

UNITED STATES DEPARTMENT OF THE TREASURY

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PRESIDENT'S ADVISORY COUNCIL ON FINANCIAL  
LITERACY

+ + + + +

THIRD PUBLIC MEETING

+ + + + +

WEDNESDAY,  
JUNE 18, 2008

+ + + + +

The Advisory Council met at 10:00 a.m. in the Cash Room of the United States Department of the Treasury, 1500 Pennsylvania Ave, NW, Washington, DC, Charles R. Schwab Chairman, presiding.

PRESENT:

- CHARLES R. SCHWAB, Charles Schwab Corporation,  
Chairman
- JOHN BRYANT, Operation HOPE, Inc.,  
Vice-Chairman
- DAN IANNICOLA, Executive Director of the  
Committee
- TED BECK, National Endowment for Financial  
Education
- THEODORE R. DANIELS, Society for Financial  
Education and Professional Development
- VICE ADMIRAL CUTLER DAWSON, Navy Federal  
Credit Union
- DR. ROBERT DUVALL, National Council on  
Economic Education
- DR. TAHIRA HIRA, Iowa State University
- JACK E. KOSAKOWSKI, Junior Achievement USA
- SHARON LECHTER, Lechter Development Group

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PRESENT: (CONT.)

REV. DR. ROBERT LEE, FreshMinistries, Inc.

LAURA LEVINE, Jump\$tart Coalition for Personal  
Financial Literacy

DAVID MANCL, Office of Financial Literacy of  
the Wisconsin Department of Financial  
Institutions

DON MCGRATH, Bancwest Corporation

JANET PARKER, Society of Human Resource  
Management

IGNACIO SALAZAR, SER-Jobs for Progress  
National, Inc.

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C-O-N-T-E-N-T-S

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

2 (10:12 a.m.)

3 MR. IANNICOLA: Good morning,  
4 everyone. I'd like to welcome you to this  
5 meeting of the President's Advisory Council on  
6 Financial Literacy. I want to make a few  
7 administrative notes.

8 First of all, my name is Dan  
9 Iannicola. I'm the Deputy Assistant Secretary  
10 for Financial Education here at Treasury and  
11 the Executive Director of the Council.

12 A few announcements that the  
13 chairman has asked me to make, we have a lot  
14 of activity in the building today. The United  
15 States is hosting China this week as part of  
16 the Strategic Economic Dialogue, as you might  
17 have read.

18 So, that impacts us in that this  
19 room is going to be used this afternoon.  
20 There's going to need to be a lot of room  
21 preparation for that event. So, we're going

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1 to ask everyone to clear the room by 11:30  
2 today.

3           However, we realize that networking  
4 with the Council is a great part of coming to  
5 these meetings, so we will be hosting a  
6 networking event two floors up from 11:30 to  
7 12:00. So, council members will be heading up  
8 there and it will be a chance for you to meet  
9 them and interact. But we ask you to do that  
10 upstairs and not in this room, so we can make  
11 the preparations for the US/China press  
12 conference.

13           Thank you for your cooperation and  
14 understanding. We have a full agenda this  
15 morning, so let me now turn it over to our  
16 chair, Mr. Charles Schwab, to proceed with the  
17 meeting.

18           CHAIRMAN SCHWAB: Good morning,  
19 everyone. Can you hear me? Good morning,  
20 everyone, if you can hear me in the back  
21 there. I'm Chuck Schwab, as mentioned by Dan.

22           And welcome to our June meeting here of the

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1 Financial Literacy Council. Let me call the  
2 meeting to order and get right into our  
3 business.

4 I want to welcome my fellow Council  
5 members. Thank you for being with us,  
6 including last night's event, which I'll have  
7 a moment of conversation about. And thank  
8 you, Dan and your team, for tremendous support  
9 by all of the people in Treasury. We couldn't  
10 do it without you, and welcome to members of  
11 the public.

12 This is our second in-person  
13 meeting, and the third meeting overall. We've  
14 had one, our first meeting was on February  
15 13<sup>th</sup>, in person, and we had a meeting by  
16 telephone on May 5<sup>th</sup>, which we invited the  
17 public to come in also via telephone and  
18 computers.

19 I'm really looking forward to  
20 today's meeting. We have lots of work that  
21 has been going on by our committees, and  
22 they'll be reporting on that. That will be

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1 the primary thrust of our meeting today.

2 The reports of a lot of hard work  
3 going on the last six weeks. I want to  
4 commend our chairs of each of those committees  
5 for their hard work and organizing themselves  
6 and bringing their group together, and making  
7 it work.

8 Before we get really into the  
9 formal agenda, I wanted to recognize ten kids  
10 that were a part of our first real genuine  
11 effort to get rolling in financial literacy.

12 We had a challenge that we put  
13 together and 46,000 kids across the country,  
14 from the east to the west. And last night we  
15 had ten of them come, that were picked out of  
16 the whole group that had perfect scores, who  
17 represented certainly the whole of the 46,000  
18 students that participated in the financial  
19 literacy challenge.

20 The awards for them include \$2500  
21 for school and \$1000 for their schools, in  
22 terms of scholarships, and of course a visit

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1 to Washington, D.C., which was most important,  
2 I think, to them and their families and I  
3 think some of them are in attendance here  
4 today. So the nine members of this group, I'm  
5 going to call their names, and at the end of  
6 that let's give them a great round of  
7 applause.

8           These are kids that have certainly  
9 expressed and showed tremendous leadership in  
10 financial literacy, as well as so many other  
11 things in their life from athletics to  
12 academics to all the things that we'd ever  
13 want to have a young person do and become a  
14 leader in future years as demonstrated by  
15 these ten kids.

16           First I'd like to acknowledge  
17 Nicholas Bruno, a home-schooled student from  
18 Richmond, Texas. Just wave your hand if  
19 you're in the room. Okay, they're right over  
20 here on my left. I was thinking on the right.

21           Just remained standing, Bruno, Nicholas I  
22 mean.

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1                   Justin Fager, a junior at Wauseon  
2 High School in Wauseon, Ohio. Jennifer  
3 Fisher, who graduated from Eureka High School  
4 in Eureka, Missouri. Tucker Johnson, who just  
5 graduated from Old Rochester Regional High  
6 School in Mattapoisett, Massachusetts. I  
7 probably fumbled that one, but anyway, nice to  
8 have you here.

9                   Olivia Moran, a sophomore at  
10 Stonewall Jackson High School in Manassas,  
11 Virginia. Alexander Oswalt, a junior at Mira  
12 Loma High School in Sacramento, California.  
13 Dennis Saneski, a senior at Columbia High  
14 School in East Greenbush, New York.

15                   Daniel Weyers, who just graduated  
16 from Stevens Point Area Senior High School in  
17 Stevens Point, Wisconsin. Bret Wilkins, a  
18 senior at Rampart High School in Colorado  
19 Springs, Colorado.

20                   And we have one honoree that could  
21 not be with us today. I want to recognize,  
22 his name is Thabo Abbate, a junior at

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1 Taravella High School in Coral Springs,  
2 Florida and he could not be with us today.  
3 But anyway, how about a round of a  
4 congratulations.

5 Well, this group here expects big  
6 things from you kids. I know you've got a day  
7 of touring left to be done here in Washington,  
8 D.C. So, have a great day and keep up the  
9 great work. Thanks. I think they're going to  
10 leave now with their parents.

11 These students, of course, were  
12 thrilled to see the real people behind a lot  
13 of the work that we're doing. And of course,  
14 last night when we had them in a wonderful  
15 setting, we had a magician there and we had  
16 some other activity, you could really get a  
17 chance to know these kids and how important  
18 financial literacy not only to them, but to  
19 their parents, to their teachers.

