

President's Advisory Council on Financial Capability for Young Americans
Public Meeting
Department of the Treasury – Cash Room
March 10, 2014 9:00 AM – 11:00 AM

MEETING MINUTES

Council Members Present:

- John Rogers, Jr, Chair
- Jose Cisneros, Vice Chair
- Ted Beck, Member
- Sherry Salway Black, Member
- John Hope Bryant, Member
- Anna Maria Chavez, Member
- Kerry Doi, Member
- Robert Glovsky, Member
- Ted Gonder, Member
- Richard Ketchum, Member
- Beth Kobliner, Member
- Kilandigalu (Kay) Madati, Member
- Marc Morial, Member
- Deanna Mulligan, Member
- Carol Quillen, Member
- Amy Rose, Member
- Charles Scharf, Member

Federal Council Members Present:

- Arne Duncan, Secretary of Education
- Jacob Lew, Secretary of the Treasury
- Richard Cordray, Director, Consumer Financial Protection Bureau

Other Federal Officials Present:

- Cyrus Amir-Mokri, Assistant Secretary for Financial Institutions, US Department of the Treasury
- Valerie Jarrett, Senior Advisor to the President
- Cecilia Munoz, Assistant to the President and Director of the Domestic Policy Council
- Melissa Koide, Executive Director of the Council, Deputy Assistant Secretary for Consumer Policy, US Department of the Treasury
- Louisa Quittman, Designated Federal Officer of the Council, Director, Financial Education, Office of Consumer Policy, US Department of the Treasury

Opening Remarks:

The Meeting of the President's Advisory Council on Financial Capability for Young Americans ("The Council") convened at 9:00 AM on March 10, 2014. Cyrus Amir-Mokri, Assistant Secretary for Financial Institutions, welcomed members of the Council, other participants and members of the audience.

He noted that this Council grew out of the recommendations of the previous President's Advisory Council on Financial Capability which highlighted the importance of financial education for our youth; and was formed with leaders involved in financial capability so that discussion can lead to actionable ideas being implemented.

Assistant Secretary Amir-Mokri introduced Secretary of the Treasury, Jacob Lew, to make his opening remarks. Secretary Lew thanked the Council Members for participating in the Council. He detailed the importance of the Council's work as a sound financial foundation is important for children's futures and for the economy. The Secretary detailed recent successes in increasing the financial capability such as the introduction of the myRA retirement savings account and the proposal to raise the minimum wage. Finally, the Secretary stated that through a coalition of federal and local governments, private sector and non-profits, the Council would be able to identify the best new ideas for financial capability and put them into action for America's young people.

Next, Cecilia Muñoz made her opening statement. Ms. Muñoz thanked the Council Members for their participation. She stated that this effort is an investment in the economic future of the country. Ms. Muñoz requested that the council consider and coordinate with all of the policies under President Obama's Opportunity Agenda, including access to higher education and the Affordable Health Care Act when making recommendations.

In his opening Statement Consumer Financial Protection Bureau (CFPB) Director Richard Cordray specified that his position did not exist during President Obama's first term to help the first Council. He detailed that the CFPB works every day to help consumers make sound financial decisions and he is excited to bring this work to young Americans. Director Cordray stated that currently, young people do not have the financial skills to make sound financial decisions.

Then the Secretary of the Department of Education, Arne Duncan, made his opening statement in which he commended the composition of the Council and commented on how leadership is important to success and how the Council's Chair and Vice-Chair are both exceptional leaders. Secretary Duncan then stated that building the financial capability of youth is an issue everyone can get behind. He ended by sharing a story about meeting with a group of high school students when one asked why no one was teaching him about finances and managing money as a way to highlight the importance and need for teaching youth financial capability.

Chair John Rogers, in his opening remarks, questioned if our academic priorities are wrong reflecting on his own coursework and how a robust financial literacy curriculum is as important

as building math and English skills over the years. He then shared about the financial literacy program he helped created at a public school in Chicago that was based upon his what his father taught him about personal finance which was centered around being given stock certificates since he was 12 for his birthdays and holidays. This was replicated at the school by giving each first grade class a \$20,000 class gift which they, over their grammar school years, helped manage until their 8th year when they would fund the next first grade class gift out of the profits, in addition to making a charitable contribution and funding their own 529 accounts. Chair Rogers commented on the importance of a solid financial education like this if we want to people to participate fully in our capitalistic democracy.

Introduction and Opening Statements of Council Members:

Assistant Secretary Amir-Mokri then introduced the Council's Executive Director, Melissa Koide, who asked each Council Member to make an introduction and opening statement.

Member Ted Beck shared that the National Endowment for Financial Education (NEFE) will be publishing several research papers on financial capability of youth that is of interest to the Council, in addition to important information coming out of their community college and teacher training programs. Mr. Beck would like to see the Council address quality standards for school programs.

Member Sherry Salway Black spoke about the various relevant programs of the National Congress of American Indians including their Native Financial Education Coalition. She shared how 42% of the Native population is below the age of 25 and, with the prevailing socioeconomic issues that plague Native communities, it is critical to promote financial education and economic successes with Native youth.

