

## **Financial Literacy and Education Commission Meeting**

**January 20, 2010**

### **I. Introduction**

Assistant Secretary Michael Barr opened the meeting, welcoming members of the Financial Literacy and Education Commission (FLEC), members of the public and special guests to the Department of the Treasury. The Assistant Secretary commended FLEC for its progress on the development of a new national strategy and core competencies, research and evaluation, and the redesign of the mymoney.gov website. He personally introduced Valerie Jarrett, who is Senior Advisor and Assistant to the President for Intergovernmental Affairs and Public Engagement. A passionate advocate for financial literacy, Ms. Jarrett showed much enthusiasm and support for the work of FLEC and added that the White House Office of Public Engagement would be a member of the FLEC.

### **II. Updates**

Michelle Greene, Deputy Assistant Secretary for Financial Education and Financial Access, U.S. Department of the Treasury, provided an update on the key projects that Department of the Treasury is currently undertaking. These updates include the following:

#### *National Financial Capability Survey*

Commissioned by the Financial Industry Regulatory Authority (FINRA) Investor Education Foundation and released on December 15, 2009, the survey measures the financial capability levels among U.S. adults and contains detailed information about the financial knowledge, attitudes and behavior of Americans today.

#### *National Financial Capability Challenge*

The Department of the Treasury in conjunction with the Department of Education launched the National Financial Capability Challenge, a national award program that aims to encourage financial education in schools across the country and recognize high-performing teachers, students, and schools.

#### *Credit Card Accountability, Responsibility, and Disclosure (CARD) Act of 2009*

The following steps have been taken to implement the Credit CARD Act: (1) all FLEC member agencies were required to submit responses to a survey designed by the Department of the Treasury to catalogue federal financial and economic literacy programs per the Credit CARD Act of 2009; (2) an evaluation team was assembled to develop criteria for evaluation of federal programs; and (3) an independent contractor with subject matter expertise on financial literacy and evaluation will be executing the evaluation.

Jane Schuchardt, a Retired National Program Leader at the Department of Agriculture, discussed the national strategy, a document setting the strategic direction for policy, education, practice, research, and coordination in the area of financial education and literacy.

John Phillips, the Director of Policy Research at the Social Security Administration, discussed FLEC's work on encouraging multi-disciplinary research and evaluation to improve financial education and literacy. The strategy to achieve the research and evaluation objective has four primary elements, including 1) an assessment of FLEC research activities, 2) the establishment of a web-based financial literacy research and evaluation database, 3) the creation of a financial literacy research network, and 4) the promotion of common evaluation metrics. All four elements of the research and evaluation strategy are designed to coordinate and encourage research across FLEC member agencies to support the development of effective interventions.

Luke Reynolds, Chief of Outreach & Program Development at the Federal Deposit Insurance Corporation, discussed the creation of the core competencies. Core competencies are the basic set of knowledge and skills people need at various ages and life events in order to make financial decisions that are in their best interests. The Department of Treasury hired a contractor to assemble a group of experts to develop core competencies, conduct a literature review to determine what we already know, hold meetings discussing core competencies, and finalize a list of core competencies. Presently, FLEC is 1) defining the core competencies in a simple, straight-forward way that is universal and clear, and 2) developing and implementing a validation plan.

Jeffrey Zack, a contractor from Catapult Technologies, Inc currently working on the re-design of the mymoney.gov website, briefly spoke about the project plan of mymoney.gov. For the past few months, FLEC has been working with Catapult Technologies to develop the new website, which is expected to be finalized by the end of March.

Jeanne Hogarth, Manager of Consumer Education and Research at the Federal Reserve Board, discussed the International Network on Financial Education, which was convened by the Organization for Economic Cooperation & Development (OECD) to bring together representatives from government agencies world-wide to discuss ideas and best practices for financial education. The latest meeting, which took place on December 13<sup>th</sup> and 14, 2009, involved 1) a roundtable from various countries providing updates on new initiatives, 2) reports from three subcommittees on school programs, evaluations, and national surveys of financial capability, and 3) a discussion of future initiatives. The next meeting will take place in Italy during June.

### III. Best Practices

Barbara Ryan, Deputy to the Vice Chairman at the Federal Deposit Insurance Corporation, discussed the FDIC National Survey of Unbanked and Under-banked Households (December 2009). The FDIC undertook this effort to address a gap in reliable data on the number of unbanked and under-banked households in the United States. A few key findings show that 1) there are approximately 9 million households who are unbanked, 2) African-Americans, Hispanics, and Native Americans are more likely to be unbanked than the population as a whole,

and 3) a substantial percentage of lower-income households are unbanked. It is hoped that these survey results will help better inform the industry and policymakers about economic inclusion issues, and promote the goal of ensuring that all Americans have access to basic, safe, and affordable bank services.

John Phillips, the Director of Policy Research at the Social Security Administration, discussed the Financial Literacy Research Consortium, which is made up of research centers at Boston College, the RAND Corporation, and the University of Wisconsin. Supported through five-year cooperative agreements, the centers will develop innovative, research-based communications and programs to help Americans plan and save for a secure retirement. A special emphasis is being placed on helping traditionally underserved populations better understand the path toward a secure retirement.

#### IV. Announcement

The next meeting of the Commission will be held on May 26, 2010.