20 We just feel really good, and  
21 thanks to Treasury's wonderful idea that we  
22 kicked off and I think we want to do this

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1 again very soon, like this fall.

2 Now let's move on the formal  
3 agenda. I want to begin with a report from  
4 our Council's Executive Director, Dan  
5 Iannicola. Dan's work on this council has, of  
6 course, been extraordinary and sometimes  
7 little noticed.

8 The Council really couldn't  
9 accomplish what has been able to so far, and  
10 what we can accomplish as we move forward  
11 through our next half year of this year. And  
12 of course, next year, too. But thank you for  
13 your great energy, Dan, and let me turn it  
14 over to you to give us an update on things.

15 MR. IANNICOLA: Okay. Thank you,  
16 Mr. Chairman. Really the focus of today's  
17 meeting, for those both around the table and  
18 in the audience, is hearing from the committee  
19 reports. The Council divided itself into  
20 committees and you will be hearing from the  
21 chair of each one of those committees. Each  
22 chair will go over what the progress has been.

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1           There's been a number of meetings  
2 that have occurred at the committee level.  
3 And they have some proposals, a few of them  
4 have proposals that they're going to want to  
5 try to gain the consensus of the group on.

6           And then there's going to be some  
7 general report issues, which are just things  
8 they want to let everyone know that they're  
9 working on and aren't quite ready to be  
10 proposed yet.

11           So, that's really what our focus is  
12 today. And then of course, there will be a  
13 chance for the council members to discuss and  
14 ask questions on any one of these proposals  
15 before they consider giving their consensus.

16           So, that are the road rules for  
17 today. And so with that, I will turn it back  
18 over to our chairman to start with the  
19 committee reports.

20           CHAIRMAN SCHWAB: Thanks, Dan. Our  
21 first report will be coming from Ted Beck who  
22 is the chair of our Outreach Committee, Ted.

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1 MR. BECK: Thank you, Mr. Chairman.  
2 There's, if you would look under Tab A from  
3 council members' books, I have an update on  
4 three projects underway, and also two  
5 proposals to submit to the Council.

6 First of all, the updates, we are  
7 in the process of developing a media plan that  
8 will be shared with all Council members, that  
9 will include messaging. And also I'll be  
10 speaking to the other committee chairs in the  
11 near future to make sure outreach activities  
12 from their specific committees will also be  
13 incorporated in that document.

14 We're also developing two types of  
15 public listening sessions to expand on what  
16 was already achieved in the public comment  
17 piece. Those include town hall format for  
18 very large meetings, and also small group  
19 listening sessions, which we think would be a  
20 very important source of information for us  
21 going forward. We should be able to present  
22 those outlines in our next formal meeting.

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1           The third area for update is under  
2 public comments. We received, during the  
3 public comments section, actually 155  
4 comments, and it covered a wide range of  
5 educators, individuals, non-profit  
6 organizations, service providers, professional  
7 organizations, and local government. A very  
8 impressive effort and a lot of excellent  
9 information.

10           To touch quickly on a couple of the  
11 key areas, as the questions were really  
12 divided into our five focus areas. First,  
13 under youth there was a general consensus on  
14 the need to include financial education in  
15 schools; an emphasis on continuous age-  
16 appropriate programs; and also the need for  
17 more teacher training; concerns over space and  
18 curriculum, were some of the themes that were  
19 very common in the comments on youth.

20           In workplace, excellent recognition  
21 of the potential for workplace education.  
22 Some concerns over relying solely on providers

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1 for that information, and recognition that  
2 there was a great deal of focus on 401(k)  
3 retirement, rather than overall education.

4 Moving to under-served, recognized  
5 as an area of critical importance by almost  
6 all of the comments made. Also, recognition  
7 of the need to develop relevant information  
8 and delivery methods to different communities.

9 And several comments on the concept  
10 that one size does not fit all, and that we  
11 have to be very sensitive in developing  
12 financial literacy programs that make sense to  
13 different communities.

14 Under research, recognition of the  
15 need to expand the research efforts,  
16 specifically focusing on behavior change and  
17 that it should be forward looking, and again,  
18 that measurements should be included to make  
19 sure we're achieving our goals.

20 Under awareness, strong support for  
21 a public awareness campaign. And again,  
22 emphasis on trying to find ways to reach and

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1 make sense to people.

2 As a few overall comments, one of  
3 the things that I found most encouraging in  
4 reading all 155 of the documents is that there  
5 was a sense of shared responsibility. No one  
6 said, "This is something somebody else should  
7 take care of." So across the entire  
8 community, there was a great desire to  
9 contribute and help.

10 A need for coordination from  
11 organizations like ours. A significant number  
12 of volunteers available who would like to be  
13 enrolled in that exercise, and also  
14 recognition of the need to create demand.  
15 There's good supply and we need more demand  
16 for financial education. And also, several  
17 questions on the role of potential incentives  
18 to employers and individuals to be engaged in  
19 the exercise.

20 So, that's a quick summary of the  
21 public comments. The public comments are all  
22 posted on the Treasury website and there is a

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1 CD of their comments that is included in your  
2 book.

3 With that, I'd like to move to our  
4 proposals. If you look under the proposal  
5 section, there are two I'd like to discuss.  
6 What I'd like to do is to put the proposals  
7 together and then we can come back and if you  
8 have questions on some of the outreach efforts  
9 we're doing, I'd be happy to take those at  
10 that time.

11 The first proposal is regarding an  
12 Outreach Committee proposal regarding our  
13 website. There is currently the Treasury  
14 website, however the council members have  
15 expressed interest in making information more  
16 easily available by creation of a new Council  
17 website with a shorter, more user friendly  
18 address. This would include a place for  
19 general public to learn about what we're  
20 doing.

21 The website would be categorized by  
22 the five committee areas initially. It would

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1 also provide a mechanism for people to submit  
2 their interest in supporting our efforts. It  
3 would also provide a place for Council related  
4 press releases.

5 So, the action item that our  
6 committee is proposing, as listed in the book,  
7 is that the Council consider and approve this  
8 recommendation to Treasury.

9 CHAIRMAN SCHWAB: If we take these  
10 one at a time, I guess. So, I think it's a  
11 great idea to, that is the way we communicate  
12 today is through the web, for sure. Can I  
13 have a motion for approval?

14 MR. IANNICOLA: I would suggest,  
15 with the chair's permission, can we ask if  
16 there's any questions or comments on the  
17 proposal?

18 MR. MCGRATH: I would just have one  
19 comment. I think Dr. Hira would note that  
20 this is consistent with what the Research  
21 Committee is doing and looking at the same  
22 proposals. We're also discussing this in our

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1 committee and it's absolutely consistent with  
2 our view.

3 CHAIRMAN SCHWAB: All right.

4 MR. IANNICOLA: I guess if you want  
5 to try to see if there's a consensus.

6 CHAIRMAN SCHWAB: Okay, I think  
7 there might be a consensus here. Should we  
8 have, I think, can I have a motion for  
9 approval of this?

10 (Moved and seconded.)

11 CHAIRMAN SCHWAB: Second. All in  
12 favor please say aye.

13 Good luck now.

14 MR. BECK: Going to the second  
15 proposal, if you flip the page, there's a  
16 fairly extensive background on the financial  
17 literacy volunteer initiative that gives great  
18 history on the White House, USA Freedom Corps  
19 effort that was launched in March and  
20 background linking it back to 2002 where  
21 President Bush issued a national call to  
22 service and created the USA Freedom Corps.

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1           The proposal, as put forward by the  
2           Committee, is to recommend to the President  
3           through the Secretary of the Treasury that the  
4           Council work with USA Freedom Corps to rename  
5           the financial literacy volunteer initiative  
6           and re-brand it as a council-recommended  
7           initiative with a mutually agreed upon name.