Member John Hope Bryant shared how his work with both Operation Hope and the Council is personal. He spoke about how money problems are the number one cause of divorce in America, including his parents; and about the lasting impression a banker made upon him during a financial education class in school which propelled him forward. But he sees too many youth today dropping out of school and believes it is because we have disconnected education from aspiration.

Member Kerry Doi spoke of the honor he feels for representing the Asian American and Pacific Islander community on the Council and of his work within these communities, noting the great diversity that exists within it. He also shared that his organization serves all ethnic communities in Los Angeles and the common thread is the need for financial education and that this exposure needs to start at an early age and involve parents.

Member Robert Glovsky highlighted his 35 years as a practitioner in financial planning and wealth management, including hosting a call-in radio program for 10 years in Boston among other positions. He and his wife endowed a financial literacy program for high school seniors which stems from his belief that all Americans, especially the young, need to learn to be

financial self-sufficient and secure. He wants to see the Council focus on not just education but actionable steps that can be measured.

Member Ted Gonder shared insights gained from his time with a childhood mentor from Ghana and from founding and now leading MoneyThink which focuses on financial mentoring of 11th and 12th graders by college volunteers and on developing mobile technology to support these efforts. He noted that 16 to 19 year olds face a shift from sporadic income to steady income and from financial dependence to financial independence – during possibly the densest concentration of life-changing financial decisions they face in life, and hopes that the Council will result in student-centered technologically-enhanced approaches to developing financial capability.

Richard Ketchum spoke about the outreach, education and research efforts of the FINRA Investor Education Foundation including Generation Money which reaches five million middle and high school students annually and a report on the National Financial Capability Study that was released the day of the Council meeting. He expressed the need for financial capability to move from the accidental and occasional interaction to an environment where it is focused and concentrated and where it is evaluated to identify what works.

Beth Kobliner shared that the Council has a unique opportunity and obligation to produce concrete action-oriented recommendations and that the timing is right because in June the results of the first-ever PISA International Financial Literacy Test of 15 year-olds will be released ranking America against other countries. She also shared the impact of the launch of MoneyAsYouGrow.org, an online interactive tool which came out of the predecessor council. Her goals for the Council are to address the need to increase the number of high school students completing the FAFSA and to get age-appropriate financial literacy content into the universal pre-k efforts underway.

Member José Cisneros spoke about establishing the San Francisco Office of Financial Empowerment (SF-OFE) and their Bank On program which is now replicated in over 100 cities. SF-OFE has since launched a range of programs and services focused on the following four areas: increasing access to safe and affordable products; delivering effective financial education and counseling; helping families to save and build assets; and providing financial consumers protection. He also spoke about the ability of local governments to convene stakeholders, and its ability to integrate initiatives into the systems, programs and services local governments offer residents. San Francisco's Kindergarten to College program is an example. Today, more than 13,000 students from kindergarten through 4th grade in San Francisco have Kindergarten to College savings accounts, most from low-income families.

Kay M. Madati explained his passion for charter schools and the impact they can have on the lives of students and their families, specifically empowering them with the tools needed to be successful. He helped open a kindergarten through 8th grade charter school in Brooklyn and Atlanta. He hopes to combine the expertise of his day job at Facebook helping companies leverage their platform to market to consumers with this passion to leverage technology innovation to empower our youth both in the classroom and outside it.

Marc Morial began by sharing the story about a friend who became very ill ultimately over his debts demonstrating how disabling debt and poor financial decision-making can be. He then commented on the fact that young people make financial decisions every day when they download games and buy apps on their cell phones, and when they buy movies on-demand through their televisions, but they are doing this at a younger and younger age. He would like the Council to: address Common Core State Standards and that financial education is integrated into other core subjects; create actionable steps that can be realized; and hear from young people directly.

Deanna M. Mulligan explained that the mission of Guardian Life is to provide financial security for as many people as possible and to be of service to their community. When coupled with the observations of the challenges many Americans are facing in regards to managing money, planning for retirement and being appropriately insured, Guardian Life decided to channel its corporate giving and philanthropic efforts into a financial literacy curriculum for community colleges that includes mentors.

Carol Quillen shared the importance that Davidson College places on equal opportunity as demonstrated by their needs-blind admissions policy. She explained that she sees herself, in some sense, as a bridge to the higher education community and sees four roles she can play. First, to spark conversation within higher education about ensuring that students continue their financial education throughout college; to convene conversations around ensuring kids understand the value of college, and how to get in and pay for college; that colleges and universities make sure the education they offer is worth the cost and that the curriculum is student-centered; and to convene conversations within higher education about rethinking what an institution's role is in a democratic society.

