listening session at the National Congress of American Indians Annual Conference in October, attended by tribal leaders. Materials provided to all attendees included the Interim Report of the PACFC, the Creating Financial Capable Communities Resource Guide, the toolkit from the White House Summit on Financial Capability and Empowerment, and the “Money as You Grow” materials.

#### Other Updates

##### Conversations with the Academic Community/Research and Evaluation

Council Member Eldar Shafir reports holding several conversations with members of the academic community engaged in behavioral science research who have a particular interest in applied policy in general, and in the application of research findings to underserved communities in particular. Some of these conversations informed the organization of the July 16, 2012, meeting of the Council. We have also been considering a plan to organize a larger meeting for behavioral researchers, policy makers, and Council members around the theme of behavioral economics research pertinent to the underserved. This is the kind of event that would require a longer time horizon to put together, but promises to have a long-term impact on future directions undertaken by the academic community with an eye towards financial capability issues facing the underserved.

Based on the research and meetings with experts conducted by members of the Research and Evaluation Subcommittee, the Research and Evaluation Subcommittee has identified a number of areas for future consideration. Future study and research should focus on directions that show the most promise for increasing financial capability among Americans, building on strategies and tactics the research already shows to be successful. Details on specific lines of inquiry will be provided in the Research and Evaluation Subcommittee’s final report.

##### Assessment of Innovative Pilots

*MY Path:* The Subcommittee has received a working paper providing additional detail on the Mission SF Community Financial Center’s *MY Path* Pilot with the Mayor of San Francisco’s Youth Employment and Education Program (MYEEP) which targeted low-income youth participating in the MYEEP, featured peer financial education, accountability and support, and afforded participants an opportunity to establish a relationship with a mainstream financial institution. As noted in the final Research Brief,

the pilot was very successful. Financial knowledge increased between 8 and 24 percent; positive financial behavior changes occurred from start to finish; all 280 participants opened a savings account; and on average, youth saved 86% of their established goal and saved a net of \$507. In essence, the *My Path* Pilot demonstrated that financial education developed and delivered by peers was particularly effective, and that providing this education and engaging youth with a trusted financial institution at “teachable moments” were equally valuable. Given the Administration’s challenge earlier this year for the public and private sectors to work together and provide employment opportunities, and educate, mentor and train low income youth, we believe elements of *My Path* could serve as a model for achieving the Administration’s call to action and enhancing the financial capability. In that regard, additional pilot programs should be undertaken to further evaluate the impact of *My Path* among low-income youth and should be monitored by this subcommittee to determine their effectiveness and success.

*SaveUp*: The Subcommittee has also received updated information on the *SaveUp* pilot conducted by the Filene Research Institute with fourteen credit unions across the United States, which was also found to be successful. The pilot was launched in April to determine whether the *SaveUp.com* model --- a free rewards program that incentivizes individuals to save and pay down debt --- could make positive changes in financial behavior. While we are still in process of reviewing Filene’s study, from all indications the six-month pilot succeeded in raising financial awareness. According to the Filene Research Institute, nearly 55% of the participants were motivated to save and/or reduce debt; more than 40% of participants increased their awareness of the products and services provided by their credit union; approximately 48% of participants recommended *SaveUp* to family and friends; and over 8,000 educational videos were viewed within *SaveUp*. Further in-depth studies are needed to better qualify and determine definitive changes in financial behavior, but that notwithstanding, Filene’s work to date has made a positive difference in the financial capability of those who participated in the pilot. We look forward to monitoring Filene’s continued efforts and determining whether the *SaveUp* concept can encourage financial access and promote the use of mainstream financial institutions in low-income communities.