8           So, the action item is that the  
9           Council consider and approve this  
10          recommendation. Are there any questions on  
11          that? I'm not going to read the entire  
12          background, because of time issues. So,  
13          hopefully you've had a chance to look at that.

14                   CHAIRMAN SCHWAB: Any questions for  
15          Ted?

16                   MR. BECK: I move approval.

17                   CHAIRMAN SCHWAB: Okay, move  
18          approval, can I have a second please?

19                   (Moved and seconded.)

20                   CHAIRMAN SCHWAB: All in favor,  
21          please say aye.

22                   MR. BECK: If there any follow up

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1 questions to the items that we're working on,  
2 including the public comments, I'd be happy to  
3 take those at this time. I'd also like to  
4 thank the Council members who themselves  
5 submitted comments. There were several. If  
6 there are no questions, that's the end of my  
7 report.

8 MR. IANNICOLA: If I may just jump  
9 in on behalf of Treasury, wanted to thank the  
10 public for submitting those comments and I'm  
11 sure a lot of the people in the room did that;  
12 and then for Ted for taking the point and  
13 going through each and every page of those  
14 first. I'm sure many of the Council members  
15 will have a chance to do that later, but that  
16 was a very valuable analysis for us and we  
17 appreciate your efforts.

18 CHAIRMAN SCHWAB: I hope somebody  
19 doesn't have their Blackberry on, because it's  
20 sort of interfering with our electronics here.  
21 If your Blackberry is on, please turn it off  
22 while you're in this room. It interferes with

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1 our communication here extensively.

2 Okay, well thank you very much, Ted  
3 and thank you to the members of the Outreach  
4 Committee. Incredible amount of work, I do  
5 know. And hopefully you're happy with our  
6 approval of the work you've done.

7 Next I'd like to turn to Dr. Hira,  
8 who is the Chair of our Research Committee,  
9 and I would like to have her give an update on  
10 the Committee's work on research.

11 DR. HIRA: Thank you, Mr. Chairman.

12 I would first take a moment to introduce my  
13 committee members to you. Mary Shapiro, who  
14 is not able to attend this particular council  
15 meeting today. Mr. Don McGrath, you just  
16 heard him speak. Mr. Robert Duvall and  
17 myself.

18 So, it's a small committee with  
19 four people. I want to thank them for all the  
20 work that they have done with me. This  
21 committee had three different items on which  
22 it has been spending its time.

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1           The very first one was, we had a  
2 request from to respond to the baseline survey  
3 of the adults' financial literacy that is  
4 underway by the Financial Industry Regulatory  
5 Authority Investor Education Foundation, and  
6 you hear that as FINRA. FINRA is the name,  
7 but the long name is Financial Industry  
8 Regulatory Authority Investor Education  
9 Foundation. They're in the process of  
10 conducting a baseline survey of adults'  
11 financial literacy.

12           So, the committee was asked to  
13 respond to it and the main question was that  
14 are they measuring the critical components of  
15 the financial literacy in order to come back  
16 with a conclusion, what is the level of  
17 financial literacy in our nation.

18           So in order to respond to them, we  
19 had to do some work to come to an agreement  
20 what we think are the minimal critical  
21 components of an educational program that  
22 could be called financial literacy.

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1           So, we reviewed their topical  
2 outline, general broad topical outline, but  
3 that generated the discussion with us, which  
4 led us into doing two key, I think, works.  
5 And one was, well what is financial literacy?

6       Because financial literacy currently is being  
7 used for just about everything. Whether it's  
8 a course on investments or 401(k) plan, as it  
9 was mentioned in the comments, or it's  
10 retirement planning; or it is a comprehensive  
11 program which covers cash flow management,  
12 credit management, risk management and basic  
13 saving and investment. Is that financial  
14 literacy?

15           So as you know, there are  
16 standards. As you know, there are contents,  
17 but I do, I'm okay if I say this that there's  
18 no nationally agreed upon content list that we  
19 can all say unless this is being done, let's  
20 not call that financial literacy. Call it  
21 whatever it is, and there's nothing wrong or  
22 right with that, but just not have apples,

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1 oranges, pears, and peaches to be compared all  
2 at the same time.

3 It's a very critical issue, because  
4 it's starting to hurt us. If you, and those  
5 of you who are into research and are reviewing  
6 it and reading it, there are research studies  
7 that are saying that, the financial literacy  
8 courses are really not affecting positively  
9 the education, skills, or people's  
10 performance.

11 So, the reason that they're  
12 comparing a course, which we don't know what  
13 is that offering, they're taking a survey that  
14 is being offered by the Jump \$tart, and  
15 they're saying people who took the course  
16 versus didn't take the course didn't do well  
17 on that. And that's a very serious situation  
18 that we're going to face when.

19 So moving from there, if you look  
20 at Appendix A, we have two proposals for you.

21 One is that the Committee has worked on most  
22 critical personal finance topics as

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1 identified, first by the Research Committee.

2 Then it went to most of the Council  
3 members, and this is our starting point.  
4 We're going to work on it and I propose that  
5 the larger committee allow us to continue to  
6 work on that and refine those, and reduce  
7 those 14, 15, 20 topics to perhaps five or six  
8 that we can all endorse. And then we request  
9 that a financial literacy course or program  
10 has minimum of that. That's the minimum  
11 criteria.

12 So my request to you, as a  
13 proposal, would be that's our large list that  
14 we propose to you, Council members, and all of  
15 you I personally talked to and got some  
16 feedback from, but would like to work and come  
17 back to you after having a little time.

18 The second thing that we, as you  
19 earlier heard mentioned in the comments area  
20 too, that we as a research committee have been  
21 working on identifying the gaps in the  
22 research. The most important question once

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1 again comes up.

2           And there are some people who are  
3 raising a very basic question. Does the  
4 education really matter? Does the education  
5 really change the behavior? Are the programs  
6 that we're offering effective? Have they been  
7 ever evaluated? And if they are, on what  
8 criteria, what standards?

9           So we have, once again, been  
10 working as a committee as first, generating  
11 the list of topics that need to be further  
12 researched, meaning the gaps in the current  
13 research.

14           Then we have shared them with the  
15 larger council. I spoke with each and every  
16 one of them, and once again, we proposed to  
17 you that you give us the permission, looking  
18 at the Appendix A, the second part of that is  
19 list of the gaps in the research, and we  
20 defined them and we bring back to them to you  
21 as the Council, and then we will ask for your  
22 endorsement later.

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1                   And we would like, then, to be  
2 presented to the researchers for the future.  
3 We'd like to present them to the funders of  
4 the research, so they know that there is  
5 important work that needs to be done. And  
6 that's my report, Mr. Chairman.

7                   CHAIRMAN SCHWAB:     So, Dr. Hira,  
8 what we're trying to do is to create a  
9 standard around what is financial literacy in  
10 the context of someone who's 25 years of age,  
11 I presume.

12                   And it might be a little bit  
13 different when you're 50, but at 25 starting  
14 out. So, there would be some kind of, and all  
15 that would end up being on their website. It  
16 would end up being in booklets, or how do you  
17 think?

18                   DR.     HIRA:             Widely,     widely  
19 distributed.     I'll be talking to my friend  
20 right here.     I would, the question I pose to  
21 the Research Committee, as well as to the  
22 Council, was don't think about the age.     Don't

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1 think about the background. I do appreciate  
2 that the later work.

3 We're talking about minimum  
4 standards. Currently in our country, we're  
5 facing crises of a personal finance nature.  
6 People are losing homes. Bankruptcy and, God  
7 help us, in the part of the country I come  
8 from with floods we are even going to have,  
9 the worst situations.