Amy Rosen spoke about her work over the last decade helping to even the playing field for all young Americans being educated in public schools and assure all have an opportunity for a high quality education that includes the knowledge and skills necessary to be successful and find jobs. She echoed the call for Common Core State Standards noting the availability of existing financial education classes is too random and often determined by zip code and school a child happens to be in. She sees opportunity for new kinds of technology for schools such as games that involve real-life decisions. She also expressed her concern of future employment opportunities for the young noting the direct correlation between those who have financial knowledge and those that are able to be successful in the workplace or become job creators.

Charles Scharf shared his view that luck should not determine if a person is capable of making financial decisions and that we proactively help people be successful and preventing financial problems needs to be foundational in this country. He explained how Visa, as the global leader in electronic payments, invests in technologies that increase financial inclusion and enable greater financial responsibility. Over 30 million people have been reached through Visa's educational programs, including their flagship initiative "Practical Money Skills for Life"

and Visa has partnerships with 42 states to deliver free financial education games to every middle and high school in each state.

Anna Maria Chavez spoke about how Girl Scouts has been creating leaders for 102 years and that includes financial capability skills, particularly the \$800 million cookie program. She would like to utilize her role at Girl Scouts to bring the voice of the young to the table. She also shared that Girl Scouts does a lot of research, most recently on financial literacy issues which showed that girls are very confident and optimistic about their financial futures but their current knowledge is not very high. In fact, only 12 percent said they felt confident with making financial decisions. She also expressed that Girls Scouts is one of hundreds of nonprofits working with children every day in this country and that the Council should act as a convener around these issues with them.

Chair Rogers thanked all the Council members for their remarks and then introduced Deputy Assistant Secretary Melissa Koide to lead the next part of the meeting.

Discussion of Proposed Council Agenda:

Melissa Koide recommended to Chair Rogers, and he agreed, that to honor the commitment of ending the meeting at 11:00 a.m. that, instead of reporting on the previous President's Council and providing an update on the Administration's and federal agency's efforts to enact the recommendations from the previous Council as outlined on the agenda, she provide an overview of a set of themes that will begin to define the work of the Council. The themes are:

- Enabling more children to attain high quality financial education through their schooling, specifically in the classroom;
- Engaging cities and communities as models for building the financial capability of young people;
- championing college readiness so young Americans are making more informed decisions both about where they decide to go to school, how they are going to pay for that education, and how they will manage the financing, the debt that they may take on when they come out;
- Leveraging technology, as well as innovation, to give more young adults access to safe and affordable financial products and services; and
- Enlisting employers to help young employees begin to save early, to manage their budgets, and to begin taking advantage of career opportunities that put them on a sure path to financial security.

Ms. Koide then invited the Council members to discuss these priorities.

Member Madati emphasized the importance of education in the classroom.

Chair Rogers also emphasized that this Council needs to build from the work of the previous council and follow through on actionable items.

Member Morial commented that the Council should act on the connection with Common Core State standards in a very specific and intentional way and that it be fully integrated into the curriculum and not treated as a specialty elective. He also advocated for working with the community-based non-profit sector to accomplish the goals of the Council.

Member Rosen shared her desire to see efforts on the Common Core linked with the current work by the College Board to rework the SAT and noted that the window of opportunity to work in this is closing quickly so now is the time to build on this synergy. She also noted that this Council needs to leverage the work of the previous Council's in regarding to technology innovation and thanked the White House for appointing members with the expertise to make this possible.

Member Kobliner expressed that the Council's language and work begin with pre-kindergarten noting the President's commitment to it and current research showing that young children can understand basic financial concepts.

Vice Chair Cisneros shared his pleasure with the inclusion of working with local governments shared that currently one of the areas where they see growth is integrating financial education with summer youth programs.

Member Mulligan noted that the private sector is interested in learning about this topic and has philanthropic dollars to support efforts.

Ms. Koide thanked the members for their comments. Chair Rogers then introduced Valerie Jarrett noting her knowledge and commitment to this topic.

Closing Remarks:

Ms. Jarrett began by thanking the members of the Council for their service, on behalf of the President. She said that this issue is one the President cares passionately about. She explained how the President sees this year as a year of action and that he will exercise whatever powers he can to ensure all Americans have equal opportunity to achieve their dreams and that the future of young people, in particular, isn't determined by the zip code in which you were born. She also shared that this is already happening and one example is a recent White House convening of college presidents that led to over 150 of them committing to target disadvantaged young people to attract them to college. She also shared that the White House met with a group of CEOs from around the country on how to get the long-term unemployed a fair shot at employment. She continued that it is important that all of our young people grow up and have the skills that they need to not only manage their own personal finances, but also be good citizens and give back to the community; and that the work of this Council is vitally important to goal. She closed by thanking the members for their service.

Public Comments:

Due to time constraints, all members of the public who registered to make public comments were asked to be submitted their comments to the Council online via the Council's email address which is pacfcya@treasury.gov.

Adjournment:

The meeting was adjourned at 10:49 AM after Chairman Rogers thanked everyone for their participation.

I hereby certify that, to the best of my knowledge, the foregoing minutes are accurate and complete.



John Rogers, Jr. (Date)
Chair
President's Advisory Council on Financial Capability for Young Americans