10 The question I raised was this,  
11 that what do you think are the minimal four to  
12 five things that if people had known how to do  
13 it, perhaps we wouldn't be making everybody  
14 healthy financially, but most of the people we  
15 could have saved them from disaster. Those  
16 were the five questions.

17 I submit to you very respectfully  
18 that those five or four things are critical  
19 and common to everybody. A person who's in  
20 high school, or even for that matter middle  
21 school, all the way to an adult who might be  
22 working out there, but still haven't grasped

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1       them.  What are those?

2                       And I can rattle them off here, but  
3       I don't think that's the point.  The point is  
4       that the subcommittee, and then the larger  
5       Council, have to come to agree upon.

6                       But I do not want them to be  
7       limited to, and remember those are the  
8       minimal, people can build on them, but if it  
9       is less than that, let's not call that  
10      financial literacy.  Call it a topic of  
11      education.

12                      CHAIRMAN SCHWAB:  Well, I think  
13      it's very important work to finally define  
14      what it really is, because it is a very  
15      abstract term that we use and we want to bring  
16      it down, of course, to a tangible thing, so  
17      most of us can understand.

18                      DR. HIRA:  And one more point I'd  
19      like to make, Mr. Chairman.  We as a council  
20      have already started to do the work where we  
21      are recognizing people who are doing a good  
22      job in financial literacy.

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1           If we're going to award them, and  
2 reward them, and recognize them, today we  
3 recognize individuals. Tomorrow we might be  
4 recognize educators, or employers, or somebody  
5 else. If we're going to do that, what is it  
6 that we're going to compare?

7           So, I think it's important for  
8 ourselves, and if the rest of the world buys  
9 into it, I think it's a critical need in the  
10 nation that we will be meeting. And that will  
11 be a great service to the profession, as well  
12 as to the country as a whole.

13           CHAIRMAN SCHWAB: Well, I think  
14 it's very important work. Any other questions  
15 by the committee members on the subject? If  
16 not, I guess, Doctor, you have sort of  
17 approval of the direction you're going. We'd  
18 all like to say maybe go faster, because I  
19 think it's an essential need that you're  
20 about.

21           So, how should we do this formally?

22           It's not really a resolution. Do we just

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1 say, how about a round of applause for the  
2 work she's doing.

3 (Laughter and applause.)

4 DR. HIRA: Thank you.

5 CHAIRMAN SCHWAB: All right.

6 DR. HIRA: Thank you.

7

8 CHAIRMAN SCHWAB: So thank you very  
9 much, Doctor. So, let's move on to a very  
10 important committee of this group, our  
11 Underserved Committee, my good associate here,  
12 John Bryant is our chairperson of that and he  
13 will give a full report.

14 There's a lot of work going on  
15 there and there's some work that's completed  
16 and some we will give some priority to to try  
17 to get completely wrapped up, hopefully within  
18 the next 30 days. John, do you want to give  
19 us an update?

20 VICE-CHAIRMAN BRYANT: Good  
21 morning, everybody. I want to, first and  
22 foremost, say that this committee has some

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1 extraordinary leaders on it, and I'd like to  
2 acknowledge them. Reverend Dr. Robert Lee,  
3 Ignacio Salazar, Sharon Lechter, and we also  
4 have as our advisors United States Treasurer,  
5 Anna Cabral and Carrie Schwab Pomerantz of the  
6 Schwab Foundation. And I want to commend them  
7 for an extensive time commitment to this  
8 committee over the last two and a half months.

9 We have several proposals for you  
10 to consider today. Let's start with the  
11 initiative on the future of responsible  
12 subprime lending. One of the things that we  
13 have discovered with this committee is that  
14 financial literacy really impacts people's  
15 lives in a real way.

16 If you're trying to go to college,  
17 and you're a minority, the biggest stumbling  
18 block is not academics, it tends to be money.

19 And so financial literacy, whether it's  
20 academics, or whether it's credit cards, or  
21 whether it's subprime mortgages seems to have  
22 some relevance.

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1           Accordingly, we thought that we  
2           should address the future of responsible  
3           subprime lending under the theory that there's  
4           nothing wrong with responsible subprime  
5           lending.

6           The problem is that what has been  
7           done today is something other than responsible  
8           subprime lending, and that we want lending to  
9           continue on some responsible basis as post-  
10          crisis. That credit should continue to be  
11          made available on a responsible basis, post-  
12          crisis.

13          Accordingly, on May 28<sup>th</sup>, a meeting  
14          was held in this room where we brought  
15          together a range of experts and leaders. Let  
16          me very quickly acknowledge Undersecretary,  
17          Robert Steel, the Undersecretary for Domestic  
18          Finance at Treasury who spoke on that day and  
19          you can find his full comments and highlights  
20          of Council activities. It's a very extensive  
21          and substantive report that I would encourage  
22          you to look at. It says more than I can say

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1 about the nature and substance of what we  
2 propose.

3 Also, Assistant Secretary Dave  
4 Nason, Comptroller of the Currency, John  
5 Dugan, SEC Commissioner, Paul Atkins, OTS  
6 Director, John Rich, all spoke on that day and  
7 provided public remarks of support.

8 Additionally, we had a working  
9 group that worked for hours on recommendations  
10 and that included the Deputy Comptroller of  
11 the Currency, Barry Wide, and the FDIC's Bob  
12 Mooney, Cara Hayden of Wells Fargo, Bill  
13 Longbrake of the Financial Services  
14 Roundtable, and Ken Wade of NeighborWorks.

15 The recommendations, the  
16 recommendation work was industry-led and in  
17 consultation with the entities that are listed  
18 in your binder, I won't go through them,  
19 they're there for you as a resource.

20 I think today what we want to do is  
21 to seek support for a framework that says,  
22 really for the first time, that financial

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1 literacy should be at the baseline of future  
2 responsible subprime lending as a philosophy.

3 The committee will take some  
4 additional time in consultation with council  
5 members to work through some of the details of  
6 the specific recommendations and come back at  
7 the next public meeting.

8 We, again I'll summarize by saying  
9 that this is something that is industry-led in  
10 consultation with a broad range of  
11 institutions from government, community, and  
12 the private sector that enjoys a wide range of  
13 support because of that.

14 And I want to thank all of those  
15 acknowledged by name, and not for their  
16 support in this regard, not the least of which  
17 is Chairman Schwab. So, over to you and  
18 before I go to the next --

19 CHAIRMAN SCHWAB: All right, John.

20 Well, as we know, mortgages and owning a home  
21 is probably the first and most important thing  
22 that a family can do for themselves, and for

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1 some people, younger people, and bank people,  
2 some start out with subprime and we want to  
3 make it lead to prime. We would like everyone  
4 who's in the subprime category, whatever leads  
5 them there, to be in the prime category.

6 So, financial literacy is about,  
7 frankly, leading people along that path to a  
8 prime borrowing area. So, a lot of work has  
9 gone on into the recommendations on best  
10 practices with respect to responsible subprime  
11 lending and we have had some discussion about  
12 it before the meeting.

13 I think our board members need a  
14 little more time to review and vet this thing.

15 We just had this output. They've been  
16 working extremely hard. As John said, they  
17 had a meeting right in this room on May 28<sup>th</sup>  
18 and just putting this document together we  
19 felt that we needed a little bit more time  
20 vetting by the committee before we sort of put  
21 our full approval on it, and everyone's agreed  
22 to do that.

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1           Any comments from the other members  
2 of that subcommittee? John's subcommittee, or  
3 other members of this group. If not I think,  
4 John, we'll take it as submitted and thank you  
5 for that work and we'll make every effort to  
6 get this thing put into a final product  
7 shortly.

8           VICE-CHAIRMAN BRYANT: And so with  
9 that said, and again the only thing today  
10 we're, just want to acknowledge something we  
11 are proposing today with regard to that is  
12 that financial literacy should be part of the  
13 process for responsible lending. So, I want  
14 just out of respect to get general  
15 acknowledgment of that before we move on.

16           CHAIRMAN SCHWAB: I don't think  
17 there's any disagreement on that at all.  
18 Anyone want to make a comment on that? Step  
19 up. Sharon, you're part of the committee.

20           MS. LECHTER: Well, I would like to  
21 acknowledge John for pulling this meeting  
22 together that we had with the industry, and I

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1 would like to underscore his comments about  
2 this is not a movement just by this committee  
3 or this Council. And this is something that  
4 has the buy-in, in a big way, from the  
5 industry as well as from the regulators.

6 And so, when you see real positive  
7 desire on all parts to try and pull together a  
8 best practices that would incorporate  
9 financial literacy as a foundation for  
10 supporting the individuals. Specifically, not  
11 only to be able to get into homes, but to move  
12 in that process through the subprime to a  
13 prime lending.

14 And we have had many of the  
15 institutions, the heads of them, as well as  
16 the regulators buy into it, participate, and  
17 help create a plan. And I think we're going  
18 to continue getting that put together, so that  
19 we can present something to the entire Council  
20 at our next meeting.

21 CHAIRMAN SCHWAB: Thank you,  
22 Sharon. Anyone else would like to make a

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1 comment?

2 MR. MCGRATH: Mr. Chairman?

3 CHAIRMAN SCHWAB: Yes.

4 MR. MCGRATH: I want to commend  
5 John and his committee for their work in this  
6 area. I think it's critically important that  
7 we not limit access to credit by underserved  
8 communities in an effort to, in our ardor, to  
9 solve the subprime crisis.

10 And I think that it's important  
11 that the committee or the Council take a  
12 positive view of financial literacy as a key  
13 element in going forward in any kind of  
14 lending, but particularly in mortgage lending.

15 So, John, to you and your committee, great  
16 job.

17 CHAIRMAN SCHWAB: I think it's with  
18 the notion that we all think that subprime is  
19 a gateway to prime, and we've got to make the  
20 subprime area healthier so that it survives  
21 this present period. So with that, we'll move  
22 on, John.

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1                   REV. DR. LEE:    Mr. Chair, I also  
2 would like to add my congratulations to the  
3 Vice-Chair, John Bryant, for his work and  
4 leadership.    And also, just for putting the  
5 stake in the ground.

6                   Council is not just about  
7 philosophy, it's about bringing some real  
8 relief to those underserved folks in this  
9 nation that need some relief, and I'm thrilled  
10 with the response from the industry.

11                   And I'm happy that we're going to  
12 have some time to gain more response from the  
13 industry, so that this is something that we do  
14 together.    I think we're going to come out  
15 with a product that will substantially help  
16 those folks in the underserved sectors of our  
17 country.    And, John, thank you so much for  
18 what you're doing.

19                   VICE-CHAIRMAN BRYANT: I thank you,  
20 Reverend Lee.    You know, Mr. Chairman, we'll  
21 move on to the next item.    As we were going  
22 through this process, I had to think back to

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1 when my dad lost our home 20 years ago.

2 And my dad's a brilliant guy, very  
3 smart business owner, but he asked what was  
4 the payment, not what was the interest rate.  
5 And my dad's not a dumb guy, but it's what he  
6 didn't know that he didn't know.

7 I just wonder if we had financial  
8 literacy at the baseline would he have been  
9 better equipped to make better choices. So, I  
10 think that what we're doing here is  
11 commendable and important and relevant, and I  
12 want to thank the committee for its leadership  
13 in this regard. It matters.

14 Let's now move on to the proposal  
15 from the SBA with respect to the support for  
16 the establishment of an Office of  
17 Entrepreneurial Education. I'd like to ask a  
18 committee member, Ignacio Salazar who took the  
19 lead on this, to give us a report on his  
20 findings and his recommendation. Member  
21 Ignacio Salazar.

22 MR. SALAZAR: Thank you. It's

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1 refreshing we see that entities within  
2 government are cooperating and collaborating.

3 What we find many times it that we would all  
4 like to be the owners of everything that comes  
5 out, but from time to time we make good  
6 decisions for the betterment of all.

7 There was a request for supporting  
8 collaboration that came forth from the Small  
9 Business Administration. It came from Anoop  
10 Prakash who is the Associate Administrator for  
11 the U.S. Small Business Administration. And  
12 he is requesting that we work with them in  
13 their proposed establishment of an Office of  
14 Entrepreneurial Education.

15 Through their department, through  
16 their office they have contact with many  
17 businesses across the nation, over 1.4  
18 million. They also have \$150 million that  
19 they provide in grants throughout the year to  
20 promote entrepreneurial education. They have  
21 access to individuals in high school and  
22 college, and it's a very good vehicle for

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1 promoting financial literacy.

2           What they're looking for is for us  
3 to collaborate with them to provide  
4 recommendations, support, to act with them in  
5 formation of this, and to provide insight. We  
6 are asked to consider making recommendations  
7 that will promote their aggressive work and to  
8 increase entrepreneurial education as part of  
9 its efforts to advance financial literacy.

10           So, our role really is fairly  
11 simple, to do the right thing, to work in  
12 collaboration, and provide them with input and  
13 support. And with that, I would ask that we  
14 consider doing that and that we refine that as  
15 we move forward, and take an active role with  
16 them.

17           Perhaps as this comes forth, to  
18 consider making public statements collectively  
19 that we're with, that we're supporting this  
20 and that we're working collectively with them.

21           So, I would consider that we would do this  
22 and making recommendations as the Council for

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1 the creation of the Office of Entrepreneurial  
2 Education.

3 CHAIRMAN SCHWAB: Thank you,  
4 Councilman. This certainly is a wonderful  
5 endorsement of what we're doing here. There's  
6 outreach by other parts of the government to  
7 share in some of the work that we're about  
8 here, and of course, I think we all agree that  
9 that's a great thing to do, and we should  
10 support that.

11 A lot of our work will be easily  
12 communicated through our new website, and that  
13 would be one very fast way to get onboard to  
14 support them. Certainly our work that will  
15 include sort of all of the things that we're  
16 doing, including the subprime discussion we  
17 just had, would be part of our communication,  
18 including our web and so many things, our  
19 things we just did with the children.

20 But, any comments from the  
21 remaining part of the board here as to whether  
22 or not we should support that, or whether or

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1 not we should encourage other parts of the  
2 government to seek us out. I think it's a  
3 pretty great idea, frankly.

4 VICE-CHAIRMAN BRYANT: Let me  
5 underscore that, particularly with respect to  
6 underserved communities, entrepreneurship in  
7 many ways is not the only way out, but it is a  
8 practical way out for a lot of these young  
9 people.

10 They may or may not get a job in  
11 corporate America. They may or may not have  
12 that opportunity, but they can become  
13 entrepreneurs and self-employment projects.

14 And I think the SBA should be  
15 commended for, as you said, Chairman Schwab,  
16 for wanting to do this, taking the leadership,  
17 allocating the resources, and the least we can  
18 do, I believe, is to support their good work  
19 in this regard.

20 CHAIRMAN SCHWAB: One of the things  
21 that we all understand is that small business  
22 that creates the job formation in America,

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1 it's not the big business, it's really the  
2 small businesses. The SBA is all about small  
3 business.

4 And this communication of literacy,  
5 the faster we get kids on board with the more,  
6 hopefully they will be part of creating new  
7 jobs, new opportunities for other people. So,  
8 I suggest we all say a round of applause for  
9 this idea, too. How about that?

10 (Applause.)

11 VICE-CHAIRMAN BRYANT: I think, by  
12 the way, I think I just eyeballed the  
13 Associate Administrator for the SBA. He's in  
14 the room. Anoop, why don't you stand up and  
15 be acknowledged. Thank you very, very much.

16 The next proposal we'd like to put  
17 before you, and this is not a proposal for  
18 approval today. We would like it  
19 acknowledged. We can have a robust  
20 conversation with respect to it. There does  
21 need to be a bit more detail work done on it,  
22 but we have again, similar to the subprime

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1 initiative we have a framework in place.

2 This proposal from the Underserved  
3 Committee is a creation of a model city  
4 program. I'd like the leader for this  
5 initiative, member Sharon Lechter, who you  
6 might know as the co-author of the "Rich Dad,  
7 Poor Dad" series, and is brilliant, to take  
8 the lead on this report. Sharon.

9 MS. LECHTER: Thank you, John. The  
10 creation of the model city program is a way to  
11 extend the collaboration that we've just  
12 discussed with the Small Business  
13 Administration, but also for us to engage the  
14 city governments in the importance of  
15 financial literacy. Not only within their own  
16 employee structures, but for the citizens of  
17 their state, of their cities.

18 And it's important that we create a  
19 program that will engage them, but not overtax  
20 them. And so, we're creating that structure  
21 so that the city governments can not only  
22 fulfill the requirements of providing

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1 leadership for their cities, but to improve  
2 the economic conditions of the cities. And  
3 that begins from inside the city government.

4 If we can have healthy city  
5 government employees and they go out and help  
6 support those programs that are in the city to  
7 educate the young people, to educate  
8 employers, to support their employers within  
9 their city governments to also educate their  
10 employees, we can create this as a revolution  
11 from inside the city governments and support  
12 the citizens of their cities.

13 And I think we will see a  
14 tremendous engagement by the city leaders, and  
15 we are creating that framework as we speak.  
16 And hopefully, we can present that at the next  
17 meeting.

18 VICE-CHAIRMAN BRYANT: Thank you,  
19 Sharon, for your leadership there. I'd like  
20 Chairman Schwab to let our next member also  
21 report on the state initiative and then we can  
22 take questions and comments for both at the

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1 same time.

2 So, the next member of the  
3 committee, then Right Reverend Doctor Robert  
4 Lee, who makes sure that all of our efforts in  
5 this council are holistically and spiritually  
6 correct. I want to make sure that he can  
7 speak with effect to the creation of a model  
8 state program, Reverend Doctor Lee.

9 REV. DR. LEE: You promoted me, Mr.  
10 Vice-Chairman. I'm not right all of the time,  
11 but I appreciate the comment. What we're  
12 doing at the state level is basically  
13 piggybacking what we're doing at the city  
14 level. It's important to get the engagement  
15 of everyone at the state level from the  
16 Governor on down to understand the need for  
17 financial literacy in the states.

18 We're coming up with some programs  
19 right now that would be crucial, in terms of  
20 incentive, to bring them and the public school  
21 systems in their states into line with what we  
22 think they ought to be doing with financial

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1 literacy.

2           There would be some rewards, we're  
3 talking about giving them a certificate from  
4 this Council, or even from the President,  
5 designating them as a model state.

6           We're in the process of gathering  
7 some more information, meeting with some  
8 governors and some state leaders with regard  
9 to what it is that they're looking for, and  
10 what would be helpful in terms of initiating  
11 these programs within the state. So, thank  
12 you and we're looking forward to having some  
13 resolutions on which we can act at our next  
14 meeting.

15           CHAIRMAN SCHWAB: I just have to  
16 say that I think that it's pretty exciting to  
17 think about the work that we're doing here  
18 being cascaded out, if we can, to states and  
19 the cities.

20           I know there would be a big issue,  
21 question, about how we're going to communicate  
22 all of that and how we're going to get it

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1 done. I know work is in progress here, but  
2 certainly is a very ambitious wonderful.

3           Hopefully, we can do this and do it  
4 effectively, and do it in a big way. When do  
5 you expect to have that sort of put together?

6           VICE-CHAIRMAN BRYANT: At the next  
7 meeting. Within 30 days.

8           CHAIRMAN SCHWAB: They're moving  
9 pretty quickly. And they're unpaid to boot.  
10 Okay, anything else, John?

11           VICE-CHAIRMAN BRYANT: Well, any  
12 questions or comments or thoughts with respect  
13 to the proposed model city or model state,  
14 again it's not being called upon for a vote  
15 today, but we should have robust conversation  
16 in this regard. Questions or comments from  
17 council members?

18           MS. LECHTER: I would invite the  
19 council members to engage their own cities,  
20 their own governors, to volunteer to support  
21 us in this effort and help us get it launched  
22 by having buy-in from several cities, as well

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1 as several states, so that they can help us  
2 craft this, so that they have participated  
3 just as we did in subprime, asking them to  
4 participate in it, so that we make it that  
5 will be easy for them to use and support and  
6 they can share it with others.

7 And I say, let's find the leaders  
8 who will step up to the plate and help us get  
9 this in action. So, any of the Council  
10 members that are close to your mayors or  
11 governors, please have them call me.

12 VICE-CHAIRMAN BRYANT: Mr.  
13 Chairman, you should know that there are  
14 several big city mayors, as well as a governor  
15 or two who've already expressed interest in  
16 the model city and model state program. It's  
17 something that they would be very excited  
18 about and would like to aspire to.

19 CHAIRMAN SCHWAB: You can count on  
20 California. That's where I'm from. There are  
21 a few there. Any other report outs, John?

22 VICE-CHAIRMAN BRYANT: That is it,

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1 sir. That is the conclusion of my committee  
2 report.

3 CHAIRMAN SCHWAB: Okay, thank you  
4 very much. We'll move on to the Workplace  
5 Committee. Janet Parker, who is our Chair  
6 there at Workplace Committee. Where is Janet,  
7 on my far right?

8 MS. PARKER: Thank you, Chairman  
9 Schwab. Good morning, everyone. Before I  
10 talk about the work of the Workplace  
11 Subcommittee, I'd really like to introduce our  
12 subcommittee members. I'll start off with  
13 Tahira Hira, David Mancl, Mary Shapiro who is  
14 not here with us this morning, Chuck Schwab,  
15 and Ignacio Salazar.

16 Also, I would be remiss if I didn't  
17 also recognize our advisors on this committee,  
18 Carrie Schwab Pomerantz, Mike Townson, and  
19 Nancy Hammer from the Society for Human  
20 Resource Management.

21 The goal of our subcommittee was to  
22 look at a way that we could encourage

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1 employers to really become more focused on the  
2 importance of financial literacy in the  
3 workplace.

4 We were fortunate, because we were  
5 considering our approach to have information  
6 from Schwab focus groups, 401(k) sponsors, and  
7 we looked at the data from that group. We  
8 were also fortunate to have information from  
9 SHRM members. We conduct, SHRM conducts an  
10 online member poll.

11 As we looked at the feedback from  
12 both of these groups, it really did reinforce  
13 what we really already knew, in that employers  
14 are obviously very concerned. One aspect is  
15 that so few are contributing nothing or just a  
16 minimum to the 401(k) plan. Also, employers  
17 are reporting an uptick in the request for  
18 loans from the 401(k) program.

19 If you'd like to see additional  
20 information on these findings, you can access  
21 this under Appendix C. After a discussion  
22 about the different approach that we might

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1 consider, the group came to a consensus. Then  
2 an honor roll program that would focus on  
3 recognition of employers that have really  
4 created very solid, sound financial wellness  
5 programs, and to recognize their innovative  
6 efforts.

7 We also felt like through a  
8 recognition program, it would also give a  
9 framework for other employers who've said, I'd  
10 like to do something, but I'm really not clear  
11 on how I should approach this.

12 So, this would be a good way to  
13 really frame up the best practice. Today we  
14 are not ready to submit a proposal, but what  
15 we would ask the Council to consider is our  
16 approach, which would be an honor roll  
17 program, again, that would recognize  
18 innovative industries, regardless of their  
19 size, the demographics, their focus.

20 But it would be to recognize those  
21 employers who have really taken the lead to  
22 create programs for their employers, for their

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1 employees, because we know that this may be  
2 the only time that an employee may have access  
3 to that type of education.

4 The program, just to give you an  
5 overview of what the program would focus on,  
6 the recognition would focus on the level of  
7 education that an employer would provide, the  
8 tools that they provide for their employees to  
9 access the information, the delivery of the  
10 information, the outcome, and also the  
11 employer's commitment to sustainability for a  
12 program. So, I would like to stop here and  
13 ask for any questions or comments.

14 CHAIRMAN SCHWAB: So, we know the  
15 401(k) is probably the single, next to  
16 someone's house, the single most important  
17 place that a person can save for their future.

18 It is representing as high as 35% or 40% of  
19 someone's savings, and of course a source of  
20 income for retirement time period after social  
21 security.

22 So, it's really important that

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1 people start off right as a young person and  
2 get it right throughout their whole working  
3 career. So, I think it's, you're right on  
4 here, Janet. Any questions for her or her  
5 committee? So, you'll attempt to have some  
6 recommendations coming up at the next meeting?

7 MS. PARKER: Chairman Schwab, we're  
8 on a very fast track to get this information  
9 to Treasury in the form of a proposal. We  
10 hope to that around the first of July, to have  
11 that for consideration at the next full  
12 council meeting.

13 CHAIRMAN SCHWAB: Great. Any  
14 questions? Okay, let's move on. I think  
15 we're on a pretty good pace here. Now I'd  
16 like to turn to Laura Levine who's Chair of  
17 our Youth Committee, and to see the work that  
18 she's doing.

19 I know a good part of the work was  
20 last night, the National Financial Literacy  
21 Challenge, which we saw the results of that  
22 last night. 46,000 kids, 10 showed up last

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1 night and you saw them today, earlier today.  
2 Wonderful, bright people, leaders of the  
3 future. Where is Laura?

4 MS. LEVINE: Thank you, Mr.  
5 Chairman. Good morning, everyone. In the  
6 interest of time, I'm just going to thank my  
7 committee collectively for all of their hard  
8 work and for getting up early this morning to  
9 meet at 7:30.

10 I would like to start by noting  
11 that our full report is in this notebook, but  
12 I have a few additional comments to make and  
13 one proposal. When the President's Council  
14 was appointed earlier this year, it endorsed a  
15 number of initiatives that were already in  
16 development. And one of those was the second  
17 printing of Money Math, Lessons for Life,  
18 which is an 86-page middle school math  
19 curriculum designed to help students better  
20 understand math through real-life examples of  
21 personal finance.

22 Money Math is a product of the

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1 Treasury Department made possible through the  
2 generation of Citi and the contributions of  
3 the University of Missouri, St. Louis; and  
4 Jump \$tart contributed to that as well. Since  
5 February, more than 1200 copies of this book  
6 have been distributed at no cost to the  
7 teacher.

8           Additionally, the electronic  
9 version of Money Math has been downloaded  
10 53,468 times from the Treasury website. We  
11 are just delighted and we appreciate the  
12 support, especially from the Underserved  
13 Committee in promoting the use of Money Math  
14 as a curriculum.

15           This morning at our meeting, we  
16 discussed some additional ways that we can  
17 gain feedback from the use of Money Math, and  
18 discuss with some of the Treasury staff  
19 present the opportunity to ask some questions  
20 of those teachers and others that were  
21 ordering the book or downloading it, to get  
22 their feedback not only on Money Math, but on

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1 some general financial education ideas. And  
2 so, we hope to move forward with that.

3 As our Chairman, Mr. Schwab,  
4 already mentioned the first round of the  
5 National Financial Literacy Challenge was  
6 conducted between April 28<sup>th</sup> and May 16<sup>th</sup> of  
7 this year. And during that time, a total of  
8 36,369 high school students from across the  
9 country took the challenge.

10 12,063 of those students received  
11 certificates for scoring in the top 25<sup>th</sup>  
12 percentile of all participating students. And  
13 380 students received medals for answering at  
14 least 33 of the 35 questions correctly.

15 I think we have, we were hoping to  
16 show you an example of what the medal looked  
17 like. I'm not sure if there's one in the back  
18 of the room. I was told there might be a  
19 sample, but if not I'm sure you'll just be  
20 delighted to know that so many of these high  
21 school students received certificates and  
22 medals. And the certificates, of course, were

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1 signed by Mr. Schwab and Dan Iannicola.

2 Thirty-five students achieved a  
3 perfect score on the challenge, and 10 of  
4 them, you met nine of them earlier, received  
5 from scholarships from the Charles Schwab  
6 Foundation.

7 We congratulate them and the Youth  
8 Committee wants to thank and recognize Mr.  
9 Schwab and Carrie Schwab Pomerantz who is  
10 President of the Charles Schwab Foundation,  
11 and the whole Schwab team, which is here. I  
12 hope you all get a chance to meet them and  
13 congratulate them as well. And, yes, Dr. Hira  
14 is calling for a round of applause.

15 (Applause.)

16 MS. LEVINE: The one proposal that  
17 the Youth Committee is bringing before the  
18 Council this morning is our recommendation  
19 that Treasury administer the challenge once  
20 again in the fall.

21 And after meeting the scholarship  
22 winners this morning, I hope you would all

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1 have a hard time saying no to that. So, the  
2 proposal is would you like for me to call for  
3 that now?

4 CHAIRMAN SCHWAB: That would be  
5 great. Thank you. Is there a motion for --

6 MR. MCGRATH: I'll make the motion.

7 CHAIRMAN SCHWAB: John, that's  
8 first. Can I have a second please? Laura?  
9 All in favor please say aye. So moved.

10 MS. LEVINE: Thank you very much.  
11 I think that we are very excited, and this  
12 morning at our committee meeting we had some  
13 of the Treasury staff with us. We gave them  
14 some additional feedback on some ways that we  
15 think we can make the fall program even  
16 better, and we look for an even bigger number  
17 of students to participate.

18 It was a wonderful experience and  
19 getting to meet these really outstanding  
20 students, not just in financial literacy, but  
21 in every way, was just very inspiring. So,  
22 thank you for this opportunity to continue the

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1 program.

2 A few other things that we're  
3 working on, Janet Parker discussed the  
4 Workplace honor roll. We want to thank her  
5 for her leadership, because the Youth  
6 Committee is working on the honor roll  
7 proposal for post-secondary institutions. We  
8 are going to look at that criteria.

9 Ted Beck has graciously offered the  
10 services of NEFE's Academic Council, and Ted  
11 Daniels has offered help from financial  
12 practitioners to review some of the criteria  
13 that we will use to determine an honor roll  
14 for the best financial programs at the post-  
15 secondary level.

16 We're going to continue our work  
17 and hope to have a proposal to you in July.  
18 And then, one final note just to clarify the  
19 work of this committee. We decided that we  
20 would define the Youth Committee scope as K-  
21 16, the grades K-16 as similar to what was  
22 identified in the national strategy. And so,

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1 that will be the sector of the population that  
2 the Youth Committee continues to focus on.

3 So, let me just close by  
4 congratulating, once again the students have  
5 left, but congratulating the National  
6 Challenge winners and their parents, and  
7 thanking, most importantly, the teachers who  
8 led them to this financial awareness. Thank  
9 you, that concludes my report.

10 CHAIRMAN SCHWAB: Thank you, Laura.

11 As we know, and just reaffirmed last night,  
12 these kids want to learn about financial  
13 literacy. They know how important it is to  
14 their future, their future success, in so many  
15 different ways. And so, the Youth Committee,  
16 thank you for the work you're doing on it,  
17 Laura.

18 MR. IANNICOLA: Can I just make a  
19 addition, for the sake of the Council I think  
20 it's a great idea that you continue doing  
21 that. So, I'm glad you all got behind that  
22 enthusiastically.

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1           You know, 46,000 students is a lot  
2 for a first time out, but in terms of all the  
3 students across the country, it isn't much.  
4 But the idea is this is the pebble in the  
5 pond. It is our hope that this will start a  
6 ripple effect, and generate a wave of interest  
7 in financial literacy among teachers and  
8 students.

9           I believe a few of the scholarship  
10 winners were on the Today Show just this week,  
11 and so that gets more people talking about it  
12 and it raises the national consciousness on  
13 this issue. So, I think you've begun the  
14 ripple and let's hope it continues.

15           CHAIRMAN SCHWAB:       Thanks, Dan.  
16 Thank you again, Laura. Let us move on to the  
17 final report today from Cutler Dawson who is  
18 the Chair of our, well liaison with the  
19 Federal Financial Literacy and Education  
20 Commission, which is made up, of course, the  
21 leadership of the various heads of agencies  
22 within the federal government.       So, Vice

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1 Admiral.

2 VICE ADMIRAL DAWSON: Thank you,  
3 Mr. Chairman. As liaison to the Financial  
4 Literacy and Education Commission, Ted Daniels  
5 and I attended the 14<sup>th</sup> public meeting of the  
6 Commission on 15 May. The featured speaker at  
7 the meeting was Senator Daniel Akaka of  
8 Hawaii.

9 In his remarks, Senator Akaka  
10 stressed that all areas of the government are  
11 in this together to improve the lives of all  
12 Americans through financial education.  
13 Without such education, such individuals  
14 cannot manage their finances in today's  
15 increasingly complex financial environment.

16 The senator commended the  
17 Commission for its past efforts, but pointed  
18 out that much work remained to be done and  
19 urged further action by the Commission to make  
20 the national strategy on financial education  
21 even more effective.

22 Commission subcommittee reports

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1 provided updates on enhancements to their  
2 mymoney.gov website, including links to other  
3 financial education websites on the Financial  
4 Literacy Hotline call agent quality control  
5 efforts, as well.

6 The national strategy update  
7 highlighted partnerships between the private  
8 sector and the government on mymoney.gov, and  
9 reported on several multicultural roundtables  
10 that were conducted around the country.

11 When I was introduced along with  
12 Ted as the liaisons to the FLEC, I reported on  
13 the five Council initiatives now underway,  
14 including Money Math, National Financial  
15 Literacy Challenge, Community Financial Access  
16 Pilot, and our Workplace honor roll, and  
17 baseline survey of adult financial literacy.

18 I will look forward to the next  
19 meeting to report on our initiatives that  
20 we've discussed today, including our Small  
21 Business Administration initiative that shows  
22 a partnership, I believe, with that

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1 commission.

2 The final portion of the meeting  
3 featured presentations on financial education  
4 best practices by several government agencies  
5 and non-profit organizations.

6 Highlights of these presentations  
7 are included in the Commission update in your  
8 binders. The next meeting of the FLEC will be  
9 held on 16 September 2008, and Ted and I  
10 intend to attend. Thank you, Mr. Chairman.

11 CHAIRMAN SCHWAB: Thank you,  
12 Cutler. Well we're doing pretty well on our  
13 time here, Dan. I'll bring this to a close,  
14 but there are a couple things I want to make  
15 mention of. Our next meeting is officially  
16 set for July 9<sup>th</sup>.

17 It will be a telephonic board  
18 meeting, and members of the public will be  
19 welcome to participate in that. It will be  
20 posted on the Treasury website.

21 I don't know whether or not we can  
22 gather a meeting for the subprime thing

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1 earlier than that to have a single subject  
2 discussion about that. Dan, I think we'll  
3 need to talk about that afterwards and  
4 certainly make it available to the public, I  
5 guess, if that were to happen.

6 I also want to make mention that we  
7 are required, by virtue of our charter, to  
8 prepare an annual report that will be  
9 submitted to the President before the year is  
10 out. This calendar year is out.

11 And I want to mention to the  
12 committee chairs to be thinking about what you  
13 might want to contain in that report. I know  
14 a lot of work we just talked about today will  
15 be a part of that, and we'll get support, of  
16 course, from our wonderful people at Treasury.

17 Thank you, Dan.

18 But let's give some thought to that  
19 so we have really a good, comprehensive report  
20 that we can be proud of. Is there anything  
21 else that you'd all like to put forth to the  
22 Committee now? Ignacio?

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1 MR. SALAZAR: Mr. Chairman, I just  
2 wanted to thank all of the staff. Last week  
3 in this room, the Office of Financial  
4 Education had a roundtable in Hispanic  
5 literacy. Very well attended, great  
6 discussion, a lot of insight into how you  
7 reach the Hispanic market.

8 And thank all the staff. Treasurer  
9 Cabral and Dan and I spoke in the beginning.  
10 We had roundtable discussions throughout the  
11 day. It was a day-long event, very well  
12 attended. Good, good dialogue came out of it,  
13 and I'm very appreciative of having had the  
14 opportunity to have that here.

15 CHAIRMAN SCHWAB: Have we given  
16 thought, I guess all of the work we're doing,  
17 will we be translating into Spanish for some  
18 of the work?

19 MR. SALAZAR: Yes, and all of the  
20 materials within the department were available  
21 last week, and those were all translated into  
22 Spanish as well.

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1 CHAIRMAN SCHWAB: Terrific.

2 MR. SALAZAR: Yes.

3 MR. IANNICOLA: Mr. Chair, if  
4 you'll indulge me, I have the pleasure of  
5 taking the thanks on behalf of my whole  
6 office, and I get to sit here in front, but my  
7 team is sitting out there in the audience.  
8 So, I'm going to ask them if they would stand  
9 and then if the audience would give them a  
10 little applause.

11 (Applause.)

12 MR. IANNICOLA: Thank you.

13 CHAIRMAN SCHWAB: Well, they're a  
14 great, wonderful quality group, I'll tell you,  
15 to work with your team, Dan. Thank you very  
16 much. I think that concludes our meeting for  
17 today, and thank you very much for all those  
18 who attended.

19 MR. IANNICOLA: If I could add one  
20 or two notes for the audience, a couple of  
21 procedural notes. All of the materials that  
22 were referenced today, you have access to.

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1 They're on our website at [treas.gov/ofe](http://treas.gov/ofe), and  
2 we'd like to ask our council now to make their  
3 way up to the networking room.

4 We'd ask the audience to do the  
5 same, and to head out that door to do it.  
6 There will be signs and Treasury staff to  
7 direct you as to the right place to go. And  
8 we look forward to networking with you there.

9 And if there's nothing further.

10 CHAIRMAN SCHWAB: Nothing further.

11 MR. IANNICOLA: Great.

12 CHAIRMAN SCHWAB: Thank you very  
13 much.

14 (Whereupon, the above-entitled  
15 public meeting was adjourned at 11:20 a.m.)

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